

GABY Inc. Reflects on Numerous Operational Improvements and Provides Estimated Financial Results for 2021 Fiscal Year

- **Over \$32MM in revenue for fiscal year 2021, up 675% from 2020**
- **Over \$11MM in gross profit for fiscal year 2021, up from negative \$0.5MM in 2020**
 - **Q4 2021 gross margin in excess of 45%, up from 39% in Q3 2021**

These improvements highlight GABY's unique approach to retail cannabis as the company moves into 2022 with an eye on expansion and acquisition

SAN DIEGO, CA / ACCESSWIRE / February 7, 2022 / 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**"), is pleased to review a 2021 filled with numerous operational, sales, and marketing improvements since acquiring Mankind in April, 2021. These improvements highlight the Company's successful transition into the retail space, backed by decades of retail leadership experience. These successes underscore the expertise the Company will bring to future acquisitions and greenfield expansions in 2022 and beyond.

Since acquiring Mankind, the GABY team has executed a series of initiatives to improve access to, and availability of, high-quality cannabis, backed by unparalleled cannabis knowledge and industry-leading customer service. By combining retail optimizations with operational efficiencies and improved outreach efforts, GABY has expanded Mankind's customer base, increased profitability, grown its delivery fleet, and achieved numerous milestones and accolades.

Highlights include:

- GABY estimates its 2021 fiscal year revenue and gross profit as follows:
 - Over \$32MM in revenue, up from \$4.2MM in fiscal year 2020
 - Over \$11MM in gross profit, up from negative \$0.5MM in fiscal year 2020
- Gross margin in Q4 2021 is expected to be in excess of 45%, an increase from 39% in Q3 2021.
- GABY leadership executed over US\$3MM (C\$3.8MM) in annual cost savings which will be reflected starting in Q1 2022.
- Re-merchandizing strategy and in-store sales training saw basket size increase by an average of US\$2.04 (C\$2.58) per customer, adding approximately US\$670,000 (C\$850,000) in sales on an annualized basis.
- GABY's Kind Republic cannabis flower and extract brand produced sales of US\$1.7MM (C\$2.2MM) via Mankind Dispensary, in the first twelve months following launch.
- Expanded delivery fleet and marketing optimizations generate a 10.86% increase in weekly deliveries and 3% increase in ecommerce conversions in Q4 2021.

- New Standard Operating Procedures implemented to eliminate redundant processes, streamline work flows and prepare operations for organic and acquisitive growth.
- Mankind is named to the 2021 Inc. Magazine list of 5,000 fastest-growing companies in the United States.
- GABY launches its “Plant.People.Planet.” initiative at Mankind, partnering with charities in San Diego and beyond to inspire positive change.



Early morning shoppers in front of the Mankind “Plant.People.Planet” display wall

“I’m immensely proud of the efforts and results of the GABY management team over the past nine months,” said GABY Founder and CEO Margot Micallef. “The changes we’ve made are proof that ‘corporate cannabis’ can work. GABY and Mankind have built an environment that honors California cannabis culture, provides unparalleled cannabis experiences for consumers, and achieves operational and profitability milestones”.

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About GABY Inc.

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, California. GABY curates and sells a diverse portfolio of products, including its own proprietary flower brand, Kind Republic™, which is proudly manufactured at GABY Manufacturing. 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 OTCQB under the symbol "GABLF". For more information on GABY, visit GABYInc.com

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Currency Presentation

Unless otherwise indicated, all references to "\$" or "C\$" in this press release refer to Canadian dollars and all references to "US\$" in this Listing Statement refer to United States dollars.

Disclaimer and Forward-Looking Information

The CSE does not accept responsibility for the adequacy or accuracy of this release. Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties, certain of which are beyond the control of the Company. Forward-looking statements are frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Forward-looking statements include, but are not limited to, the estimated current and future annual cost savings of the Company, the Company's future business strategy, including its plans to expand organically and through future acquisitions or greenfield expansions, and the anticipated benefits to be derived from GABY's New Standard Operating Procedures. Although GABY believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because GABY can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. Without limitation, these risks and uncertainties include: the severity of the COVID-19 pandemic; risks associated with the cannabis industry in general; failure to benefit from partnerships or successfully integrate acquisitions; actions and initiatives of federal, state and provincial governments and changes to government policies and the execution and impact of these actions, initiatives and policies; the size of the medical-use and adult-use cannabis market; competition from other industry participants; adverse United States ("U.S."), Canadian and global economic conditions; failure to comply with certain regulations; and departure of key management personnel or inability to attract and retain talent. GABY undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

To the extent any information contained in forward-looking statements in this press release constitutes "future-oriented financial information" or "financial outlooks" within the meaning of applicable Canadian securities laws, such information is being provided to demonstrate the anticipated financial performance of the Company and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information or financial outlooks. Future-oriented financial information and financial

outlooks, as with forward-looking statements generally, are, without limitation, based on the assumptions and subject to the risks set out above for forward-looking statements. The Company's actual financial position and results of operations may differ materially from its management's current expectations and, as a result, the Company's actual revenue may differ materially from the prospective revenue estimates or projections provided in this press release. Such information is presented for illustrative purposes only and may not be an indication of the Company's actual financial position or results of operations for the applicable financial periods.

The financial information outlined above for the Company's Q4 2021 and fiscal year ended December 31, 2021 is an estimate of management only and is subject to, and should be read in conjunction with, GABY's audited annual financial statements and management's discussion and analysis for the three months and year ended December 31, 2021, which will be filed on the Company's SEDAR profile at www.sedar.com and the Company's website www.GABYinc.com.

Each of Mankind and GABY Manufacturing, 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 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.