Phivida Signs CBD Distribution Agreement in California

SANTA MONICA, CA, Jan. 2, 2018 /CNW/ - Phivida Holdings Inc. ("**Phivida**" or the "**Company**" traded as ("VIDA:CNX") or ("PHVAF") announced today that it has entered into a distribution agreement with Green Reef Distributing Inc. to distribute its products across the State of California.

"We are excited to be the first state to launch Phivida's line of branded CBD-infused functional foods, beverages and clinical products into the US marketplace," said Nick Gagliardi, CEO and President of Green Reef Distribution Inc. "These products will be available to retail customers through 550 dispensaries across the State of California — a market for CBD-based products that is growing exponentially as active people and families discover the benefits of CBD from hemp oil."

According to a recent report, the market for hemp-derived CBD is growing at 55 per cent a year and will hit the $1 billion mark by 2020. The CBD market in California alone has been pegged conservatively at $90 million per year with some estimates placing it at $120 million per year. The total size of the California medical market for the year ending 2017 has been estimated at $7.7 billion. The state is home to 5,560 pharmacies — the most of any state — as well as 8,256 grocery stores and 13,992 health stores.

California dominated 2018 New Years' headlines with recreational cannabis now legal state-wide.

The move to legalize marijuana in California, the US' most populous state with almost 40 million people, saw the state become the world's largest commercial market for recreational marijuana.

The cannabis market is expected to generate an additional $1 billion (€833 million) in tax revenue.

"The agreement with Green Reef is an important advancement into market penetration into United States," said John David Belfontaine, President and CEO of Phivida. "We have every confidence that Green Reef has the expertise, the experience and the ambition we need to deliver our products to consumers in California and we are looking forward to a strong first year of sales."

About Green Reef Distributing Inc.:

With more than 15 sales staff across the state of California, Green Reef's mission is to become the state's top shelf wholesale distribution, sales and marketing company representing the highest quality products available for the cannabis industry by building a comprehensive distribution and brand management service company.

About Phivida Organics Inc.

Phivida (pronounced "fi-VEE-dah") is a premier brand of cannabidiol ("CBD")-infused functional foods, beverages and clinical products and a publicly traded company on the Canadian Securities Exchange under the ticker symbol "VIDA." Using nanoencapsulation technology, Phivida converts lipid-based cannabinoids into a water-soluble delivery format to enhance bioavailability and timed release within the body. Phivida's mission is to be a global leader in the alternative health sector while advancing education and research and investing back into our communities. For more information visit www.phivida.com. For investor information please email us at ir@phivida.com.

Safe Harbour

This press release contains "forward-looking information" within the meaning of Canadian securities laws, which may include, but are not limited to, statements relating to the Company's use of the proceeds of the

Offering and the trading date of the Common Shares. Such forward-looking information reflects Phivida's views with respect to future events and is subject to risks, uncertainties and assumptions, including those set out in the Prospectus. Phivida does not undertake to update forward-looking statements or forward-looking information, except as required by law. No securities regulatory authority has either approved or disapproved of the contents of this news release. The Common Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States, or to or for the account or benefit of any person in the United States, absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy any common shares in the United States, or in any other jurisdiction in which such offer, solicitation or sale would be unlawful. We seek safe harbour.

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For further information: on Phivida, Website www.phivida.com, Toll free +1 (844) 744-6646 (ext. #2), Email IR@phivida.com

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CNW 11:34e 02-JAN-18