

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: GABY Inc. (the “Issuer”, “GABY”, or the “Company”).

Trading Symbol: GABY

Number of Outstanding Listed Securities: 652,043,392

Date: September 8, 2021

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are “material information” as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

GABY Inc. is a California-focused retailer with its own proprietary brands in the market. GABY has relationships with over 500 retailers in the mainstream sales channel, and over 200 in the licensed channel, bridging the gap between the licensed dispensary and mainstream markets. A pioneer in the industry with a multi-vertical retail foundation, GABY owns a significant majority of its supply channels, including manufacturing, distribution, and retail. GABY is an employee-owned company, with 100% of full-time employees owning shares in the Company.

2. Provide a general overview and discussion of the activities of management.

GABY's management continued sales and marketing efforts applicable to its products.

On August 31, 2021, GABY announced record second quarter revenue of \$11.3 million and record gross profit of \$3.9 million compared to \$0.7 million and \$0.0 million, respectively, the same quarter last year. Gross margin for the period was a record high of 35.0% and compares to 2.9% the same quarter last year. Adjusted EBITDA improved to \$0.9 million from negative \$1.6 million the same quarter last year. The improvements were primarily attributable to the higher volumes and margins generated from the acquisition of Mankind Dispensary on April 1, 2021. For the second quarter of 2021 the net loss was \$1.6 million compared to a net loss of \$1.7 million with the increase in Adjusted EBITDA being mostly being offset by an increase in income tax expense on taxable operations and higher interest expense on the notes issued in respect of the Mankind transaction.

While significantly improved over Q2-2020 and over last quarter, Adjusted EBITDA numbers were negatively impacted mostly from operating two distribution entities, which, as of August 2021, have been consolidated into a single hub in the Company's new headquarters in San Diego. GABY will continue to rationalize its asset base and expects to shed further costs thereby improving Adjusted EBITDA in the future.

For further information, please refer to GABY's press release dated August 31, 2021.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production

programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

N/A

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

N/A

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

N/A

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

N/A

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

N/A

8. Describe the acquisition of new customers or loss of customers.

N/A

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

N/A

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

N/A

11. Report on any labour disputes and resolutions of those disputes if applicable.

N/A

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

N/A

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

N/A

14. Provide details of any securities issued and options or warrants granted.

On August 26, 2021, GABY issued a total of 2,224,746 common shares of the Company to five consultants pursuant to consulting agreements, for a total consideration of \$88,990.

15. Provide details of any loans to or by Related Persons.

N/A

16. Provide details of any changes in directors, officers or committee members.

N/A

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

N/A

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof, there was no new material information concerning the Issuer which had not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated September 8, 2021

Leanne E. Likness, Corporate Secretary

“Leanne E. Likness”

<i>Issuer Details</i>	For Month End	Date of Report
GABY Inc.	August 2021	September 8, 2021
Issuer Address		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
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