

BZAM Ltd. Reports First Quarter 2023 Financial Results; Achieves Record Revenues

VANCOUVER, BC, and TORONTO, ON, May 30, 2023 /CNW/ - BZAM Ltd. (the "Company" or "BZAM") (CSE: BZAM) (US-OTC: BZAMF), a leading Canadian cannabis producer, is pleased to announce its financial and operating results for the three months ended March 31, 2023 ("Q1 2023"). These filings are available for review on the Company's SEDAR profile at www.sedar.com. All financial information is provided in Canadian dollars except where otherwise indicated.

Q1 2023 Highlights:

- Achieved record quarterly gross revenues of \$35.0 million for Q1 2023, an increase of 41% quarter-over-quarter (Q1 2023 vs. Q4 2022);
- Achieved record quarterly net revenues of \$24.1 million for Q1 2023, an increase of 40% quarter-over-quarter (Q1 2023 vs. Q4 2022);
- Expanded market share to be ranked as the 6th largest producer in Canada according to Hifyre;
- Reduced adjusted selling, general and administrative expenses ("SG&A") to 43% of sales, down from 59% Q4 2022.

Management Commentary:

Matt Milich, CEO of the Company, stated: "We delivered strong net revenue growth in Q1 2023, from both the full impact of our November merger and the Company's organic sales growth. Further to the progress we made in Q1 2023, we continue to execute on our plans to improve margin and reduce SG&A, including the headcount rationalization and cost savings measures we have just implemented this month, which we expect to generate about \$2.5M in annual savings across both cost of goods sold and SG&A."

"We are looking forward to a robust second half of the year. We continue to leverage our industry leading lab and innovation folks, with the launch of over 20 new products across Canada in the next six months. And, we continue to build momentum in the export market, having received our EU GMP certification earlier this month, we are executing on distribution agreements in Germany and the UK – with branded products expected to land in the UK market by Q4 this year."

Q1 2023 Financial Highlights:

Select Key Financial Metrics	Q1 2023	Q4 2022	% Change
Gross Revenue	34,970	24,789	41%
Net Revenue	24,097	17,227	40%
Total Cost of Sales	21,138	24,380	(13%)
Gross Profit/(Loss)	2,959	(7,153)	141%
Adjusted SG&A (1)	10,436	10,084	3%
Adjusted SG&A as a % of Net Revenue(1)	43%	59%	(26%)
Adjusted EBITDA (1)	(3,904)	(6,828)	43%
Adjusted EBITDA as a % of Net Revenue(1)	(16%)	(40%)	(59%)

(1) Adjusted SG&A and Adjusted EBITDA are non-IFRS financial measures not defined by and do not have any standardized meaning under IFRS; please refer to "Non-IFRS Financial Measures" in this press release for more information.

Gross and Net Revenue: The increase in gross revenue quarter-over-quarter was primarily driven by the dramatic growth in the Company's brand and product portfolio as a result of the merger between BZAM Holdings Ltd. and The Green Organic Dutchman Holdings Ltd. in November 2022 (the "November Merger"), as well as organic sales growth and increased demand for products under the TGOD and Highly Dutch brands. Following their transition to the Company's inhouse sales team, Highly Dutch and TGOD sales increased by 22% and 33% from Q4 2022, respectively.

Gross Margin/Profit: Overall gross margin for Q1 was 12%, which represents an increase in gross profit of 141% quarter-over-quarter as a result of increased revenue resulting in better cost absorption and reduced inventory provisions in the quarter.

SG&A: Achieved an adjusted SG&A (excluding one-time non-recurring costs) of 43% of sales in Q1 2023, down from 59% in Q4 2022. This was primarily as the result of increasing revenues while driving costs down by reducing headcount, renegotiating service level agreements with its respective vendors, and maintaining cost discipline in line with corporate objectives.

Operational Highlights & Outlook:

The Company is focused on improving operating cash conversion from streamlining operations, continuing to implement cost containment initiatives, and continuing the evolution of automation. The Company believes it can continue to increase its topline revenue, improve margins and generate positive cash flow as a result of the synergistic impacts of the November Merger.

During the first quarter, the Company:

- Expanded its recreational market share to 5.2% in March 2023 from 2.0% in March 2022, as per Hifyre data;
- Transitioned Wyld production to the Company's Pitt Meadows Facility and ceased all production at the Puslinch Facility in readiness for its sale. The Company expects to complete that sale within the next 12 months;
- Progressed negotiations with prospective buyers for the Company's Maple Ridge Facility. The Company expects to receive gross proceeds of \$3 to \$4 million for the sale.

Following quarter end, on May 11, 2023, the Company announced that its subsidiary, The Green Organic Dutchman Ltd., received EU-GMP certification for its facility in Ancaster, Ontario. This certification permits the Company to export certain medicinal cannabis products to numerous global markets, and allows the Company to execute on existing strategic distribution agreements that were established in anticipation of the certification, including agreements in Germany and the United Kingdom.

On May 29, 2023, the Company received a waiver with respect to the EBITDA financial covenant, requiring achievement of positive EBITDA (as defined by the lender), under the Fourth Amendment for its Revolver Loan. Under the waiver, the effective date of the requirement to achieve positive EBITDA was moved from April 30, 2023 to July 31, 2023.

Investor Conference Call to Discuss Q1 2023 Results:

Management will host a conference call with analysts on May 31, 2023, at 10:30 a.m. Eastern Time to discuss the results. To instantly join the conference call, please use the following URL to easily register yourself and have your phone connected into the conference call automatically: <https://emportal.ink/42u0bYn>. Alternatively, participants may access the call by dialing 1-416-764-8688 (Toronto) or 1-888-390-0546 (North America); Conference ID 24157341.

For those unable to participate on the live call, a replay of the call will also be available through June 7, 2023, by dialing 1-416-764-8677 or 1-888-390-0541 (Passcode: 157341#).

About BZAM Ltd.

BZAM Ltd. (CSE: BZAM) (US-OTC: BZAMF) is a leading Canadian cannabis producer with a focus on branded consumer goods, innovation, quality, consistency, integrity, sustainability and transparency. The BZAM family includes core brands BZAM™, TGOD™, ness™, Highly Dutch Organic™, TABLE TOP™, and partner brands Dunn Cannabis, FRESH and Wyld. BZAM operates facilities in BC, Alberta, Ontario and Quebec, as well as retail stores in Winnipeg, Manitoba and Regina, Saskatchewan.

BZAM's Common Shares and certain warrants issued under the indentures dated June 12, 2020, October 23, 2020, and December 10, 2020, currently trade on the Canadian Securities Exchange (the "CSE") under the symbols "BZAM", "BZAM.WR", "BZAM.WA", and "BZAM.WB" respectively..

BZAM's Common Shares trade in the U.S. on the OTCQX under the symbol "BZAMF". For more information, please visit www.bzam.com

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Non-IFRS Financial Measures

This Press Release contains certain financial and operational performance measures that are not recognized or defined under IFRS (the "Non-IFRS Measures"). As there are no standardized methods of calculating these Non-IFRS Measures, the Company's approaches may differ from those used by others, and this data may not be comparable to similar data presented by other licensed producers of cannabis and cannabis companies. As such, users are cautioned that these measures should not be construed as alternatives to measures determined in accordance with IFRS, including net income (loss) and gross profit, as measures of profitability or as alternatives to the Company's IFRS-based Consolidated Financial Statements. For an explanation of these measures to related comparable financial information presented in the Consolidated Financial Statements prepared in accordance with IFRS, refer to the discussion below.

The Company believes that these Non-IFRS Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operating performance of the Company. These Non-IFRS Measures include, but are not limited, to the following:

- "Adjusted SG&A" refers to sales (including marketing), general and administrative expenses excluding severance costs, any write downs and one-off restructuring costs. Adjusted SG&A is a useful measure as it removes expenses that are not expected to recur in the following year.
- "Adjusted EBITDA" has been identified by the Company as a relevant industry performance indicator. Adjusted EBITDA is a Non-IFRS Measure used by management that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management defines Adjusted EBITDA as loss for the period, as reported, excluding foreign exchange gains and losses, finance costs, accretion expenses, finance income, revaluation loss (gain) of contingent consideration, loss (gain) on disposal of assets, impairment (reversal of impairment) charge for non-financial assets, loss on derecognition of investment in joint venture, expenditures incurred in connection with research and development activities, debt modification, impairment loss on remeasurement of disposal group, gain on disposal of subsidiary, realized fair value adjustment on sale of inventories, unrealized gain on changes in fair value of biological assets, provisions and impairment of inventories and biological assets, share based compensation, depreciation, amortization, legal provisions, ERP implementation costs, restructuring costs and transaction costs. Management believes Adjusted EBITDA provides useful information as it is a commonly used measure in capital markets to approximate operating earnings. The Company provides the Non-IFRS Measure as supplemental information and in addition to the financial measures that are calculated and presented in accordance with IFRS. The Non-IFRS Measure is also presented because management believes such measures provide information which is useful to shareholders and investors in understanding its performance and which may assist in the evaluation of the Company's business relative to that of its peers. Management

believes the Non-IFRS Measure is a useful financial metric to assess the Company's operating performance on a cash basis before the impact of non-cash items, and on an adjusted basis as described above. However, such Non-IFRS Measure should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the most comparable Non-IFRS Measure.

Non-IFRS Measures should be considered together with other data prepared in accordance with IFRS to enable investors to evaluate the Company's operating results, underlying performance and prospects in a manner similar to the Company's management. Accordingly, these Non-IFRS Measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

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 net revenue, margins, cost savings, and positive cash flows, statements about future EBITDA, statements about future production quantity and timing, statements about the offering of any particular products by the Company and statements regarding the future performance of the Company, statements about funding availability, statements about growth and delivery of products, and statements about the level of demand for BZAM's products, statements relating to obtaining final EU GMP certification and generating any revenue in Germany or the United Kingdom, statements relating to when actual exports of the Company's products will occur into Germany or the United Kingdom, statements relating to the Company's sale of facilities in Maple Ridge, BC and Puslinch, Ontario, and statements relating to the expected gross proceeds of the Company's sale of facilities. 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, such as assumptions that the Company's financial trajectory will continue, the Company not having any issues with regulators, cultivation patterns at the Company's facilities continuing and there not being significant disruptions in cultivation such as disease or shortages in resources, the Company being insulated from supply chain issues and inflation affecting the global economy, the Company being able to access the capital markets and existing lenders for necessary funding, when necessary, demand for the Company's products continuing as expected and based on past trends, there being no material issues or delays in the Company receiving EU GMP certification, the Company being able to sell its facilities in Maple Ridge, BC and Puslinch, Ontario. 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 Management's Discussion and Analysis and 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. 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.