

GABY Inc. announces a strategic acquisition of highly regarded and well established CBD brands: HempFusion™, Sagely Naturals™ and Apothecanna™

- *Highly accretive acquisition of over US\$5.4 million of net revenue purchased for CAD\$1.3 million payable in GABY common shares*
- *Products sold in approximately 15,000 stores including CVS, Walgreens, Publix, Whole Foods, Sprouts Farmers Market, and Kroger*
- *Approximately 50% of revenue is comprised of high margin direct to consumer (DTC) sales*

San Diego, CA / ACCESSWIRE / April 28, 2023 / GABY Inc. ("GABY" or the "Company") (CSE: GABY) (OTC: GABLF), the parent company of San Diego's Mankind Dispensary, is pleased to announce it has entered into a share purchase agreement (the "**Share Purchase Agreement**") with HempFusion Wellness Inc. ("HF") to acquire all of the issued and outstanding shares in the capital of HF's wholly-owned subsidiary Hempfusion, Inc. ("**HempFusion**"), the parent company of Sagely Enterprises Inc. and APCNA Holdings, LLC (the "**Transaction**").

Through the Transaction, GABY will acquire three high quality CBD brands: HempFusion™, Sagely Naturals™ and apothecanna™ (together, the "**Brands**").

"We are always looking for ways to build shareholder value and strengthen the foundation of our business," said Margot Micallef, Founder and Chief Executive Officer of GABY. "This acquisition allows us to expand our CBD division and realize additional revenue from an alternative channel outside the regulated cannabis industry. GABY is extremely fortunate to be able to acquire these high-quality established brands for such great value" she continued. "GABY's management team has extensive experience in building consumer facing brands putting GABY in a strong position to create further shareholder value from this acquisition".

As previously announced at the annual and special meeting held on March 25, 2021, holders of GABY shares passed a special resolution approving the consolidation of GABY shares on the basis of 20 pre-consolidation GABY shares for 1 post-consolidation GABY share (the "**GABY Share Consolidation**").

As consideration for the Transaction, GABY has agreed to issue to HF an aggregate of 13,011,148 GABY shares (on a post-GABY Share Consolidation basis) on the closing of the Transaction at the then prevailing market price of the GABY shares on the Canadian Securities Exchange (the "CSE") at the time of issuance. The GABY Shares issued on closing will be subject to a lock-up agreement and will be released in three equal tranches of 1/3 each on that date that is six, twelve and eighteen months following closing.

A copy of the Share Purchase Agreement will be filed on the Company's SEDAR profile at www.sedar.com.

Highlights of The Transaction

- HempFusion™ is a topicals and ingestibles brand, sold in a variety of retail locations including, natural, Food Drug & Mass, and online. It is unique in market as its topical product is listed with the US Food and Drug Administration ("**FDA**") as an over-the-counter pain relief topical that includes hemp derived CBD and Omegas as part of the skin nourishing cosmetic blend and has been assigned a National Drug Code number by the FDA. It also has an unparalleled regulatory

compliance portfolio including Self GRAS status on its exclusive hemp CBD extract, and validation by the UK Food Standards Agency for Novel Food.¹ HempFusion participated in, what is being referred to as, the largest Human Toxicology Study to date, which illustrated that CBD is safe for human consumption.² According to Brightfield Group wave 1 2022, HempFusion™ was ranked in the top five in brand awareness amongst CBD consumers.

- Sagely Naturals™ finished 2021 holding as the number one ranking topical brand in Multi-Outlet³ retail locations in the US and US Drug with market share held as 14% and 24% respectively.⁴ In 2022 its Relief and Recovery Active Roll-On™ was rated as "Best for Pain Relief" by *Men's Health Magazine*.
- apothecanna™ is primarily a Direct-to-Consumer brand although it is also sold in many retail locations. The products consist of topical creams and oils, capsules and tinctures. It has a strong following amongst the over 55 age demographic and after an aggregate of two million bottles sold still garners a 90% five-star rating by consumers.⁵ apothecanna™ has an extremely loyal online following with nearly 70% repeat purchase activity.⁶
- *The Brands Value:* The Brands together generated net revenue of over US\$5.4 million in 2022.
- *The Brands Future:* Because of their extensive regulatory portfolio, management of GABY believe that the Brands are uniquely poised for growth as soon as legislative clarity is given by applicable United States government officials on the regulatory and legal status of hemp derived CBD. Currently focused on topical products, legislative clarity could open the door for ingestible products that could unlock the potential for significant revenue growth for the Brands.
- *The Brands Growth:* The aggregate revenues from the Brands has remained consistent from 2020 to 2022, despite limited investment by HF and HempFusion. Management of GABY believes that, through strategic marketing efforts, the Brands could see substantial revenue growth in 2024 and beyond.
- *GABY's CBD Brands:* The Transaction gives GABY the infrastructure to grow its current CBD brands 2Rise™ and Lulu's™, which brands currently produce approximately \$400,000 of combined revenue annually. Management of GABY believes that by leveraging the newly acquired distribution infrastructure and sales channels GABY's existing CBD business could experience significant growth.

Closing of the Transaction is subject to certain third party approvals, the approval of HempFusion shareholders at a special meeting of shareholders to be called by HempFusion, and the satisfaction of customary closing conditions for a transaction of such nature. Subject to satisfaction or waiver of the conditions, the transaction is expected to close towards the end of Q2 of 2023.

¹ A novel food is a type of food that does not have a significant history of consumption or is produced by a method that has not previously been used for food.

² ValidCare Toxicology Study Announced March 23rd 2021 – Human Consumption Toxicology / Safety Study on CBD

³ Multi-Outlet includes Food/Grocery, Drug, Mass Merchandisers, Walmart and Club, but excludes Costco, and Dollar Stores.

⁴ SPINS / IRI Data December 2021

⁵ As determined by HempFusion based on actual reviews received by the company on all platforms.

⁶ As determined by HempFusion by comparing data from all customers versus returning customers.

About GABY Inc.

GABY Inc. is a California-focused retailer and the owner of Mankind Dispensary, one of the oldest licensed dispensaries in California. Mankind Dispensary is a well-known and highly respected dispensary with deep roots in the California cannabis community operating in San Diego. GABY curates and sells a diverse portfolio of products, including its own proprietary brands, Dank Space™, Kind Republic™ and Lulu's™ through Mankind. A pioneer in the industry with a strong management team with experience in retail, consolidation, and cannabis, GABY is poised to grow its retail operations both organically and through acquisition.

GABY's common shares trade on the CSE under the symbol "GABY" and on the OTC under the symbol "GABLF". For more information on GABY, visit www.GABYInc.com or the Company's SEDAR profile at www.sedar.com.

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Disclaimer and Forward-Looking Information

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 the Company. 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 closing of the Transaction, the anticipated completion of the GABY Share Consolidation, the issuance of the GABY shares to HF in connection with the closing of the Transaction, the acquisition of the Brands pursuant to the Transaction and the anticipated benefits thereof and the impact of the Transaction on the business and operations of GABY following the closing of the Transaction. 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: 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; departure of key management personnel or inability to attract and retain talent; and those risks identified in GABY's management's discussion and analysis for the financial year ended December 31, 2022 which is available on the Company's SEDAR profile at www.sedar.com and the Company's website at www.GABYinc.com. 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.

Certain information contained herein has been provided by management of HF. Such information has not been independently audited or verified by GABY. GABY has used its best efforts to ensure the accuracy and completeness of the information presented, however GABY expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from: (i) reliance on any information contained herein, (ii) any error, omission or inaccuracy in any such information or (iii) any action resulting therefrom.

To the extent any information contained in forward-looking statements in this press release constitutes "future-oriented financial information" or "financial outlooks" within the meaning of applicable Canadian securities laws, such information is being provided to demonstrate the anticipated financial performance of the Company and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information or financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking statements generally, are, without limitation, based on the assumptions and subject to the risks set out above for forward-looking statements. The Company's actual financial position and results of operations may differ materially from its management's current expectations and, as a result, the Company's actual revenue may differ materially from the prospective revenue projections provided in this press release. Such information is presented for illustrative purposes only and may not be an indication of the Company's actual financial position or results of operations.

Each of Mankind Dispensary and Wild West Industries, Inc. are subsidiaries of GABY and hold a cannabis licenses 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 (Canada), in the 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 law of the State of California and are in compliance with regulatory and licensing requirements applicable in the State of California. However, readers should be aware that strict compliance with state laws with respect to cannabis will neither absolve GABY, or its subsidiaries 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 subsidiaries. Any such proceedings brought against GABY, or its subsidiaries may materially adversely affect the Company's operations and financial performance.

Neither the CSE nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release. Selected financial and operational information is outlined above and should be read in conjunction with GABY's audited annual financial statements and management's discussion and analysis for the financial year ended December 31, 2022 which are available on the Company's SEDAR profile at www.sedar.com and the Company's website at www.GABYinc.com.