

Gabriella's Kitchen Announces Financial and Operating Results for Second Quarter 2018

US Gross sales in Q2 2018 increased 463% over Q2 2017

CALGARY, AB (September 7, 2018) – Gabriella's Kitchen Inc. (CSE: GABY), ("GK" or the "Company") is pleased to announce its financial and operating results for the three and six-month periods ending June 30, 2018.

The Company's unaudited condensed interim consolidated financial statements and corresponding Management's Discussion and Analysis (MD&A) – Quarterly Highlights for the period will be available on SEDAR at www.sedar.com, on the CSE website at www.thecse.com and on Gabriella's Kitchen's website at www.gabriellas-kitchen.com. Copies of the materials can also be obtained upon request without charge by contacting the Company directly.

GK develops, manufactures, produces and markets high-quality, nutritional food products, using healthy and unique ingredients in innovative ways to create powerfully nutritious and functional foods. The Company provides over 20 food products that offer consumers better-for-you options such as high-protein, low-calorie, low-carbohydrate, vegan, gluten-free and other allergy-sensitive products. The award-winning product family includes: *alto*[™], *noodi*[™], and *gabbypasta*[™]. GK has developed a line of products infused with cannabis-derived cannabinoids (including CBD and THC) ("Infused Products"), of which six are slated to launch this year.

Q2 AND FIRST HALF 2018 HIGHLIGHTS

- Increased total gross sales by 172% and 171% to \$560,952 and \$1.22 million in Q2/18 and first half 2018 relative to the same periods in 2017;
- Growth was led by the US consumer market which saw gross sales increase for Q2/18 and first half 2018 by 463% and 368% to \$464,845 and \$1.04 million, respectively, compared to the same periods in 2017;
- Canadian gross sales were 22% lower at \$96,107 and \$178,055 for the three and six-months ended June 30, 2018, respectively, relative to the same periods the prior year due largely to GK's increased focus on accessing the larger US market through an expanded US sales force;
- Net loss and comprehensive loss totaled \$1.9 million and \$2.8 million for Q2/18 and first half 2018, respectively, compared to \$0.9 million and \$1.8 million in the same periods in 2017. The higher net loss in 2018 is primarily attributable to a higher percentage of promotional activity to speed up trial of its products and accelerate sales, as well as higher direct inventory costs which resulted in approximately \$0.3 million lower gross profit after distribution and allocated indirect costs, higher operating expenses (primarily due to approximately \$0.4 million in fees incurred to pursue taking the Company public) and a share-based contract cancellation cost of approximately \$0.4 million (non-cash).
- Closed an offering of convertible debentures and warrants raising gross proceeds of \$6.35 million, which exceeded original targets of \$6.0 million, with the convertible debentures automatically converted to 22,226,092 common shares on August 28, 2018 pursuant to GK becoming a public company (the "Conversion Event");

GABRIELLA'S KITCHEN

- Converted \$4.0 million of callable debentures and \$0.6 million of related party payables into class A common shares and warrants of the Company.

POST-QUARTER END HIGHLIGHTS

- The Company's common shares began trading on the Canadian Securities Exchange (the "CSE") on September 5, 2018 under the ticker symbol "GABY".

"We are pleased with our second quarter sales growth, and particularly that our focus on the US market led to US gross sales growth that was more than five times greater than Q2, 2017," said Margot Micallef, Founder and CEO of GK. "We continue to advance our goal of expanding the footprint and brand awareness of Gabriella's Kitchen to promote future sales. Further, based on GK's extensive experience and existing infrastructure, we are ideally positioned to launch our cannabis-infused products later this month."

FINANCIAL OVERVIEW

	Three months ended June 30,			Six months ended June 30,		
	2018	2017		2018	2017	
	\$	\$	%	\$	\$	%
Gross Sales Canada	96,107	123,789	(22%)	178,055	227,437	(22%)
Gross Sales - US	464,845	82,500	463%	1,044,196	222,946	368%
Gross Sales	560,952	206,289	172%	1,222,251	450,383	171%
Sales	319,737	164,096	95%	777,056	369,546	110%
Sales as a percentage of gross sales	57%	80%		64%	82%	
Net loss and comprehensive loss	(1,879,509)	(904,914)	108%	(2,849,873)	(1,770,404)	61%
Basic and diluted earnings per share ^{1,2}	(0.04)	(0.02)	77%	(0.06)	(0.04)	41%
Weighted average number of common shares – basic and diluted ¹	50,829,106	43,391,393	17%	48,084,983	42,000,986	14%
Retail locations, period end ³	2,968	1,331	123%			
Retail facings, period end ⁴	11,174	5,791	93%			

- (1) On April 18, 2018, the Corporation amended its articles to effect a subdivision of its common shares on the basis of seven Common Shares for post-subdivision Common Shares for each pre-subdivision Common Share then outstanding, and to amend its articles to replace the existing classes of shares of the Corporation with one class of common shares and one class of preferred shares. The outstanding share capital disclosed in the notes above reflect the-subdivision.
- (2) Percentage change based on unrounded earnings per share
- (3) Number of stores in which we stock and sell our products
- (4) Sum of each retail location multiplied by the number of product lines that location stocks

About Gabriella's Kitchen

Spurred by their desire to find a way to improve Gabriella's prognosis after a dire cancer diagnosis, Italian sisters Gabriella and Margot Micallef were inspired to launch GK after succeeding in prolonging Gabriella's life through diet and lifestyle. GK was founded with the goal to create powerfully nutritious foods using unique ingredients in innovative ways – so that *everyone* could enjoy and share healthy and functional superfoods. Although Gabriella ultimately passed away from her illness, her passion for smart nutrition helped her live exponentially longer than doctors predicted. Gabriella was a rebel who believed in endless possibilities. Her memory and passion live on through GK's mission: to empower people to live healthy lives without compromise.

With its existing infrastructure of major retailers and an extensive broker network, the Company is uniquely positioned to service both mainstream grocery and licensed cannabis retailers throughout both legal and emerging markets across North America. Since the Company's inception, GK has secured over 400 editorial placements in digital and traditional media, including highlights with NBC, CBC, Huffington Post, Globe & Mail, and the Wall Street Journal. The Company's traditional (non-infused) products are currently available in more than 3,000 stores

GABRIELLA'S KITCHEN

across the U.S. and Canada, including major retailers, such as Whole Foods, Publix, Sobeys, Loblaw's, and Safeway. The Company anticipates its Infused Products will be available in both licensed and, on a limited basis, non-licensed channels in certain markets where legislation allows.

For investment inquiries, please contact Scott Koyich, Investor Relations at investorrelations@gabriellas-kitchen.com or (800) 674-2239.

For media inquiries, please contact Lana Rogers, Public Relations Consultant, at Lana@Lanarogerspr.com or (403) 519-7959.

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 anticipated availability of the Company's Infused Products. 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.