

## **GABY INC. ANNOUNCES CLOSING OF FINANCING AS IT MARCHES TOWARD COMPLETING ITS ACQUISITION OF MANKIND DISPENSARY**

SANTA ROSA, CA / ACCESSWIRE / February 4, 2021 / GABY Inc. ("**GABY**" or the "**Company**") (CSE: GABY) (OTCQB: GABLF), a California based cannabis consumer products company and soon to be cannabis retailer, is pleased to announce it has closed its previously announced brokered private placement of subscription receipts of the Company (the "**Brokered Private Placement**") led by Mackie Research Capital Corporation (the "**Lead Agent**") together with its non-brokered private placement of units of the Company (the "**Non-Brokered Private Placement**") for aggregate gross proceeds of C\$12.5 Million. Proceeds from the Brokered Private Placement and the Non-brokered Private Placement (together, the "**Private Placement**") will be used to fund the previously announced merger (the "**Merger**") with Miramar Professional Services ("**Miramar**"), which operates the Mankind Dispensary ("**Mankind**"), one of the oldest licensed dispensaries in California, as well as the pro forma business plan of the Company and for general corporate purposes.

The Company is also pleased to announce the satisfactory completion of the audit of Miramar, which was a condition precedent to the completion of the Merger.

"The closing of our Private Placement and the completion of the audit takes us a significant step closer to our expansion into the cannabis retail channel," said Margot Micallef, Founder, President and Chief Executive Officer of GABY. "Mankind is one of the best known cannabis retailer brands in California, with a strong history operating in San Diego. I cannot think of a better foundation for our retail expansion strategy than this dispensary and this management team," she concluded.

"Given Margot's extensive past successes in retail consolidation, moving into retail ownership is a logical next step for GABY. I am pleased to invest into Margot's vision of establishing GABY as a dominant cannabis retailer in California" said Marc Lustig, a highly successful cannabis entrepreneur and the founder and former CEO of Origin House, which was sold to Cresco Labs in January of 2020.

The steps to completing the Merger with Miramar include the execution a definitive transaction agreement (the "**Definitive Agreement**"), the approval of the Canadian Securities Exchange (the "**CSE**") to list the Company's common shares ("**GABY Shares**") that will be issued pursuant to the Merger and the approval of shareholders of GABY. Shareholders holding not less than 50% plus one of the issued and outstanding GABY Shares will approve the Merger by way of written resolution. GABY has received confirmation of support for the Merger from shareholders holding more than 50% of the issued and outstanding GABY Shares. GABY intends to submit all requisite filings with the CSE in due course, including a listing statement in respect of the Merger. Further details will be provided following execution of the Definitive Agreement.

Pursuant to the Brokered Private Placement, the Company has issued 172,929,123 subscription receipts of the Company ("**Subscription Receipts**") at a price of C\$0.05 per Subscription Receipt

Each Subscription Receipt represents the right to receive, without payment of additional consideration or further action on the part of the holder thereof, one unit of the Company (each, a "**Unit**") upon the later of: (i) the satisfaction of certain Escrow Release Conditions (as defined below); and (ii) the date that is the earlier of: (A) June 5, 2021; and (B) the second business day following the filing of a Qualifying Prospectus (as defined below).

Each Unit will consist of: (i) one GABY Share; and (ii) one GABY Share purchase warrant (each, a "**Warrant**"). Each Warrant will entitle the holder to purchase a GABY Share at an exercise price of C\$0.09, at any time up to 24 months following the date of issuance; provided that if, at any time prior to the expiry date of the Warrants, the volume weighted average trading price of the Common Shares on the CSE, or other principal exchange on which the GABY Shares are listed, is greater than C\$0.18 for 5 consecutive trading days, the Company may, within 10 business days of the occurrence of such event, deliver a notice to the holders of Warrants (the "**Acceleration Right**") accelerating the expiry date of the Warrants to the date that is 30 days following the date of such notice (the "**Accelerated Exercise Period**"). Any unexercised Warrants will automatically expire at the end of the Accelerated Exercise Period.

The Company will use its commercially reasonable efforts to obtain a receipt from the Alberta Securities Commission, on behalf of the applicable provincial securities regulatory authorities, for a (final) prospectus (the "**Qualifying Prospectus**") qualifying the distribution of the GABY Shares and Warrants underlying the Units issuable upon conversion of the Subscription Receipts and the GABY Shares and Warrants underlying the compensation warrants issuable to the Agents.

The gross proceeds from the Private Placement, less the expenses of the Agents and a portion of the commissions pursuant to the Private Placement, are currently held in escrow with an escrow agent (the "**Escrow Agent**") pending the satisfaction of certain Escrow Release Conditions. If all conditions precedent to the Escrow Release Conditions are satisfied on or before May 5, 2021, the net proceeds, less the outstanding cash commission and any outstanding costs and expenses of the Agents to be released to the Agents out of the escrowed proceeds, from the sale of the Subscription Receipts will be released from escrow to GABY. If the Merger is not completed on or before May 5, 2021 (or such later date as the Lead Agent may consent in writing), or is terminated at an earlier time, then the purchase price for the Subscription Receipts will be returned to subscribers, together with a pro rata portion of interest earned on the escrowed funds, if any.

The "**Escrow Release Conditions**" are set forth in the subscription receipt agreement among the Company, the Escrow Agent and the Lead Agent, on behalf of the Agents, and include: (i) the Definitive Agreement shall have been entered into; (ii) all conditions precedent, undertakings, and other matters to be satisfied, completed and otherwise met at or prior to the completion of the Merger (other than delivery of standard closing documentation) have been satisfied or waived in accordance with the terms of the Definitive Agreement (any such waiver to be consented to by the Lead Agent in writing, acting reasonably); (iii) there have been no material amendments or material waivers of the terms and conditions of the Definitive Agreement which have not been approved by the Agents; and (iv) receipt by the Company of all necessary regulatory and other approvals regarding the Brokered Private Placement and the Merger.

Pursuant to the Non-Brokered Private Placement, the Company has issued 84,140,411 Units. Each Unit consists of: (i) one GABY Share; and (ii) one Warrant. Each Warrant entitles the holder to purchase a GABY Share at an exercise price of C\$0.09, at any time up to 24 months following the date of issuance, subject to the Acceleration Right.

All securities issued in connection with the Private Placement are subject to a four month and one day hold period from the date of this press release in accordance with applicable securities laws.

## **About GABY**

Based in Sonoma County California, GABY is a cannabis consumer goods company with proprietary cannabis brands sold in over 200 dispensaries throughout California. GABY owns a significant majority of its supply channel including, manufacturing, distribution, and soon - retail. GABY's strong asset base combined with a management team comprised of highly skilled and successful retail entrepreneurs along with pioneers in California cannabis establishes a strong foundation from which GABY will continue to aggressively grow its brand portfolio and dispensary footprint across California.

GABY's shares trade on the CSE under the symbol "GABY" and on the OTCQB under the symbol "GABLF". For more information on GABY, visit [www.GABYInc.com](http://www.GABYInc.com).

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## **Cautionary Statement**

*Completion of the Merger is subject to a number of conditions, including, but not limited to, the acceptance of the CSE and shareholder approval. The Merger cannot close until the required shareholder approval is obtained. There can be no assurance that the Merger will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the listing statement to be prepared in connection with the Merger, any information released or received with respect to the Merger may not be accurate or complete and should not be relied upon. Trading in the securities of GABY should be considered highly speculative.*

*This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly, and without limitation, this news release contains forward looking statements and information concerning the Merger, the application to the CSE in respect of the Merger and the filing of a Qualifying Prospectus.*

*The forward-looking statements and information are based on certain key expectations and assumptions made by GABY, including expectations and assumptions concerning: GABY, Miramar and the combined company; the Merger, including CSE and shareholder approvals and the execution of a Definitive Agreement in respect of the Merger and the satisfaction of other closing conditions in accordance with the terms of such agreement; the future operations of, and transactions completed by, GABY; the availability of sufficient capital; the availability of and access to qualified personnel; the expected growth in the cannabis market, the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis; the securities markets and the general economy; and applicable laws not changing in a manner that is unfavorable to GABY.*

*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 parties being unable to obtain the required CSE and shareholder approvals; the severity of the COVID-19 pandemic; the failure to complete the Merger on satisfactory terms, 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 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.*

*Sonoma Pacific Distribution, Inc., is a subsidiary of GABY and holds 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.*