

Gabriella's Kitchen Signs Definitive Agreement to Acquire Lulu's Chocolates, a California-Based Manufacturer of CBD and THC Infused Chocolates

SANTA ROSA, CA and CALGARY, AB, July 22, 2019 /CNW/ - Following the [press release dated May 16, 2019](#) Gabriella's Kitchen Inc. ("**GABY**" or the "**Company**") (CSE: **GABY**), is pleased to announce that it has entered into a definitive agreement with Louise (Lulu) Sharpe, the founder and President of Raw Chocolate Alchemy LLC (d.b.a Lulu's Chocolates) to acquire all of the issued and outstanding securities, of Lulu's Chocolates ("**Lulu's**"), including the settlement of US\$75,000 of outstanding debt in exchange for US\$1,075,000 in GABY common shares valued at CDN\$0.32 per share, which is calculated based on the 5-day volume weighted average price of GABY common shares on the Canadian Securities Exchange ("**CSE**") ending May 16, 2019, (the "**Transaction**"). The Company anticipates closing the Transaction on or about July 26, 2019.

Lulu's – Highlights

- Lulu's CBD infused chocolates are sold in approximately 250 mainstream grocery stores and its traditional chocolates are sold in an additional 200 mainstream grocery stores across the United States, including Whole Foods Market in Northern California and Arizona. GABY intends to leverage Lulu's mainstream distribution channels to accelerate the growth trajectory for GABY's newly launched CBD products.
- Lulu's THC infused chocolates are sold in 35 dispensaries in California. GABY's distribution assets with access to dispensaries across California provide a strong licensed channel growth platform for Lulu's infused products.
- Lulu's CBD and THC infused chocolates have won multiple awards at several High Times Cannabis Cups and have been positively reviewed by such industry publications as: *Leafly*, *New York Magazine*, *DOPE*, and *POPSUGAR*. For additional media coverage see: <https://www.luluchocolates.com/press-media/>



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Margot Micallef, Founder and CEO of GABY commented, "Chocolate and confections is one of the top selling categories in both the mainstream grocery channel as well as the regulated California cannabis edibles marketplace. With a strong start in both channels, a synergistic retail footprint, and a senior team with a proven track record of developing and commercializing award-winning products, Lulu's represents a strong foundation for GABY's rapid expansion in this market." Ms. Micallef continued: "GABY is well-capitalized to execute on an aggressive organic and acquisitive growth strategy. More importantly, GABY will continue to focus on transactions that generate returns on our capital employed which inevitably creates value for shareholders".

This press release is not an offer of the securities for sale in the United States. The securities may not be offered or sold in the United States absent registration or an available exemption from the registration requirements of the United States Securities Act and applicable U.S. state securities laws. The Company will not make any public offering of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

ABOUT GABRIELLA'S KITCHEN INC.

GABY is a US-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 a manufacturing and a distribution license issued by the Department of Health and the California Bureau of Cannabis Control respectively. With these licenses to operate in the cannabis channel, and its existing infrastructure of major retailers and an extensive broker and distribution network in the mainstream channel, GABY is positioned to bring its proprietary, acquired and third-party 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 offers a diverse range of products that use cannabis, hemp derived CBD and other powerful ingredients 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.gabyinc.com.

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 successful closing of the Transaction, the anticipated date of closing of the Transaction, GABY's ability to complete financings to fund its future operations, the continued growth and expansion of the Company's operations, and the receipt of regulatory approvals. 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.

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 its businesses are conducted in a manner consistent with the State law of California and are in compliance with regulatory and licensing requirements applicable in the State of California. However, readers should be aware that change in federal guidance on enforcement actions could adversely affect The Company's ability to access private and public capital required in order to support continuing operations and its ability to operate in the U.S. Readers are further cautioned that strict compliance with State laws with respect to cannabis will neither absolve GABY 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. Any such proceedings brought against GABY may materially adversely affect the Company's operations and financial performance generally in the U.S. market specifically.

*This press release is not an offer of the Company's securities for sale in the U.S. The securities may not be offered or sold in the U.S. absent registration or an available exemption from the registration requirements of the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and applicable U.S. state securities laws. The Company will not make any public offering of its securities in the U.S. The Company's securities have not been and will not be registered under the U.S. Securities Act.*

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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For 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.

CO: Gabriella's Kitchen

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