

OTC Markets Group

Joining us today is Margot Micallef, the Founder and CEO of Gaby Inc. that trades on our OTCQB Venture Market under the ticker GABLF. Gaby Inc. is a California focused cannabis retailer with its own proprietary brands in the market. Margot, thanks so much for joining us today.

Margot Micallef

My pleasure I'm happy to be here.

OTC Markets Group:

So Margot tell us a bit about your professional background and then the very interesting story namesake and foundation of Gaby.

Margot Micallef

So I started my professional career as a lawyer with a large law firm in Vancouver Canada and then I got recruited to join a telecom company where I helped grow revenue from 200000000 to \$2000000000 I then moved on and started my own merchant banking business. Where amongst other things I did 3 retail consolidations which are relevant to what I'm doing with Gaby in the cannabis industry now. The first one was called vista radio where we grew from 0 radio stations to 50 stations. We Grew EBDA by 500% and we consolidated a disparate market which was very similar to the cannabis market that we are in today with mom and pop operators inexperienced operators oftentimes the first licensee with ah. Not a lot of experience in terms of mergers and acquisitions etc. after I did Vista Radio I moved on to the Domino's brand and this was at a time when the Domino's brand was not doing well we bought the franchising rights for Canada and we grew revenue by to by a 21% year over year to none and then sold my interest to my business partner who continues to tell me how well he's doing with that brand and then I moved onto the subway business where I helped grow revenue to none and grew the number of locations to over None and returned to 700 Ah percent plus Roi to investors so those None consolidations are useful in the experience that I've got in running Gaby and what we're trying to do with Gaby in consolidating dispensaries in California. I started Gaby to honor my sister who died from lung cancer. Her name was Gabriela when she was diagnosed. She was given four months to live and she told her doctors that they were not going to tell her how long she was going to live or when she was going to die. So almost in Defiance. She lived for five additional years and had really high quality of life. She did a lot of different things but cannabis was part of her journey and so when she passed away I wanted to honor her in some way so I decided to build a business. Ah, that where I could share her desire to live life to

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the fullest and her desire to empower people to control their own health and well-being just like she did so that's really our goal and my inspiration for Gaby.

OTC Markets Group:

That it's very powerful so explain to us about the different brands of the company. How do they operate together and drive your mission. Okay.

Margot Micallef

So our mission is about empowerment and accessibility which as I said was Gabriela's mission so we want to empower consumers to self-prescribed cannabis in the same way that they might self-prescribe an over-the-counter drug like Tylenol. Our goal is to build trusted brands and that means they have to be consistent predictable and provide an effective solution. So that's the underlying premise of everything we do starting with our award-winning mankind dispensary where we were recently voted San Diego's favorite. Dispensary. Yay. And we have a self-served model which is different than other brands and other retailers. So a self-served model means that when you walk into the store you interact with the products directly as opposed to having them in display cases and then having to ask for assistance with purchasing. So that works well for both the traditional consumer and the mainstream consumer a traditional consumer if they know what they want they can come in with minimal resistance and effort and acquire what they want a mainstream consumer on the other hand who might be less experienced can take their time and interact with the products. They can hold them. They can touch them. They can compare them to other products and then we have very knowledgeable sales staff who can assist the mainstream less experienced consumer with finding the product that they want. We find that that most mainstream consumers come into the store looking for an effect. And so they might come in and ask for something to help them relax or help them sleep or help them with anxiety etc and our sales staff is very well versed in the products that we carry and can lead them to the right product so making it easier for them to. Become comfortable with the products and with the industry itself I always equate this to when Starbucks first came into the market and they had their own language and I remember the first time I went into Starbucks and I wanted to buy it just a medium coffee and there was a long lineup of people behind me. And I ordered a medium coffee and of course they said to me we don't have medium. We have grande and ventes and lattes and you know all this language that I had never experienced before and I got really anxious. So I like to equate how we manage our store with that experience where.

OTC Markets Group:

Right? Okay.

Margot Micallef

You know you don't have a lineup behind you. You can take your time you can interact one on one with the sales staff. You can interact one on one with the products etc so it makes it for a different experience. So that's our and our model for mankind and that's the model we replicate as we continue to grow in in the California market.

OTC Markets Group:

Yeah, and it sounds like it's making it more you know, consumer, friendly and really accessible so you know with that we can pivot to so what is your strategic advantage in the highly competitive cannabis space in California and then you know looking beyond do you have any. Plans to become a multi-state operator.

Margot Micallef

So ah, our strength is our operations team and our exclusive focus in the California market. So I always say that my strength is in building teams and over the last couple of years we've really built our foundation. And really focused on hiring doers. so people that don't just tell people what to do but who roll up their sleeves and actually do the work themselves and you know our president for example, has loss of experience running retail. He worked with me in with the subway brand and as I mentioned oversaw none in revenue and 800 plus locations. He also had hands-on experience in building out 200 locations for Starbucks when they were none starting. New and emerging markets. So he's not one that just knows what to do or tells people what to do but he gets into the fray and actually does it and that's like our director of retail sales. He comes from Nike and the art of shaving. He understands sales techniques merchandising. And the guest experience and he's always on the sales floor coaching and training our team one on one day in and day out so that's the difference between doers and those that just delegate work so I could go on about our team I'm really proud of them and we're very effective in executing. Ah, to answer your other question whether we intend to become multi-state operators. We are exclusively focused in California and we believe that California offers a unique opportunity to consolidate retail on a per capita basis. We are one of the lowest. populated retail operations in in the United States Washington for example, has times the number of dispensaries on a per capita basis than California and there's only 20% of the municipalities in California who allow cannabis retail in within their 4 corners. So those opportunities create an opportunity for us to apply for new licenses and as more municipalities come on stream and start issuing additional licenses. There's also no dominant brand in the market. It's populated with inexperienced operators who often have insufficient capital to keep inventor in

stock a lot of them are for sale. A lot of them had trouble during covid couldn't pivot so that allows an opportunity for us to acquire new dispensaries or additional dispensaries and grow by acquisition.

Margot Micallef

And then finally we're focused on California because it's a state that everybody needs to be in at some point and the large multi-state operators really have no presence in California and I believe that in the next couple of years. They're going to start moving into the state and I believe that we will be a target for them. Because we'll really be able to move the dial for them. So our strategy is our competitive advantage rather is our operations team and our focus in California and for all of those reasons I think it's a winning strategy.

OTC Markets Group:

And so tell us about your ESG strategy as well as a cannabis company and why is this important? Okay.

Margot Micallef

We'll let me answer the none question or the None question none rather why it's important. So I think there are reasons why it's important number None employers sorry employees investors and customers. Are no longer willing to separate out their personal values from their commercial activity. So that means that they want to know that the companies that they do business with or who the companies they work for share their personal values so they're going to ask those questions and companies better. Be ready to answer them. So they're going to want to know you know what your equality and diversity strategy is you know how you affect a transparent and good governance culture and they're going to want to know about your sustainable practices so you need to have those practices well and well in place so that you're ready to answer those tough questions. And then the none reason why it's important is because it's just good business practices. A strong diverse culture allows better decision making with alternative points of view and if you don't have a diverse population of employees. For example, you're not going to get the best decisions and you're not going to get the best thinking and you're leaving out a significant part of the population that's available to assist you with building your business. So. That's why it's important our strategy on the environmental side involves. Implementing policies to reduce waste a commitment to biodegradable packaging for our proprietary brands and to assist charities that promote sustainability by either making a donation or somehow working with them to amplify their voice. On the social side. We've been partnering with charities who promote social justice such as the last prisoner project. We're also a founding member of freedom grams and freedom grahams

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is an organization which funds the release of prisoners. By selling cannabis products that on their packaging feature people who are still in jail for possession of the same amount of flour that's in the package that is being legally sold. And if your listeners want more information they can check out <http://freedomgrams.org> it's a really great organization and we're really proud to be a founding partner in that and then on the governance side. We're focused on diversity equality and inclusion for all the reasons I said earlier.

Margot Micallef

And we're proud that 60% of our board and 50% of our managers are women or people of diverse cultures.

OTC Markets Group:

talk about the US Cannabis market what trends are here to stay.

Margot Micallef

I think pricing stabilization is here to stay so I don't know if you're familiar with the California market but we've undergone dramatic shifting and pricing and pricing has really come down for the raw materials in the last twelve to eighteen months and I think that's a good thing and I think that's here to stay it. It will create more stability in the market and will allow us to better compete with the illicit market. So I think price and price stabilization is going to stay. I think consolidation and increased consolidation is going to be something that we're going to continue to see we need to decrease the cost of operating. There's been too much investment made in infrastructure and each of the participants in the cannabis industry really needs to rationalize their investment. The size of their business and the size of their operations. So I think that will be affected through consolidation and then I think that there's going to be a rising up of good operators. The industry really started out under a false set of reality where there was too much capital available and it was too easy to raise capital. And the result of that was that you didn't really have to be a good operator because if you weren't successful. You would just go out to the market and raise additional capital. The current conditions have really shaken up the industry and it's really given an opportunity to operators that have good practices who are efficient and who know what they're doing to really start to show. Their difference in their advantages over other operators and other businesses.

OTC Markets Group:

And what is Gaby looking forward to for the rest of 2022 and onward to 2023

Margot Micallef

Well, we're really focused on growth but not at any cost so we won't grow at the cost of reducing our EBDA or our EBDA margins and we won't grow if there's going to be excessive dilution to our shareholders. So we're looking for growth but not at any cost. We're also relentlessly focused on operational efficiencies on streamlining procedures and on building a strong workforce and that will equate to organic growth and also on the acquisition side we're in discussions with strong operators who share our values. And who view the world in the and the future of cannabis in the same way we do so looking for the long-term sustainable operations and I'm hoping that we can bring those discussions to fruition in the next six to nine months

OTC Markets Group:

That very exciting and how has cost trading on the OTCQB Venture Market been beneficial for you U.S. investor strategy.

Margot Micallef

Well I think that the U.S. investment community is really the key to accessing capital in the future. It's really largely an untapped pool of investors and they're really just starting to awaken to the opportunity in cannabis. So and I think that opportunity is significant and it's a good time to move into the market. Values have been really depressed over the last twelve months and I don't see that lasting forever I see things turning around hopefully towards the end of the year or early next year so now is the opportunity to be a contrarian and for those U.S. investors to get into the market. And quite frankly, you know I really believe strongly that if anyone is looking for a small cap company in an emerging market like cannabis with strong operators that Gaby is a really good option for them.

OTC Markets Group:

What Margo I really appreciate your time. Thanks for talking with us today. Gaby Inc. trades under the symbol GABLF on our OTC Venture Market.

Margot Micallef

My pleasure. It's been a delight.