

- Company provides update on operations:***
- Cuts Approximately \$5,000,000 in annualized costs***
 - Advises on Filing of Fiscal 2019 and 2020 Q1 Results***

SANTA ROSA, CA and CALGARY, ALBERTA / ACCESSWIRE / June 3, 2020 / GABY Inc. ("GABY" or the "Company") (CSE:GABY) (OTCQB:[GABLF](#)), a California based consumer packaged goods company using cannabinoids (whole plant, isolates and distillates) as foundational ingredients in a range of wellness oriented branded products sold in both the regulated cannabis and unlicensed retail sectors across California and direct to consumers, is pleased to provide an update of its current operations and provide a timeline for the release of its Fiscal 2019 and 2020 Q1 financial results.

Management Update

In support of ongoing efficiencies and margin expansion GABY has restructured its operations, refocusing its efforts exclusively in California, shedding low margin divisions, creating operational efficiencies, lowering costs, and simplifying the business structure. GABY terminated approximately 50% of its workforce and has, or is, eliminating 5 out of 6 office and warehouse leases, consolidating its offices and operations in Santa Rosa, California. These cost cuts and efficiencies will realize cost savings of approximately \$5 million on an annualized basis. Through cost cutting and increasing the revenue mix towards slower growing but more sustainable higher margin business, such as the sale and self-distribution in mainstream and regulated channels of GABY's proprietary brands, more strategic procurement and synergistic third-party brand expansion GABY continues to move toward profitability.

Timing of Annual and Interim Filings

Due to the continued impact of COVID-19, GABY anticipates the filing of its audited annual financial statements and corresponding management's discussion and analysis (collectively, the "Annual Filings") for the financial year ended December 31, 2019 to be delayed beyond the required filing deadline: (i) under Parts 4 and 5 of National Instrument 51-102 – *Continuous Disclosure Obligations* and pursuant to National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings*, being April 29, 2020; as extended by (ii) the temporary blanket relief implemented by Alberta Securities Commission Blanket Order 51-517 *Temporary Exemption from Certain Corporate Finance Requirements* (and similar exemptions provided by the other Canadian securities regulators) (the "Blanket Relief"), being June 15, 2020 (the "Filing Deadline").

The Company continues to work diligently and expeditiously with its auditors and expects to file the Annual Filings as soon as possible. GABY will update the market as to the expected date of filing as soon as GABY receives clarity on timing from its auditors. The auditors have advised GABY that the delay is attributable to the impact of the Covid-19 pandemic, restrictions on border crossings, the recent riots and the auditors ability to complete their work safely.

The Company also announces that it will rely on the Blanket Relief in respect of the filing of its interim financial statements, management's discussion and analysis, and the related officer certifications for the financial period ended March 31, 2020 (the "Interim Filings"), and postpone such filings until no later than July 14, 2020. Until such time as the Annual Filings and the Interim Filings are filed, the Company's management and other insiders are subject to a trading blackout that reflects the principles contained in section 9 of National Policy 11-207 - *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*.

Management Cease Trade Order

As the anticipated filing date for the Annual Filings is outside the 45 day "extension period" associated with the Blanket Relief, the Company anticipates making an application to the Alberta Securities Commission, as principal regulator, for a Management Cease Trade Order under National Policy 12-203 ("NP 12-203") in respect of the anticipated default regarding the Annual Filings. The granting of the MCTO is at the discretion of the Alberta Securities Commission. The issuance of the MCTO generally will not affect the ability of persons who have not been directors, officers or insiders of the Company to trade in their securities. In the event that the MCTO is granted, it will be in effect until the default is remedied.

The Company intends to follow the provisions of the Alternative Information Guidelines set out in NP 12-203, including the issuance of bi-weekly default status reports in the form of news releases, for as long as the Company remains in default.

Other than as previously disclosed by the Company and herein with this press release, GABY confirms that there have been no material business developments since the date of its third quarter interim financial statements that were filed on November 21, 2019.

ABOUT GABY

GABY is a U.S.-focused, consumer packaged goods company operating a *family of brands* in the cannabis industry and in the mainstream grocery channel. Through its subsidiaries GABY indirectly holds cannabis licenses and permits issued by the California Department of Health, the California Bureau of Cannabis Control and the County of Sonoma. With these licenses and permits to operate in the cannabis channel, and its existing infrastructure GABY has successfully brought a number of its proprietary brands to market in both the licensed and mainstream market.

Margot and her sister Gabriella co-founded GABY 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 a diverse range of products that use cannabis, hemp and hemp derived cannabinoids 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.

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, visit www.GABYinc.com

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Disclaimer and Forward-Looking Information

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, anticipated date of filing of the Annual Filings and the Interim Filings. 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.

Each of KJM Data and Research Inc., Sonoma Pacific Distribution, Inc., Lulu's Chocolate and 2Rise Naturals are subsidiaries of GABY. Certain of these subsidiaries hold cannabis licenses in the State of California. Unlike in Canada which has Federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the Cannabis Act (Federal), readers are cautioned that 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 subsidiaries 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 subsidiaries. Any such proceedings brought against GABY, or its subsidiaries may materially adversely affect the Company's operations and financial performance generally in the U.S. market specifically.

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about GABY's operations, margins, cost cuts and efficiencies, cost savings of approximately \$5 million on an annualized basis and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraph. FOFI contained in this document was approved by management as of the date of this document and was provided for the purpose of providing further information about GABY's future business operations. GABY disclaims any intention or obligation to update or revise any FOFI contained in this document, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein.

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