

BZAM LTD. COMPLETES FINAL PHASE OF POST-MERGER SYNERGY PLAN; PROVIDES POSITIVE OUTLOOK

VANCOUVER, BC, and TORONTO, ON, September 19, 2023 - BZAM Ltd. (the “**Company**” or “**BZAM**”) (CSE: BZAM) (US-OTC: BZAMF), a leading Canadian cannabis producer, is pleased to announce that it has implemented the final phase of its plan to unlock company-wide synergies following the merger of BZAM Holdings Inc. and The Green Organic Dutchman Holdings Ltd (the “**Merger**”). The plan has focused on: (i) eliminating redundant facilities, (ii) realigning the Company’s production activities across remaining sites to maximize efficiencies, and (iii) reducing selling, general and administrative (“**SG&A**”) expenses to achieve its goal of positive EBITDA. In particular, the implementation of this last phase results in focusing the scope of activities at its Pitt Meadows, BC facility and concentrating other activities at its Ancaster, ON facility, which together allow the Company to reduce headcount by more than 90 additional personnel.

Highlights:

- Company anticipates Q3 net revenue of at least \$20.3M ⁽¹⁾, a 5% increase vs. the prior quarter
- Completion of post-Merger synergy plan in Q3 substantially progresses Company’s objectives of positive EBITDA heading into the final quarter of 2023
- Since the Merger, the Company will have reduced fixed operating overhead expenses by approximately \$8M annually which is expected to significantly improve margins from Q4 onward
- Since the Merger, the Company has reduced SG&A expenses to approximately \$7M on a quarterly run rate basis heading into Q4, equating to an annual run rate of approximately \$28M vs. approximately \$48M on a pre-Merger combined basis, a savings of approximately 40%
- Company is on track to reduce the term portion of its debt from approximately \$29M to \$20M with the sale of the remaining redundant facilities

(1) Net Revenue forecast for Q3 is based on completed and pending deliveries for existing orders as of September 18, 2023. See “Cautionary Statements”. This target involves known and unknown risks and uncertainties and while the Company believes there is a reasonable basis for this target, such target may not be met. This target represents forward-looking information. Actual results may vary and differ materially from the targets. Accordingly, investors are cautioned not to place undue reliance on the foregoing information.

Management commentary:

Matt Milich, CEO of the Company, stated “It is no secret that the Canadian cannabis industry needs to work through a period of consolidation. While not an easy road, we are proud to be one of the companies leading the charge – and demonstrating what is possible when two consumer favourites combine, focus on sales and our customers, while shedding costs and streamlining operations. The changes we have implemented following the Merger position the Company to thrive in both the Canadian and international markets going forward.”

Operational Developments:

Since the Merger, the Company has embarked on a concerted, disciplined approach to realizing combined synergies. As part of the plan, it has been able to dramatically reduce headcount and monetize four redundant facilities, realizing annual combined savings across SG&A and fixed Cost of Goods Sold (“**COGS**”) expenses of approximately \$28M without impacting future sales:

- Reduced overall headcount of the combined entities from approximately 670 pre-Merger to 395 in Q3 2023
- Completed disposal of Puslinch, ON facility on June 30, 2023
- Completed sale of the Midway, BC facility on August 4, 2023
- Contracted to sell the Maple Ridge, BC facility for \$3.8M, with closing expected to occur by the end of September 2023
- Listed the Edmonton, AB facility for sale at \$10.8M, with a view to concluding a transaction by Q1 2024

With the pending sale of the Edmonton, AB facility, the Company expects to be able to reduce the term portion of its debt by up to \$9M, leading to a reduction in interest expense of at least \$0.5M per year.

In addition, by eliminating these facilities, the Company is expected to achieve a substantial reduction in fixed operating overhead expense, which is part of COGS – which is expected to lead to a significant corresponding improvement in margins.

Post-Merger Achievements & Outlook:

Following the Merger, the persistent focus on improving margins and reducing SG&A costs continue to progress the Company's twin objectives of positive EBITDA and free cash flow. This focus has manifested itself via several complementary initiatives:

- **Margin Expansion:** The Company expects the closure and sale of its redundant facilities will materially improve COGS company-wide by materially reducing indirect fixed costs and overhead. The Company does not expect to incur significant expenses for unabsorbed overheads by 2024.
- **Headcount Optimization:** The Company has reduced SG&A expense across the combined organization nearly to the level it was for each entity on a standalone basis prior to the Merger – about \$7M per quarter on a combined basis heading into Q4 vs. approximately \$6M per quarter for each on their own (or \$12M combined). Moreover, the Company has been able to trim over 200 in operating headcount by eliminating redundant facilities and streamlining operations across the remaining facilities, without impacting the Company's ability to meet sales demand.
- **Continued Organic Revenue Growth:** The Company expects to launch 11 new SKUs in Q4 2023 and over 20 new SKUs in Q1 2024. At the same time, the Company continues to focus on selling higher margin products and improving margins on existing products.
- **EU GMP Certification & Commencement of Exports:** Having received its EU-GMP certification in May, 2023, the Company has successfully completed its first shipment to Australia, and expects to commence shipments to the Germany in the coming weeks, with the UK to follow later in Q4.

About BZAM

BZAM Ltd. (CSE: BZAM) (US-OTC: BZAMF) is a leading Canadian cannabis producer with a focus on branded consumer goods, innovation, quality, consistency, integrity 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 a retail store in 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 symbol "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 on BZAM Ltd., please visit www.bzam.com.

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 and SG&A savings, statements about interest expense reduction, statements about future operating cashflows and positive 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 and debt reduction, statements about growth and delivery of products, and statements about the level of demand for BZAM's products, statements relating to generating any revenue in Germany, Australia, or the United Kingdom, statements relating to when actual exports of the Company's products will occur into Germany, Australia, or the United Kingdom, statements relating to the Company's sale of facilities in Maple Ridge, BC and Edmonton, AB, statements relating to the expected gross proceeds of the Company's sale of facilities, and statements about the achievement of synergy initiatives. 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 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.sedarplus.ca. 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.

This news release contained future-oriented financial information ("FOFI") about BZAM's projected Q3-2023 revenue, which is subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. The actual results of BZAM and the resulting financial results will likely vary from the amounts set forth herein and such variation may be material. BZAM and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and

judgments. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, BZAM undertakes no obligation to update such FOFI. FOFI contained in this news release was made as of the date of this news release and was provided for purposes of providing further information about BZAM's anticipated future business operations. Readers are cautioned that the FOFI contained in this news release should not be used for purposes other than for which it is disclosed herein.

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.

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