

GABY INC.

COMPENSATION DISCUSSION AND ANALYSIS

NAMED EXECUTIVE OFFICER ("NEOs") COMPENSATION

The NEOs whose compensation is disclosed in this Compensation Discussion and Analysis are:

- Margot Micallef, Founder, Chair and Chief Executive Officer
- Barb Feit, Former Chief Financial Officer
- Jamie Fay, Former President

There were no other NEOs during the most recently completed financial year.

COMPOSITION OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Human Resources and Compensation Committee of the Board (the "**HRC Committee**") was formed on March 26, 2019. Our HRC Committee is made up of directors who bring different perspectives, approaches and experience to the governance of our compensation program. They are highly experienced senior executives who have dealt with numerous compensation issues over the course of their careers. They are well equipped to inquire, debate and ultimately make decisions in respect of a wide range of human resources and compensation issues, as well as other matters for which they are responsible, as outlined in the written mandate of the HRC Committee. As such, the HRC Committee provides a strong level of leadership and governance in respect of the design and execution of our compensation program.

COMPENSATION PROCESS

The Corporation's executive compensation program during the most recently completed financial year was administered by the board of directors. The board of directors based the executive compensation on comparable positions at start-up cannabis wellness entities with limited funds.

In 2019, the Governance and Compensation committee of the Board was disbanded and the Governance and Nominating Committee and the HRC Committee were established. On an ongoing basis, the HRC Committee will be responsible for annually reviewing the composition and use of comparator groups to assist in determining the compensation recommendations for the Corporation's senior officers, including the Chair and CEO and other NEOs, which will then be brought to the Board for approval. The HRC Committee will undertake periodic reviews of compensation design and total compensation opportunities for the senior management team, which will help to ensure the programs are current and that they fairly compare for particular roles, recognizing varying responsibility and scope of executive positions within GABY. It is within the HRC Committee's mandate to engage the services of external compensation advisors to compile market information on

senior management compensation relating to base salary, and any short-and long-term incentives.

Beginning in 2019, for each executive position, a range for potential compensation, salary and otherwise, will be established annually, using the benchmarking data along with other information on industry trends for positions of similar scope and responsibility. The Chair and CEO will conduct annual performance assessments on members of the senior management team, including each of the NEOs, which will shape the annual salary adjustment recommendations. Based on the performance assessments and the benchmarking data, the Chair and CEO will then recommend total target compensation for each senior leader, including the NEOs (but excluding herself) to the HRC Committee for review and approval. With respect to the Chair and CEO, the HRC Committee will review benchmark data and other information on industry trends for positions of similar scope. Following this process, the HRCC will make recommendations for total target compensation for all of the senior management team, including the Chair and CEO and the other NEOs, to the Board of Directors. As part of the annual compensation review process, the HRC Committee will review emerging best practices and risk considerations.

DIRECTOR COMPENSATION

Directors' compensation for the directors is determined by the Governance and Nominating Committee and will be recommended for approval to the Board of Directors of the Corporation on an ongoing basis.

SIGNIFICANT ELEMENTS OF COMPENSATION

During the fiscal year ended December 31, 2019, the NEOs, were compensated primarily through cash salaries and stock options.

CASH SALARY

During the fiscal year ended December, 2019, the Corporation set cash compensation for management at a level deemed appropriate for the responsibilities associated with each executive position, the experience of the individuals filling these positions and the available funds of GABY, based on comparable positions at start-up cannabis wellness entities with limited funds.

PERFORMANCE BONUS

During the financial year ended December 31, 2019, no performance bonuses were provided to any of the NEOs.

EMPLOYMENT, CONSULTING, AND MANAGEMENT AGREEMENTS

In 2018 and 2019, Management Services Agreements were in place as follows:

- Throughout 2018 and 2019, the Corporation had a management services agreement with Oliver Capital Partners Inc., pursuant to which Oliver Capital Partners Inc. has agreed to provide the services of its President, Margot Micallef, as Chief Executive Officer of the Corporation. As compensation for the services provided under the management services agreement, the Corporation is required to pay Oliver Capital Partners Inc. \$200,000 per year. The Corporation has not entered into any non-competition or non-disclosure agreement with Oliver Capital Partners Inc. Commencing September 2019, monthly payments under the management services agreement with Oliver Capital Partners were deferred and are expected to be paid in 2020.
- From July 2018 to December 2019, the Corporation had a management services agreement with 891310 Alberta Ltd., pursuant to which 891310 Alberta Ltd. has agreed to provide the services of its officer, Jackie Altwasser, as Director of and Financial Advisor to the Corporation. As compensation for the services provided under the interim management services agreement, the Corporation is required to pay 891310 Alberta Ltd. \$5,000 per month. Commencing October 2019, payments under the management services agreement with 891310 Alberta Ltd. were deferred and are expected to be paid in 2020.
- In 2018, the Corporation had entered into a management services agreement with Sagamore Capital Advisors, LLC., pursuant to which Sagamore Capital Advisors, LLC. agreed to provide the services of its managing director, Vince Micallef, as President and Chief Financial Officer of the Corporation. As compensation for the services provided under the management services agreement, the Corporation was required to pay Sagamore Capital Advisors, LLC \$100,000 per year. The Corporation has not entered into any non-competition or non-disclosure agreement with Sagamore Capital Partners LLC. Effective January 1, 2019, and the management services agreement with Sagmore Capital Partners LLC was terminated.
- In October 2018, the Corporation entered into a management services agreement with CC&H Management Advisors LLC, pursuant to which CC&H Management Advisors LLC agreed to provide the services of its officer, John Shaw, as Senior Vice President of North American Sales of the Corporation's food division. As compensation for the services provided under the management services agreement, the Corporation was required to pay CC&H Management Advisors LLC USD\$170,000 per year. The management services agreement with CC&H Management Advisors LLC was terminated effective April 4, 2019.

- In 2019 the Corporation entered into a management services agreement with Putnam Marketing Solutions ("PMS"), pursuant to which PMS agreed to provide the services of its officer, Maureen Putnam as Chief Marketing Advisor. The compensation for services provided under the management services agreement amounted to USD\$60,144 (CAD\$77,872) in 2019.

STOCK OPTION PLAN

The Stock Option Plan is available to all employees, directors and consultants, including the NEOs of GABY. The objective of the Stock Option Plan is to tie the interests of the directors, employees and consultants of GABY directly to the interests of the shareholders of GABY, as increases in the value of the Common Shares cause related increases in the value of the stock options ("Options") issued pursuant to the Stock Option Plan. In that regard, the Stock Option Plan is intended to serve as a long term retention and incentive tool.

The exercise price, terms, vesting and conditions of any Options granted are established by the Board of Directors. The Board of Directors are able to grant up to 10% of the issued and outstanding Common Shares, from time to time, and upon the exercise of an Option, the number of Common Shares thereafter available to be issued under the Stock Option Plan is decreased by the number of Common Shares as to which the Option is exercised. If an Option granted under the Stock Option Plan has expired or terminated for any reason without having been exercised in full, the un-issued Common Shares subject thereto are again available for issuance under the Stock Option Plan. Currently, the Options granted pursuant to the Stock Option Plan can be exercised during a period not exceeding five years from the date of grant. The Options granted pursuant to the Stock Option Plan are non-transferable.

Awards of Options for all directors and employees, including NEOs, are approved by the Board of Directors on an ongoing basis. The determination of an award of Options, as well as the number of Options of any award, is at the sole discretion of the Board of Directors. In deciding to grant Options, the Board of Directors takes previous Option grants into consideration. There are no performance or other conditions related to the vesting of the Options, other than continued employment with GABY.

STOCK APPRECIATION RIGHTS PLAN

Prior to listing on the Canadian Securities Exchange, the Corporation adopted a stock appreciation rights plan (the "SAR Plan") in lieu of a Stock Option Plan. The SAR Plan provides that the Board of Directors may from time to time, in its discretion, grant to Participants non-transferable stock appreciation right units ("SAR Units"). Each SAR Unit represents a notional unit credited to the SAR Plan recipient's (the "Participant") account by means of a book-keeping entry on the books of the Corporation. Each SAR Unit entitles the Participant to a payment in the event of a liquidity event (being the sale of all or substantially all of the Common Shares or the assets of the Corporation (a "Sale Event")).

Upon the occurrence of a Sale Event, Participants are entitled to a payment from the Corporation equal to such Participant's participation percentage of the total proceeds of the Sale Event. The form of payment shall be consistent with the character of the compensation received by the Shareholders (i.e. cash, shares, notes or other forms of consideration) or the proceeds received by the Corporation, as applicable. Additionally, in the event that the Corporation pays a dividend to Shareholders, holders of SAR Units are entitled to receive an equivalent amount per SAR Unit vested as paid on each Common Share.

The SAR Plan terminates automatically upon the payment by the Corporation of any amounts owing to Participants after the occurrence of a Sale Event.

Subject to certain exceptions, a Participant will forfeit all of such Participant's rights to any payment in respect of their SAR Units on the date that such Participant ceases to act in their capacity as an employee or consultant of the Corporation as a result of termination of the relationship by the Participant. Subject to certain exceptions, a Participant will have no rights to any payment in respect of their SAR Units in the event that the Corporation terminates the employment or consulting relationship with such Participant for:

- 1) any act involving fraud or dishonesty respecting the property or reputation of the Corporation;
- 2) engaging in any criminal act, including the commission of any act of criminal fraud, embezzlement, theft or similar offence;
- 3) engaging in any intentional acts, carrying out any activity or making any statement that would:
 - a) be contrary to the best interests of the Corporation;
 - b) be materially injurious to the Corporation (financially or otherwise); or
 - c) prejudice or impair the good name or standing of the Corporation or would bring the Corporation into contempt or ridicule;
- 4) the Participant's conviction of an indictable offence or fraud or other criminal offence involving moral turpitude;
- 5) wilful or gross misconduct or neglect that relates to or affects the Corporation; or
- 6) engagement in any act or omission which constitutes just cause for termination under common law.

In 2019 the Corporation issued 4,250,000 SARs to employees, consultants, and vendors of the Corporation (2018 - 4,930,331). Total issued SARs units outstanding as at December 31, 2019 was 14,183,000 (2018 - 9,933,000). The employment or consulting arrangement of most of the participants in the SAR Plan has been terminated and it is not anticipated that additional SARs units will be issued in the future.

RESTRICTED SHARE UNIT PLAN (“RSU Plan”)

In 2019, the GABY Board of Directors approved the RSU Plan ,which will be presented for approval to the shareholders at the Annual General and Special Meeting to be held in March 2021. The principal purposes of the RSU Plan are to: (i) attract and retain qualified Eligible Participants that GABY requires; (ii) promote a proprietary interest in GABY by such Eligible Participants and to encourage such Eligible Participants to remain in the employ or service of GABY and put forth maximum efforts for the success of the business of GABY;

and (iii) focus Eligible Participants on GABY's operating and financial performance and long-term return.

Restricted Awards (or RSUs) shall be in addition to, and not in substitution for or in lieu of, ordinary salary and wages or consulting fees received by an Eligible Participant in respect of his or her services to GABY during the Service Year. The size of the award of RSUs is generally inversely related to the amount of cash compensation paid to the Eligible Participant relative to equivalent positions in the industry generally. The Corporation prefers to pay a lower cash salary and reward employees with more generous RSU grants so as to further align the interests of its employees and its shareholders. All full time employees participate in the Corporation's RSU Plan.

The Board of Directors administers the RSU plan and has the authority to make grants of awards under the plan and the terms of those grants, upon recommendations from Management.

RSUs will expire on the third calendar year following the end of the applicable service year. Restricted Awards granted pursuant to the RSU Plan shall, unless otherwise determined by the Board or as specifically set out herein, vest as to one-third (1/3) of the granted Restricted Awards on each of the first and second anniversaries of the Grant Date, and the remaining one-third (1/3) shall vest on the earlier of: (i) the third anniversary of the Grant Date, and (ii) December 31 of the third calendar year following the Service Year in respect of which the Restricted Awards were granted.

Upon vesting, the payout amount may be made in cash or common shares of GABY, at the sole discretion of GABY.

Where GABY elects to pay any amounts pursuant to a Restricted Award by acquiring Common Shares on the Exchange, or by GABY issuing Common Shares from treasury, the number of Common Shares to be delivered is equal to the nominal number of Common Shares underlying the Restricted Award.

If an employee resigns or is terminated with cause, all outstanding RSUs shall be immediately terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.

If an employee is terminated without cause, then any RSUs held by such Grantee with a Vesting Date that is within ninety (90) days following the date of termination, the vesting (or settlement date), will be the date of termination, and the Grantee shall be entitled to receive the Payout Amount of such Restricted Awards.

SUMMARY COMPENSATION TABLE FOR NEOs AND DIRECTORS

The compensation paid to the NEOs and directors of GABY, excluding compensation securities, for the periods noted, is summarized in the following table and is expressed in Canadian dollars.

SUMMARY COMPENSATION TABLE

Name and position	Year	Salary, consulting fee, retainer or commission (\$)¹	Bonus (\$)	Committee or Board meeting fees (\$)	Option Based Awards (\$)²	Value of all other compensation (\$)³	Total compensation (\$)
NAMED EXECUTIVE OFFICERS							
Margot Micallef, Chair and CEO	2018	200,000	-	-	142,500	-	342,500
	2019	200,000 ⁴	-	-	515,648	-	715,648
Barb Feit, Former CFO ⁵	2019	175,000	-	-	633,072	-	808,072
Jamie Fay, Former President ⁶	2019	411,818	-	-	406,936	-	818,754
Vince Micallef, Former President & CFO and COO ⁷	2018	100,000	100,000	-	-	-	200,000
	2019	8,333	-	-	-	-	8,333
DIRECTORS (noting that Ms. Micallef is also a Director)							
Robert Travis, Director & Chair of the Human Resources and Compensation Committee	2018	-	-	-	42,000	-	42,000
	2019	-	-	-	14,500	-	14,500
Jason Kujath, Director ⁸	2018	-	-	-	30,000	-	30,000
	2019	-	-	-	-	-	-
Mara Gordon, Former Director and Chief Research Officer ⁹	2018	39,685	-	-	187,500	-	227,185
	2019	119,700	-	-	80,000	-	199,700
Russell Wilson ¹⁰	2018	-	-	-	26,250	-	26,250
	2019	-	-	-	-	-	-

SUMMARY COMPENSATION TABLE							
Name and position	Year	Salary, consulting fee, retainer or commission (\$) ¹	Bonus (\$)	Committee or Board meeting fees (\$)	Option Based Awards (\$) ²	Value of all other compensation (\$) ³	Total compensation (\$)
Jackie Altwasser	2018	30,000	-	-	22,500	-	52,500
	2019	60,000	-	-	-	-	60,000
Maureen Putnum ¹¹	2018	-	-	-	91,500	-	91,500
	2019	77,872	-	-	10,581	-	88,453
Charles Mannix ¹²	2019	-	-	-	7,500	-	7,500
Matthew Bartlett	2019	-	-	-	7,500	-	7,500
Richard Bonnycastle, Former Director ¹³	2018	-	-	-	22,500	0	22,500

Notes:

- (1) All compensation noted is compensation received under the consulting agreements described above, with the exception of Ms. Gordon and Ms. Putman who received additional compensation for their roles as Chief Research Officer and Chief Marketing Officer, respectively.
- (2) The dollar amount of options is based on the grant date fair value of the award as determined by using the fair value of the award on the grant or amendment thereof.
- (3) No perquisites were granted to any NEO or Director in 2018 or 2019.
- (4) Ms. Micallef deferred four months of compensation starting September 2019.
- (5) Ms. Feit's position as Chief Financial Officer of the Corporation terminated on March 24, 2020. All option based rewards have since been cancelled in accordance with GABY's stock option plan.
- (6) Mr. Fay was terminated from his position as President on January 15, 2020. All option based rewards have since been cancelled in accordance with GABY's stock option plan.
- (7) Mr. Micallef's role as President and Chief Financial Officer of the Corporation terminated effective January 1, 2019 and over the month of January 2019, he agreed to assist in transitioning the role of President to Ms. Maureen Putman on an interim basis and transitioning the role of Chief Financial Officer to Ms. Feit, which officer appointments were effective as of January 1, 2019, concurrent with the effective date

of Mr. Micallef's departure from the Corporation. Effective January 21, 2019, Mr. Fay was appointed as President and Chief Operating Officer and Ms. Putnam resigned as interim President.

- (8) Mr. Kujath's position as a Director of the Corporation terminated on March 12, 2020. All option based rewards have since been cancelled in accordance with GABY's stock option plan.
- (9) Ms. Gordon's position as Director and Chief Research Officer of the Corporation terminated on July 30, 2019. All option based rewards have since been cancelled in accordance with GABY's stock option plan.
- (10) Mr. Wilson's position as a Director of the Corporation terminated on March 12, 2020. All option based rewards have since been cancelled in accordance with GABY's stock option plan.
- (11) Ms. Putnam's position as a Director of the Corporation terminated on March 9, 2020. She continues to serve in an advisory capacity to GABY.
- (12) Mr. Mannix's position as a Director of the Corporation terminated on March 9, 2020. All option based rewards have since been cancelled in accordance with GABY's stock option plan.
- (13) Mr. Bonnycastle's position as a Director of the Corporation terminated on November 26, 2018. He continues to serve in an advisory capacity to GABY.

STOCK OPTIONS AND OTHER COMPENSATION SECURITIES FOR NEOS AND DIRECTORS

NEO and Director Equity Based Awards

The following table sets out the compensation securities granted or issued to each director and NEO by GABY in the 2019 financial year for services provided, directly or indirectly, to GABY.

COMPENSATION SECURITIES ¹							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion, or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
NAMED EXECUTIVE OFFICERS							
Margot Micallef, Chair and	Options	2,000,000	July 23, 2019	\$0.36	\$0.36	\$0.095	July 23, 2024

COMPENSATION SECURITIES ¹							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion, or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
CEO	Options	500,000	October 5, 2019 ⁶	\$0.27	\$0.27	\$0.095	October 5, 2024
Barb Feit, Former CFO ²	Options	1,500,000	July 23, 2019	\$0.36	\$0.36	\$0.095	July 23, 2024
	Options	1,500,000	October 5, 2019 ⁶	\$0.27	\$0.27	\$0.095	October 5, 2024
Jamie Fay, Former CEO ³	Options	1,500,000	October 5, 2019 ⁶	\$0.27	\$0.27	\$0.095	October 5, 2024
DIRECTORS (noting that Ms. Micallef is also a Director)⁷							
Robert Travis, Director ⁸	Options	25,000	April 28, 2019	\$0.35	\$0.35	\$0.095	April 28, 2024
Mara Gordon, Former Director and Chief Research Officer ⁴	Options	500,000	January 20, 2019	\$0.50	\$0.50	\$0.095	January 20, 2024
Matthew Bartlett, Director	Options	150,000	November 20, 2019	\$0.125	\$0.125	\$0.095	November 20, 2024
Charles Mannix, Former Director ⁵	Options	150,000	November 20, 2019	\$0.125	\$0.125	\$0.095	November 20, 2024

Notes:

(1) No compensation securities were exercised by any of the Directors or NEOs in 2019.

- (2) Ms. Feit's position as Chief Financial Officer of the Corporation terminated on March 24, 2020. All option based rewards have since been cancelled in accordance with GABY's stock option plan.
- (3) Mr. Fay was terminated from his position as President on January 15, 2020. All option based rewards have since been cancelled in accordance with GABY's stock option plan.
- (4) Ms. Gordon's position as Director and Chief Research Officer of the Corporation terminated on July 30, 2019. All option based rewards have since been cancelled in accordance with GABY's stock option plan.
- (5) Mr. Mannix's position as a Director of the Corporation terminated on March 9, 2020. All option based rewards have since been cancelled in accordance with GABY's stock option plan.
- (6) The same number of options were originally granted January 20, 2019 at an exercise price of \$0.50 vesting evenly over 5 years with a life of 10 years and were exchanged for the options above.
- (7) Ms. Putnam exchanged 150,000 stock options originally granted on November 26, 2019 for 150,000 stock options granted October 5, 2019. The original options had a strike price of \$0.50, vested one-third immediately, and each of the next two anniversary dates from date of grant and expired November 26, 2023. The replacement options have a strike price of \$0.28, vest evenly over 3 years and expire October 7, 2023.
- (8) Mr. Travis exchanged 150,000 stock options originally granted on November 26, 2019 for 150,000 stock options granted October 5, 2019. The original options had a strike price of \$0.50, vested one-third immediately, and each of the next two anniversary dates from date of grant and expired November 26, 2023. The replacement options have a strike price of \$0.28, vest evenly over 3 years and expire October 7, 2023.