

# GABRIELLA'S KITCHEN

## **Gabriella's Kitchen Provides 2018 Year End Summary and 2019 Corporate Goals and Announces Change of Senior Officers**

**CALGARY, ALBERTA – January 3, 2019** – Gabriella's Kitchen Inc. (the "Company" or "GABY") (CSE: GABY) is pleased to announce that the Company has appointed a new Chief Financial Officer ("CFO") and provides shareholders with a summary of corporate achievements in 2018, as well as a discussion on the Company's strategy and goals for 2019.

### **Appointment of Senior Officers**

Consistent with the Company's aggressive growth trajectory and capital markets engagement strategy, GABY is pleased to announce that Ms. Barb Feit has been appointed CFO and Ms. Maureen Putman has been appointed as Interim President, effective January 1, 2019. Current President and CFO, Mr. Vince Micallef, will remain as a consultant to GABY until January 31, 2019 to assist with the transition. GABY thanks Vince for his significant contributions to the Company over the last two and a half years and wishes him the best in his future endeavours.

Ms. Feit was formerly the CFO at Big Rock Brewery and also served as its Interim CEO for a period. Big Rock Brewery is a Toronto Stock Exchange ("TSX") listed company (TSX:BR) and is the largest independent craft brewery in Canada. In her prior role, Barb was also responsible for Information Technology, Human Resources and Government Relations. Barb's regulatory and public company experience position her well in her new role with GABY.

Ms. Putman is ideally suited to the Interim President role as she was formerly the President of the Grocery and Snack Division for Hain Celestial a NYSE listed company (NYSE:HAIN) and one of the largest natural and organic food manufacturers in the world. During her tenure at Hain, Ms. Putman was instrumental in growing revenue to over \$2.5 billion in annual global sales.

To assist the Company with its search for a new President & COO, GABY has retained the services of Boyden Executive Search Professionals, a global executive search firm with 60 offices worldwide and a vast cannabis practice that has provided advisory services for C-Suite level executive searches for some of the top cannabis companies in the world.

### **2018 Corporate Achievements**

Throughout 2018, GABY accomplished a number of key value-drivers, the most significant of which are outlined below:

- Commenced trading on the Canadian Securities Exchange (the "CSE") under the trading symbol GABY which provides liquidity to shareholders and allows the Company to attract new retail and institutional investors;
- Raised C\$6.35 million concurrent with the CSE listing earmarked for targeted acquisitions and operational improvements;

- Acquired 100% interest in The Oil Plant Inc. ("TOP"), a leading cannabis extractor and infused product manufacturer in northern California;
- Through the acquisition of TOP, acquired a valuable Type 6 non-volatile manufacturing licence issued by the California Bureau of Cannabis Control ("CBCC");
- Under the TOP acquisition, acquired a license to manufacture and sell the Aunt Zelda's line of health and wellness products, including a well-established line of cannabis topicals, tinctures and concentrates;
- Agreed to acquire the shares of Sonoma Pacific Distribution (the "Sonoma Acquisition"), California's premier independently-owned cannabis distribution and marketing company holding a distribution license issued by the CBCC;
- Launched its proprietary line of cannabis-infused products for sale throughout California;
- Applied to list GABY's shares for trading on the OTCQB to enhance liquidity for investors resident in the US and to attract the interest of US retail investors, brokers, investment banks and institutions;
- Enhanced and further strengthened the Company's board of directors through the following appointments:
  - Mr. Robert Travis, an expert in the cannabis industry who has acted as a human resources adviser to companies such as Canopy Growth, Tilray, Harvest One Cannabis and The Green Organic Dutchman; and
  - Russell Wilson, currently the Manager, New Ventures at Prairie Merchant Corporation (W. Brett Wilson's family office) overseeing investments in real estate, sports franchises, the energy sector, and most recently has been focusing on the cannabis space. For the last 2 years, he has cultivated a portfolio of 50 plus cannabis investments from across the globe.
- Bolstered GABY's advisory board through the appointment of Ms. Maureen Putnam, an expert in building brands, creating and delivering strategic growth plans and developing strong and impactful teams within the consumer product goods space;
- Appointed Ms. Mara Gordon, an expert in the field of cannabis and cannabis extractions, dosing and formulations, to the position of Chief Research Officer;
- Launched a robust market awareness campaign designed to increase Canadian trading liquidity and achieve a fair market value that can be sustained for the benefit of GABY shareholders; and
- Grew organically and through acquisitions to reach an annualized management estimated pro forma gross revenue as at 12 months ended December 31, 2018 of over CDN\$9,000,000<sup>1</sup>

### **Near Term and 2019 Corporate Strategy and Goals**

Building on the momentum and success realized over the past 12 months, GABY intends to continue focusing on the execution of the Company's strategy and striving to maximize shareholder value with the following short and longer-term outlook:

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<sup>1</sup> Please see "Non-GAAP Disclosure" below for additional details.

- Focus will continue to be on increasing revenue supported by planned exponential growth over the next 12 months;
- Additional accretive corporate acquisitions will be pursued that are designed to expand market share, geographic footprint and the diversity of GABY's product offering;
- New hires with industry specific expertise will be pursued in order to augment GABY's existing team, accelerate its growth and reduce time to market for new products;
- The Company plans to submit an application to obtain processing and exporting licenses to enable the Company to establish a Canada-wide manufacturing facility under the Cannabis Act (Canada);
- GABY has secured relationships allowing for collaboration and sharing of resources including product development, and marketing and sales which are expected to launch in early 2019; and
- Upon completion of the Sonoma Acquisition, GABY intends to leverage the expertise acquired through the Sonoma Acquisition to deploy additional resources and expertise to establish a Canadian and global distribution network.

Consistent with 2018, the Company's unwavering focus will be to continue maximizing shareholder value in 2019 and beyond.

"Through the acquisitions that were announced and those that closed during 2018, GABY has firmly established a platform to continue to build revenue and achieve exponential growth," said Margot Micallef, Founder and CEO of GABY. "We believe our plan for 2019, including the plan to continue making accretive acquisitions, supplementing our strong leadership team and launching new products, will move us ever closer to GABY's goal of becoming the global leader in cannabis wellness and products."

"Our additional priority for 2019 is to continue raising awareness of the GABY story," added Micallef. "Considering our estimated pro forma gross revenue for 2018 of over \$9 million, we believe that GABY is trading at a fraction of the multiple at which our peers are trading. We attribute this anomaly to the fact that we are relatively new to the public markets and not as well-known as some of our peers. We intend to change that in 2019."

For further details regarding the TOP acquisition and the Sonoma Acquisition, please see GABY's prior press releases as well as the Unaudited Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2018 and 2017 ("Q3 2018 Financial Statements") and related Interim Management's Discussion & Analysis – Quarterly Highlights September 30, 2018 ("Q3 2018 MD&A").

#### **ABOUT GABRIELLA'S KITCHEN INC.**

GABY is a US-focused, cannabis wellness company holding a manufacturing license and will hold a distribution license issued by the California Bureau of Cannabis Control upon closing of the Sonoma Acquisition. With these licenses, its existing infrastructure of major retailers and an extensive broker and distribution network, GABY is positioned to service mainstream grocery with CBD infused products, as well as licensed cannabis retailers with CBD and THC-infused edible and wellness products.

Margot and her sister Gabriella co-founded GABY, a wellness company, after Gabriella received a dire cancer diagnosis which spurred the sisters to prolong Gabriella's life through a holistic approach to health. Today, GABY is a wellness company with its own manufacturing infrastructure and a diverse range of products that use cannabis to address a variety of dietary and health concerns. Although Gabriella

ultimately passed away from her illness, she lived exponentially longer than doctors predicted. Her memory and passion live on through GABY's mission: to empower people to live healthy lives without compromise.

To learn more, please visit the Company's website at [www.gabriellas-kitchen.com](http://www.gabriellas-kitchen.com).

#### Further information:

For investment inquiries, please contact Margot Micallef, Founder & CEO or Investor Relations at IR@gabriellas-kitchen.com or (800) 674-2239.

For media inquiries, please contact Lana Rogers, Public Relations Consultant, at or (403) 519-7959.

#### Non-GAAP Disclosure

*Pro forma gross revenue does not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and, therefore, is considered non-GAAP measures and may not be comparable to similar measures presented by other issuers. The non-GAAP measure of pro forma gross revenue combined with IFRS measures, such as revenue and net loss, is a useful measure to our investors as management relies on it to provide insight into future operations. Annualized management estimated pro forma gross revenue for the year ended December 31, 2018 is calculated as follows:*

Description	Gross revenue (in \$CDN millions)
Nine-months gross revenue <sup>1</sup> as reported in the Q3 2018 Financial Statements	1.8
Estimated gross revenue <sup>1</sup> of the Company for the three months ended December 31, 2018 including gross revenue <sup>1</sup> of \$0.3 million on the acquisition of TOP effective October 1, 2018 <sup>2,5</sup>	0.9
<b>Sub-total of estimated gross revenue of the Company for the year end December 31, 2018<sup>2,5</sup></b>	<b>2.7</b>
Sonoma estimated gross revenue of USD \$5.0 million translated at an average exchange rate of 1.298 Canadian dollar to 1 US dollar for the period January 1, 2018 to December 31, 2018 <sup>3,5</sup>	6.5
<b>Total of estimated pro forma gross revenue for the year ended December 31, 2018 assuming the TOP acquisition and the Sonoma Acquisition effective January 1, 2018<sup>4,5</sup></b>	<b>9.2</b>

<sup>1</sup> Gross revenue was previously referred to as gross sales in the Company's Q3 2018 Financial Statements and Q3 2018 MD&A.

<sup>2</sup> As estimated in the Company's Q3 2018 MD&A under "MAJOR OPERATING MILESTONES"

<sup>3</sup> Gross revenue for the Sonoma Acquisition is calculated as US\$5 million multiplied by an average exchange rate for the year of 1.2965 Canadian dollars for each US dollar and is based on the internal accounting records of the company as provided by its management. The numbers have not been reviewed or audited by an independent accounting firm and may be subject to adjustments.

<sup>4</sup> The gross revenue for TOP for the period prior to the acquisition date of October 1, 2018 includes only two months; due to TOP being a start-up operation and is therefore less than \$0.1 million.

<sup>5</sup> See Disclaimer and Forward-Looking Information below.

### **Disclaimer and Forward-Looking Information**

*The Canadian Securities Exchange 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 Gabriella's Kitchen Inc. 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 anticipated closing of the Sonoma Acquisition, the anticipated closing of other accretive acquisitions in 2019, the anticipated hiring of a qualified President and COO in a timely manner, the Company's ability to raise funding to achieve its objectives in 2019 and the anticipated availability of the Company's Infused Products. The Company assumes no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.*

*TOP is a wholly owned subsidiary of GABY. TOP owns cannabis license in California. Cannabis is legal in the State of California however cannabis remains illegal under United States ("U.S.") federal laws. The U.S. Department of Justice issued guidance in 2013 indicating that it will focus on certain enforcement priorities, outside of which it will generally not enforce federal prohibitions on cannabis in U.S. states that have authorized this conduct so long as the U.S. state has implemented a strong and effective regulatory program. This federal guidance is subject to change, rescission or alteration by other federal government policy pronouncements at any time. TOP's business is conducted in a manner consistent with the State law of California and is in compliance with regulatory and licensing requirements applicable in the State of California. However, the readers should be aware that change in federal guidance on enforcement actions could adversely affect TOP's ability to access private and public capital required in order to support continuing operations and its ability to operate in the U.S.*

*Neither the Canadian Securities Exchange nor its Regulation Services Provider  
accepts responsibility for the adequacy or accuracy of this release.*