Phivida Signs Distribution Agreement in Japan

Global Expansion Strategy Targeting Asian Pacific Markets

VANCOUVER, Jan. 5, 2018 /CNW/ - Phivida Holdings Inc. ("**Phivida**" or the "**Company**" traded as ("VIDA:CNX") or ("PHVAF) is pleased to report that it has entered into a product distribution agreement with **Asayake Inc.** ("**Asayake**") to sell its cannabidiol ("CBD") products across Japan.

This new strategic distribution agreement is part of a greater global expansion strategy and equips Phivida with an early mover status and the ability to capture a greater share of the Asian Pacific market. The annual supplement sales alone for the region are valued at over $10+ billion USD and functional foods are valued at over $21 billion USD.[1] Allied Research projects the global Anti-Inflammatory Therapeutics Market to reach $106 billion by 2020, with a significant CAGR of 5.9% during the forecast period 2015-2020. Asia Pacific is listed as their fastest growing region, globally.[2]

Japan's consumer economy is health conscious, sophisticated, and it is the third-largest in the world. It has an aging population, which presents a heightened need and adoption of preventative health and wellness through clinical grade CBD nutraceuticals. On a socio-cultural perspective, the Asian Pacific health care community embraces preventative health and whole plant medicine with thousands of licensed alternative health care clinics, DTCMs and Ayurvedic practitioners. As a percentage of its population, Japan's middle class is similar to the United States, giving Japan a strong domestic consumer market. Its regulations are thus stringent, and government standards are high.

Several recent historical regulatory shifts have resulted as catalysts to accelerate global expansion.

WADA (World Anti Doping Agency) officially approved the use of cannabidiol from hemp for professional and amateur athletes on January 1st, 2018. This positive regulatory shift came less than sixty days before the 2018 Winter Games in PyeongChang, providing an ideal educational platform to celebrate Phivida and the research on CBD to a global audience. In addition, Japan's role as host of the 2020 Olympic and Paralympic Games—and the focus on health and wellness they inspire—may present related opportunities to Phivida to engage with the greater international athletic community.

Further to historic change of regulatory guidelines, the World Health Organization issued a report declaring cannabidiol from hemp as; "safe, non-toxic, non-psychoactive and medicinal" in a strongly defined move forward toward shifting regulation on a global scale.

After 12 months of negotiations, Phivida management prepared, translated and facilitated its Quality Assurance and Control due-diligence package submission to the Japanese federal government for pre-approval. Formal approval from the Ministry of Health and Welfare was received for Phivida to market their CBD infused foods and beverages and their Vida+ line of clinical CBD Hemp Oil products through their Japanese distribution partner.

Phivida manufactured CBD products are hemp derived, making them federally legal in the US and Japan. The legal distinction is when CBD is derived from medicinal marijuana it is federally illegal in Japan, as well as in the United States. Only when cannabidiol is derived from permitted hemp farms and extracted with no bi-product of THC, is it eligible for sale in Japan, similar to the regulations in the USA. Phivida manufactured products are hemp derived, THC-free, providing premium non-psychoactive phytocannabinoids, compliant with federal regulations in both jurisdictions.

After months of compliance review in conjunction with the Ministry of Health, Labor and Welfare Phivida's distribution partners has finally received approval to sell CBD Hemp Oil products across Japan. Compilation and analysis of the extensive compliance documentation was led by Vice President of Research and Regulation, Dr. Joost Luecker (Health Canada approved Quality Assurance Manager for the ACMPR program, and expert in cGMP standard operating procedures for food and drug health and safety compliance).

Phivida has spent years researching key emerging markets, and nurturing key relationships. Phivida's Japanese distribution partnership began at the 2016 FOODEX trade show, in Chiba, Japan. Phivida management attended in search of harvesting new international distribution partners into the Asian Pacific Markets. FOODEX is the largest functional food and beverage trade show in Asia, and Japan is the largest net buyer of function food products in the world.

"We are honoured to offer Phivida products to patients, practitioners, and everyday active families in Japan," said John-David Belfontaine, President and CEO of Phivida. *"Culturally, Phivida is assertively collaborative seeking mutually accretive relationships internationally, yet deeply respectful of those ancient traditions that share our honour for whole plant medicine like the naturally occurring phytocannabinoids from Phivida's medicinal hemp extract."*

Phivida continues to pursue and develop strategic distribution partnerships around the world, establishing itself as a leading premium and global brand. Strategic alliances are encouraged and welcomed and will continue to be actively pursued.

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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[1] https://www.naturalproductsinsider.com/articles/2014/09/regulatory-reform-fuels-japan-s-supplement-market.aspx

[2] https://www.alliedmarketresearch.com/anti-inflammatory-therapeutics-market

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