

GABY Inc. Reports Q2 2021 Record Revenue of \$11.3MM and a Gross Profit Margin of 35%

Mankind Dispensary Acquisition yields substantial returns

SAN DIEGO, CA / ACCESSWIRE / August 31, 2021 / GABY Inc. ("**GABY**" or the "**Company**") (CSE: **GABY**) (OTCQB: **GABLF**), a California consolidator of cannabis dispensaries and the parent company of San Diego's Mankind Dispensary ("**Mankind Dispensary**"), is pleased to announce record second quarter revenue of \$11.3 million and record gross profit of \$3.9 million compared to \$0.7 million and \$0.0 million, respectively, the same quarter last year.

Gross margin for the period was a record high of 35.0% and compares to 2.9% the same quarter last year. Adjusted EBITDA⁽¹⁾ improved to \$0.9 million from negative \$1.6 million the same quarter last year. The improvements were primarily attributable to the higher volumes and margins generated from the acquisition of Mankind Dispensary on April 1, 2021.

For the second quarter of 2021 the net loss was \$1.6 million compared to a net loss of \$1.7 million with the increase in Adjusted EBITDA being mostly being offset by an increase in income tax expense on taxable operations and higher interest expense on the notes issued in respect of the Mankind transaction.

While significantly improved over Q2-2020 and over last quarter, Adjusted EBITDA numbers were negatively impacted mostly from operating two distribution entities, which, as of August 2021, have been consolidated into a single hub in the Company's new headquarters in San Diego. GABY will continue to rationalize its asset base and expects to shed further costs thereby improving Adjusted EBITDA in the future.

"I'm thrilled by the immediate and notable success we are seeing from our acquisition of Mankind Dispensary, and the launch of our cannabis brand, Kind Republic, which we are anticipating will reach \$2 million in gross sales by the end of the year", said Margot Micallef, Founder, and CEO of GABY. "We are projecting sustainable growth across key metrics as we move forward with our plans to add more dispensaries to the GABY retail portfolio as well as continuing to improve operational efficiencies and extract further synergies from Mankind."

"These encouraging Q2 results offer a tangible glimpse into the continuously improving operations at GABY, both for our shareholders and potential acquisition targets", said Marshall Minor, CFO of GABY. "We look forward to bringing new retail brands into the fold and continuing to evaluate and upgrade our internal operations as we head into another chapter of growth."

ABOUT GABY

GABY Inc. is a California-focused retail consolidator and the owner of Mankind Dispensary, one of the oldest licensed dispensaries in California. Mankind is a well-known, and highly respected dispensary with deep roots in the California cannabis community operating in San Diego. GABY curates and sells a diverse portfolio of products, including its own proprietary brands, Kind Republic™ and Lulu's™ through Mankind and manufactures and distributes its brands through its wholly owned subsidiary, Wild West Industries™, also based in San Diego. A pioneer in the

industry with a multi-vertical retail foundation, and a strong management team with experience in retail, consolidation, and cannabis, GABY is poised to grow its retail operations both organically and through acquisition.

GABY's shares trade on the Canadian Securities Exchange ("CSE") under the symbol "GABY" and on the OTC under the symbol "GABLF". For more information on GABY, visit www.GABYInc.com

For further inquiries, please contact:

General

Margot Micallef, Founder & CEO or Investor Relations at IR@GABYinc.com or 800-674-2239.

Media

Senior Communications Manager

Charlie Rohlf

(631)579-0858

charlie@gabyinc.com

⁽¹⁾ See Non-GAAP Disclosure in the Company's June 30, 2021 MD&A on WWW.Sedar.com

Cautionary Statement

This press release contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of any transactions, including the Mankind transaction; expectations for the potential benefits of any transactions; statements relating to the business and future activities of, and developments related to, the Company after the date of this Press Release, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; expectations that planned acquisitions will be completed, including but not limited to other potential acquisition(s); expectations that licenses applied for will be obtained; potential future legalization of adult-use and/or medical

cannabis under USA federal law; expectations of market size and growth in the USA, California and such other states in which the Company has expressed desire to operate in; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as of and at the date they are made and are based on information currently available and on the then current expectations. Holders of securities of the Company are cautioned that forward-looking statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Company at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: the available funds of the Company and the anticipated use of such funds; the availability of financing opportunities; legal and regulatory risks inherent in the cannabis industry; risks associated with economic conditions, dependence on management; risks relating to USA regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to contracts with third-party service providers; risks related to the enforceability of contracts; reliance on the expertise and judgment of senior management of the Company, and ability to retain such senior management; risks related to proprietary intellectual property and potential infringement by third parties; risks relating to the management of growth; increasing competition in the industry; risks associated to cannabis products manufactured for human consumption including potential product recalls; reliance on key inputs, suppliers and skilled labor; cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risks related to the economy generally; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effecting service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; limited research and data relating to cannabis; as well as those risk factors discussed under "Risk Factors" described in the Annual Financial Statements for the year ending December 31, 2020 which are available on www.sedar.com.

The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. In particular, but without limiting the foregoing, disclosure in this press release as well as statements regarding the Company's objectives, plans and goals, including future operating results and economic performance may make reference to or involve forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Certain of the forward-looking statements and other information contained herein concerning the cannabis industry, its medical, adult-use and hemp-based CBD markets, and the general expectations of the Company concerning the industry and the Company's business and operations are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market

shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors.

A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. You should not place undue reliance on forward-looking statements contained in this press release. Such forward-looking statements are made as of the date of this press release. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Each of Mankind Dispensary and Sonoma Pacific Distribution, Inc., are subsidiaries of GABY and hold a cannabis license in the State of California. Readers are cautioned that unlike in Canada which has Federal 032320-F legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the Cannabis Act (Federal), in the United States ("U.S."), cannabis is largely regulated at the State level. Cannabis is legal in the State of California; however, cannabis remains illegal under U.S. federal laws. Notwithstanding the permissive regulatory environment of cannabis at the State level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act in the U.S. and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under U.S. federal law. To the knowledge of the Company, the businesses operated by each of GABY's subsidiaries are conducted in a manner consistent with the State law of California, as applicable, and are in compliance with regulatory and licensing requirements applicable in the State of California, respectively. However, readers should be aware that strict compliance with State laws with respect to cannabis will neither absolve GABY, or its subsidiary of liability under U.S. federal law, nor will it provide a defense to any federal proceeding in the U.S. which could be brought against any of GABY, or its subsidiary. Any such proceedings brought against GABY, or its subsidiary may materially adversely affect the Company's operations and financial performance generally in the U.S. market specifically.

Neither the CSE nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.

[ii] Selected financial and operational information is outlined above and should be read in conjunction with GABY's unaudited condensed consolidated interim financial statements and management's discussion and analysis for the quarter ended June 30, 2021 which are available on SEDAR at www.sedar.com and the Company's website www.GABYinc.com.