

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**Item 1. Name and Address of Company**

The Green Organic Dutchman Holdings Ltd. (the “**Company**” or “**TGOD**”)  
6205 Airport Road  
Building A, Suite 200  
Mississauga, ON L4V 1E3

**Item 2. Date of Material Change**

October 18, 2022

**Item 3. News Release**

On October 19, 2022, a news release in respect of the material change was disseminated by the Company through Canada Newswire. A copy of the news release is appended as Schedule “A” and was filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**Item 4. Summary of Material Change**

On October 19, 2022, the Company announced that it had entered into a share exchange agreement (the “**Agreement**”) with BZAM Holdings Inc., a corporation incorporated under the laws of the Province of British Columbia (“**BZAM**”), and its sole shareholder BZAM International Ltd., a corporation incorporated under the laws of the United Kingdom (the “**BZAM Shareholder**”) to purchase and acquire all of the issued and outstanding common shares of BZAM from the BZAM Shareholder (the “**Transaction**”) in exchange for 49.5% of the issued and outstanding shares (the “**Combined Entity Shares**”) of the combined entity formed upon closing of the Transaction (the “**Combined Entity**”), at a deemed price per Combined Entity Share of \$0.0596 (the “**Issue Price**”). The BZAM Shareholder also has the ability to earn additional Combined Entity Shares valued up to \$33,000,000, subject to achievement of certain financial milestones (the “**Milestones**”) in 2023. The Transaction is scheduled to close on or about November 3, 2022, and is subject to customary closing conditions and covenants.

**Item 5. Full Description of Material Changes**

On October 18, 2022, the Company entered into the Agreement relating to the Transaction. Under the terms of the Agreement, on closing of the Transaction (“**Closing**”), the Company will pay a purchase price (the “**Purchase Price**”) as follows:

- (a) A cash payment on Closing in the amount of \$100.00;
- (b) The issuance on Closing of such number of Combined Entity Shares that would constitute, on a pro forma basis immediately following Closing, 49.5% of the aggregate number of Combined Entity Shares issued and outstanding as of immediately following the Closing (the “**Closing Shares**”), at the Issue Price. For purposes of calculating the Closing Shares, the determination of the issued and outstanding Combined Entity Shares as of immediately following the Closing shall not take into account (i) any securities issued by the Company that are convertible into, or exercisable for, Combined Entity Shares; or (ii) the 85,714,286 Common Shares (the “**Milestone Escrow Shares**”) held in escrow pursuant to a certain indemnity escrow agreement dated November 17, 2021, between the Company, Computershare Trust Company of Canada, and certain securityholders of the Company. Based on the issued and outstanding common shares of the Company as of the date hereof,

the Closing Shares would amount to approximately 655,227,815 Combined Entity Shares.

Following the release from escrow on December 31, 2022, of the Milestone Escrow Shares, the Company shall issue such number of Combined Entity Shares, equal to 49.5% of the aggregate number of Milestone Escrow Shares not returned to treasury of the Combined Entity, and issued to the escrow securityholders (collectively with the Closing Shares, the “**Consideration Shares**”), to the BZAM Shareholder, at the Issue Price.

- (c) In addition to the Consideration Shares, the BZAM Shareholder is also entitled to earn up to \$33,000,000 in Combined Entity Shares at the deemed Issue Price, subject to the achievement of the Milestones.

BZAM is a multi-licensed Canadian cannabis producer focused on branded consumer goods, cultivation, processing and people. The BZAM Cannabis family includes core recreational cannabis brands BZAM™, -ness™ and TABLE TOP™, and partner brands Dunn Cannabis, FRESH, SuperFlower and SnackBar. BZAM operates facilities in the Lower Mainland, West Kootenay and Vancouver Island in British Columbia. Its sister companies operate facilities in Edmonton, Alberta, as well as a retail BZAM store in Winnipeg, Manitoba and Regina, Saskatchewan.

The Transaction is scheduled to close on or about November 3, 2022, and is subject to customary closing conditions and covenants. A full description of the material change is contained in the news release attached hereto as Schedule “A”.

**Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102**

Not Applicable.

**Item 7. Omitted Information**

Not Applicable.

**Item 8. Executive Officer**

Sean Bovington, Chief Executive Officer and Interim Chief Financial Officer of the Company, who is knowledgeable about the details of the material change, may be contacted at 905-304-4201.

**Item 9. Date of Report**

October 27, 2022

**SCHEDULE "A"**

(See attached)

## The Green Organic Dutchman Enters Into a Definitive Agreement To Merge With BZAM Cannabis

- **Creates sixth largest Canadian Licensed Producer<sup>(1)</sup> with right sized facilities in the largest provinces and a complete portfolio of popular products and brands<sup>(2)(3)(5)</sup>**
- **TGOD's market strength in Quebec and Ontario complements BZAM's strength in western Canada markets, with opportunities to expand distribution**
- **Combined entity forecasts net revenue of at least \$100 million for calendar year 2023 and adjusted EBITDA positive by mid 2023<sup>(2)(3)(4)</sup>**
- **Expected annualized savings of at least \$10 million in COGS and SG&A through rationalization and economies of scale<sup>(2)(3)(4)</sup>**
- **Addition of BZAM materially strengthens TGOD's financial position including improved debt ratios**
- **Combined entity will be led by experienced leadership team with track record in execution and disciplined cost management**

**TORONTO, Ontario, and Vancouver, British Columbia, October 19, 2022** - The Green Organic Dutchman Holdings Ltd. (the "**Company**" or "**TGOD**") (CSE: TGOD) (US-OTC: TGODF), a sustainable Canadian cannabis company and leading producer of premium, organically grown cannabis, and BZAM Holdings ("**BZAM**"), a privately owned producer of some of Canada's best flower and 2.0 products, are pleased to announce that they have entered into a binding and definitive share exchange agreement dated October 18, 2022 (the "**Agreement**") with BZAM's sole shareholder (the "**BZAM Shareholder**"), pursuant to which TGOD will acquire all of the issued and outstanding common shares of BZAM from the BZAM Shareholder, in exchange for common shares (the "**Combined Entity Shares**") of TGOD (the "**Transaction**"). The Transaction will result in the BZAM Shareholder ultimately holding an approximate 49.5% of the issued and outstanding Combined Entity Shares upon closing of the Transaction, with the ability to earn additional Combined Entity Shares subject to achievement of certain financial milestones (the "**Milestones**") in 2023. All financial information in this press release is reported in Canadian dollars, unless otherwise indicated.

### **Strategic and Financial Benefits**<sup>(2)(3)(5)</sup>

The combined entity resulting from the Transaction (the "**Combined Entity**") is estimated to be the sixth largest Canadian cannabis company<sup>(1)</sup> based on June to August 2022 retail sales, with scale and breadth across major provinces and a complete portfolio of market leading brands and products. BZAM and TGOD each believe the Transaction is expected to provide strategic and financial benefits, including those outlined below.

**Creates a Leading Canadian Recreational Cannabis Licensed Producer<sup>(2)(3)(4)</sup>**: TGOD and BZAM generated \$30.2 million and \$32.2 million, respectively, of net revenue in calendar 2021, and \$31.6 million and \$32.7 million, respectively, of net revenue from January to September 2022. The Combined Entity generated \$85.7 million pro forma unaudited net revenue for the 12 months leading to September 2022. Taken together, BZAM and TGOD have experienced one of the fastest growth rates in the Canadian cannabis market<sup>(5)</sup>.

**Create market’s most compelling product and brand portfolio:** Leveraging both BZAM and TGOD’s passion for quality cannabis, innovative products and brand building, the Combined Entity will serve Canadian consumers with a complete portfolio of flower and 2.0 products. BZAM’s best selling vapes<sup>(6)</sup>, infused pre-rolls and high quality flower across every price point are sold under the BZAM, -ness, Table Top, Dunn Cannabis, and FRESH brands, which have a strong market presence in British Columbia and Alberta<sup>(6)</sup>. TGOD’s organic premium flower and hash, under TGOD and Highly Dutch brands, are popular in Ontario and Quebec<sup>(6)</sup>, while TGOD’s joint venture with Wyld has delivered some of the fastest growing cannabis edibles across Canada since their commercial launch in December 2021<sup>(7)</sup>.

**Footprint across Canada with right-sized facilities in the largest provinces<sup>(2)(3)</sup>:** The Combined Entity will have local production presence in the largest provinces, and over 400 listed SKUs across Canada. The Combined Entity’s facilities are right-sized to demand without the need for material capital expenditure. The facilities offer complete, scalable capabilities for the Combined Entity’s broad range of cannabis products.

**Substantial Synergies<sup>(1)(2)(3)</sup>:** The combination of BZAM and TGOD is expected to deliver at least C\$10 million of annualized cost synergies within the first three quarters following completion of the Transaction, aiding in the achievement of positive adjusted earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) by mid 2023. The Combined Entity expects to achieve cost synergies in the key areas of cultivation and production, cannabis and product purchasing, sales, marketing and corporate expenses. BZAM’s Pitt Meadows, British Columbia facility will also provide TGOD with low-cost THC distillate and extraction capabilities, which is expected to improve cannabis 2.0 product margins. The Combined Entity expects to share a unified sales force leading to improvements of geographical coverage and increased retail distribution. The Transaction is expected to result in a stronger balance sheet and provide the Combined Entity with access to lower cost capital.

### **Proven Leadership Team**

The Combined Entity will be led by an experienced management team and board of directors, with strong track records in the cannabis. Upon completion of the Transaction, BZAM’s current Chief Executive Officer (“**CEO**”), Matt Milich, and Chief Commercial Officer (“**CCO**”), Jordan Winnett, will lead the Combined Entity as CEO, CCO, along with TGOD’s current CEO and Interim Chief Financial Officer (“**CFO**”), Sean Bovingdon, who will take the role of CFO, in order to assist with the integration of BZAM and TGOD and the transitional period of the Combined Entity. The board of directors of the Combined Entity will consist of seven members including five members from TGOD’s existing board of directors, and two members nominated by BZAM.

“This is an exciting day for both companies, for our employees, and for our consumers. We are bringing together two rapidly growing companies that share a passion for cultivation, innovation and brand development,” said Mr. Bovingdon. “Our highly complementary businesses in terms of production footprints, products and distribution networks create a Combined Entity with a leading branded product portfolio along with significant synergies across our operations.”<sup>(2)</sup>

“We are looking forward to bringing together TGOD’s organic flower and hash with our crowd pleasing vapes and the exceptional flower of our craft partners, including Dunn Cannabis and FRESH,” added Mr. Milich.<sup>(2)</sup> “Together, we expect to expand on what we have each accomplished so far, as we build a strong, EBITDA-positive cannabis company.”

## Transaction Details

In consideration for all the issued and outstanding common shares of BZAM, upon Closing, TGOD will issue Combined Entity Shares to the BZAM Shareholder in two tranches, totalling an approximate 49.5% ownership stake of the Combined Entity.

In addition, the BZAM Shareholder is also entitled to earn up to \$33 million in Combined Entity Shares (the "**Milestone Shares**"), subject to achievement of certain Milestones. The Milestones include payouts of Milestone Shares tied to annual net revenue targets and positive adjusted EBITDA targets for 2023. The Transaction is scheduled to close on or about November 3, 2022, subject to a number of customary conditions being satisfied or waived. Each Milestone Share shall be issued at a deemed price of the greater of \$0.0596, that being the 15-day volume weighted average price of the common shares of TGOD immediately prior to the date the Agreement was signed, and the minimum price permitted under the policies of the Canadian Securities Exchange (the "**CSE**").

In accordance with the terms of the Agreement, the BZAM Shareholder will enter into a contractual lock-up agreement, whereby the Combined Entity Shares received as part of Closing (the "**Escrowed Shares**"), and excluding the Milestone Shares, shall be subject to escrow with 1/3 of such Escrowed Shares being released on the 4-month, 8-month, and 12-month anniversaries of the date such Escrowed Shares are issued.

## Consolidation<sup>(2)</sup>

In conjunction with the Transaction, the Combined Entity plans to file articles of amendment following Closing to effect a consolidation (the "**Consolidation**") of all of the issued and outstanding Combined Entity Shares.

Pursuant to the Consolidation, shareholders are expected to receive one post-Consolidation Share for every ten pre-Consolidation Shares (the "**Consolidation Ratio**"), subject to the Combined Entity continuing to meet minimum listing requirements of the CSE. Accordingly, following the Consolidation, shareholders currently holding ten pre-Consolidation Combined Entity Shares will instead own one post-Consolidation Combined Entity Share. In the event that the Consolidation would result in the issuance of fractional Combined Entity Shares, each fractional post-Consolidation Combined Entity Share will be rounded down to the nearest whole, with any fractional Combined Entity Shares deemed to have been tendered for cancellation for no consideration. The trading price of the Combined Entity Shares is expected to reflect the Consolidation Ratio immediately upon the resumption of trading following the Consolidation.

The Consolidation is expected to be completed on or about November 8, 2022. The Consolidation was approved by the shareholders of TGOD on June 29, 2022.

All registered shareholders holding physical share certificates representing their existing Combined Entity Shares are required to send such certificates to the Company's registrar and transfer agent, Odyssey Trust Company, at 702-67 Yonge Street, Toronto, ON M5E 1J8, Attention: Corporate Actions. Shareholders who hold their securities through a broker, investment dealer, bank or trust company should contact that nominee or intermediary for assistance in depositing their securities in connection with the Consolidation.

## Financial and Legal Advisors

Clarus Securities Inc. acted as exclusive financial advisor to the BZAM and DuMoulin Black LLP acted as Canadian legal counsel to BZAM.

Aird & Berlis LLP acted as Canadian legal counsel to TGOD.

### **Conference Call**

TGOD will host a conference call and webcast to discuss the Transaction on Wednesday, October 19<sup>th</sup> at 11:30am EST. TGOD will provide prepared remarks followed by a Q&A session with Sean Bovingdon, CEO and interim CFO of TGOD, and Matt Milich, CEO of BZAM.

Local Dial-in: 416-764-8688

North American Toll-Free Dial-in: 1-888-390-0546

Confirmation #: 32146679

### **About The Green Organic Dutchman Holdings Ltd.**

The Green Organic Dutchman Holdings Ltd. (CSE: [TGOD](#)) (US-OTC: TGODF) is a sustainable, cannabis company with a focus on innovation, quality, consistency, integrity and transparency. By leveraging science and technology, TGOD harnesses the power of nature from seed to sale. The Company is committed to cultivating a better tomorrow by producing its products responsibly, with less waste and impact on the environment. In Canada, TGOD serves the recreational market with a brand portfolio including The Green Organic Dutchman, Highly Dutch Organics, Ripple by TGOD and Cruzy brands.. All cannabis utilized in products for The Green Organic Dutchman and Highly Dutch Organics brands is grown through a certified organic process, which includes living soil, filtered rainwater, sunlight, and natural inputs.

TGOD's Common Shares and certain warrants issued under the indentures dated December 19, 2019, June 12, 2020, October 23, 2020 and December 10, 2020 trade on the CSE under the symbol "TGOD", "TGOD.WS", "TGOD.WR", "TGOD.WA", and "TGOD.WB" respectively. TGOD's Common Shares trade in the U.S. on the OTCQX under the symbol "TGODF". For more information on The Green Organic Dutchman Holdings Ltd., please visit [www.tgod.ca](http://www.tgod.ca).

### **About BZAM**

Headquartered in Vancouver, BC, BZAM Cannabis™ is a multi-licensed Canadian cannabis producer focused on branded consumer goods, cultivation, processing and people. The BZAM Cannabis family includes core recreational cannabis brands BZAM™, -ness™ and TABLE TOP™, and partner brands Dunn Cannabis, FRESH, SuperFlower and SnackBar. The company operates facilities in the Lower Mainland, West Kootenay and Vancouver Island in British Columbia. Its sister companies operate facilities in Edmonton, Alberta, as well as a retail BZAM store in Winnipeg, Manitoba and Regina, Saskatchewan. BZAM Cannabis is rapidly expanding with a goal of bringing quality cannabis products to a growing number of consumers across Canada.

### **Notes**

1. Based on estimated retail sales from HyFire and Weed Crawler, June to August 2022.
2. This is forward-looking information and based on a number of assumptions. See "Cautionary Statements".
3. This target, and the related assumptions, involve known and unknown risks and uncertainties that may cause actual results to differ materially. While TGOD and BZAM believe there is a reasonable

basis for this target, such target may not be met. Actual results may vary and differ materially from the targets. See "Assumptions" below.

4. Certain financial information included in this press release is neither audited nor reviewed. Where possible, the information has been constructed by management from available audited or audit reviewed financial statements. Where no audited or audit reviewed information has been available, additional management accounting information has been utilized to construct financial information. Readers are cautioned not to place undue reliance on such information.
5. Based on quarterly financial statements from Canada's top 15 publicly traded cannabis Licensed Producers.
6. From June to August 2022, BZAM had the #1 best selling vape SKU in Ontario, Alberta, and British Columbia, and the #1 and #3 best selling 28g flower SKU in British Columbia and Alberta, respectively. Over the same period, TGOD had the #2 best selling premium flower SKU in Ontario and Quebec, and the #3 best selling hash SKU in Quebec, based on BCLDB, OCS, Weed Crawler and internal management estimates.
7. According to HyFire data for British Columbia, Alberta, Saskatchewan, and Ontario, Wyld ranked #10 in retail sales of edibles in January 2022 and #4 in fastest growth of edibles in August 2022.

### **Assumptions**

In developing the financial guidance set forth above, TGOD and BZAM made the following assumptions and relied on the following factors and considerations:

- The targets are based on TGOD and BZAM's historical results including its year-to-date consolidated results of operations, as well as retail sales growth analysis from Statistics Canada's June 2022 release, and Cannabis Benchmark analysis of cannabis store counts in Canada.
- The targets are subject to continued cultivation improvements, productivity improvements, as well as internal and external sourcing of biomass.
- Revenue sustainability and growth depend on a variety of factors, including among other things, location, competition, legal and regulatory requirements. Prices are projected forward at recently realized wholesale prices.
- Cost of goods sold, before taking into account the impact of value changes in biological assets (which are non-cash in nature), and, accordingly, are excluded from calculations of Adjusted EBITDA, have been projected based on estimated costs of production and capacity available from a similar supply chain.
- Selling, general and administrative expenses in future periods are assumed to decrease as a percentage of revenues due to inherent scalability of selling, general and administrative expenses and our cost cutting initiatives outlined above. Additionally, total selling, general and administrative expenses include an allocation for corporate overhead and public company costs.
- Cost of procurement, which includes consumables, packaging and flowers as well as supply chain, and ancillary agreements, are assumed to decrease in future periods as a percentage of revenues due to economies of scale, renegotiation of key contracts, and volume discounts. Office spaces will be adjusted to reflect the Combined Entity's geographical footprint.
- Cost of product development and research and development in future periods are assumed to decrease due to economies of scope and the Combined Entity's ability to leverage innovation across products and brands.
- Cost of logistic, shipping and inventory carrying are assumed to decrease in future periods as a percentage of revenues due to operational efficiencies and optimized distribution centers.
- Cost of labor are assumed to decrease in future periods as a percentage of revenues due to the centralization of activities, the specialization of sites, and the increased utilization of automation.



## CONTACT INFORMATION

Sean Bovingdon, CEO and Interim CFO, TGOD

[sbovingdon@tgod.ca](mailto:sbovingdon@tgod.ca)

905-304-4201 x269

Matt Milich, CEO, BZAM

[mmilich@bzam.com](mailto:mmilich@bzam.com)

778-655-6335

### **Cautionary Statements**

*This news release includes statements containing certain "forward-looking information" within the meaning of applicable securities law ("**forward-looking statements**"). Forward looking statements in this release include, but are not limited to, statements about future revenue and EBITDA, statements about future production and manufacturing, statements about achievement of value for shareholders, statements about reduction in cost of goods sold and general and administrative expenses, statements about the offering of any particular products by the Combined Entity in any jurisdiction, statements regarding the future performance of the Combined Entity, statements about the strengthening of the Combined Entity's balance sheet and debt ratios, statements about future development and delivery of products of the Combined Entity, statements about the potential future revenue and cost synergies, statements about the level of demand for TGOD's and BZAM's products, and statements about the timing of and closing of the Consolidation. Forward-looking statements are frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "should", "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. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties (including market conditions) and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements, including those risk factors described in the Company's most recent Annual Information Form filed with Canadian securities regulators and available on the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company believes that the assumptions and factors used in preparing the forward-looking information or forward-looking statements in this news release are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. The forward-looking information and forward-looking statements included in this news release are made as of the date of this news release. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.*

*Neither the CSE nor the CSE's Regulation Services Provider (as that term is defined in the policies of CSE) accept responsibility for the adequacy or accuracy of this release.*