

BZAM Ltd. Reports Third Quarter 2023 Results

VANCOUVER, BC and TORONTO, ON, November 28, 2023 - 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 and nine month period ended September 30, 2023. These filings are available for review on the Company’s SEDAR+ profile at www.sedarplus.ca. All financial information is provided in Canadian dollars except where otherwise indicated.

Q3 2023 Highlights:

- Achieved quarterly net revenues of \$21.0 million for Q3 2023, an increase of 112% from Q3 2022, and a 9% increase from Q2 2023;
- Maintained adjusted G&A Expenses at 22% of gross revenue in Q3 2023, a reduction of 30% vs. Q3 2022, and almost flat with the 21% in Q2 2023;
- Implemented the final phase of the post-merger synergy plan to monetize redundant facilities, clean up inventory, and reduce expenses;
- Initiated deliveries further to various export agreements in three international markets, leveraging the Company’s EU-EMP certification obtained in Q2 2023.

Management Commentary:

Matt Milich, CEO, stated, “In Q3 we completed our extensive post-merger facility consolidation and cost reduction program, while rationalizing a number of low margin SKUs, which we expect to positively impact our operating metrics going forward.”

Q3 2023 Financial Highlights:

Select key financial metrics (\$000s)	Q3 2023	Q3 2022	%change	Q2 2023
Net revenue	21,045	9,922	112%	19,284
Direct gross profit ⁽¹⁾	1,612	596	170%	3,060
Adjusted G&A ⁽¹⁾	6,645	4,191	59%	6,163
Loss from operations	12,920	8,718	48%	12,097

(1) Direct gross profit and Adjusted G&A are non-IFRS financial measures, they do not have a standardized definition under IFRS.

Net revenue: Net revenue increased by 112% compared to Q3 2022, primarily driven by the expansion in the Company’s brand and product portfolio resulting from the merger between BZAM Holdings Inc. and The Green Organic Dutchman Holdings Ltd (the “BZAM Transaction”). Relative to Q2 2023, net revenues were 9% higher. The quarter-on-quarter increase in net revenues was

driven by increased sales of Highly Dutch flower, -ness vapes, and BZAM infused pre-rolls, partly offset by the planned discontinuation of some low margin SKUs.

Direct Gross Profit: Direct Gross Profit for the quarter was 8% before changes in fair value of biological assets, compared to 6% in Q3 2022 and 16% in Q2 2023. The decrease from Q2 2023 was primarily due to inventory cost provisions and the clean-up of old inventory through sales at or below cost.

Adjusted General and Administrative Expenses (“G&A”): Adjusted G&A increased year-over-year by \$2.5 million or 59% primarily due to the BZAM Transaction, and increased by \$0.51 million from Q2, 2023, or 8%. As a percentage of gross revenue, the Adjusted G&A was 22% in Q3, 2023, a decrease from 30% of gross revenue in Q3, 2022, and on par with the 21% of gross revenue in Q2, 2023.

Loss from Operations: Loss from operations was \$12.9 million in Q3 2023, compared to \$8.7 million for Q3 2022, and \$12.1 million in Q2, 2023, with the increase in loss primarily driven by higher net inventory provisions, and the restructuring and termination costs incurred in Q3 2023.

Q3 Operational Highlights:

Maximizing Facility Utilization: The Company continues to concentrate activities at its core facilities to maximize utilization and overhead absorption. In September, the Company implemented the final phase of its post-merger synergy plan, which included: (i) eliminating redundant facilities, (ii) realigning the Company’s production activities across its two core sites in Ancaster, ON and Pitt Meadows, BC to maximize efficiencies, and (iii) reducing selling, general and administrative (“SG&A”) expenses to achieve its goal of positive EBITDA.

International Distribution:

In Q3 2023, the Company received orders under its international distribution agreements in Germany, Australia, and the United Kingdom following on receipt of its EU-GMP certification in Q2 2023. As of October 31, 2023, the Company had delivered export orders to those three markets totaling \$1.05M.

Capital:

- Post quarter end, the Company secured \$1.79 million in borrowing from Stone Pine Capital Ltd. (“Stone Pine”), a company controlled by the Company’s largest shareholder and current Chairman. The promissory notes bear interest at Prime plus 8.0%, mature no earlier than January 31, 2025, and are subordinate to the Company’s Senior Credit Facility.
- On October 27, 2023, the Company entered into a Waiver Agreement with its lender, waiving the covenant requiring positive EBITDA until January 31, 2024.

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 CSE under the symbol "BZAM", "BZAM.WR", "BZAM.WA", and "BZAM.WB" respectively. BZAM's Shares trade in the U.S. on the OTCQX under the symbol "BZAMF". For more information on BZAM Ltd., 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:

- "Direct Gross Profit" is calculated by subtracting cost of sales, before the effects of (i) unrealized gain (loss) on changes in fair value of biological assets; (ii) realized fair value on inventories sold; and (iii) provisions and impairment of inventories and biological assets. Gross margin before fair value adjustments percentage is calculated by dividing gross margin before fair value adjustments (defined above) by net revenue. Management believes that these measures provide useful information to assess the profitability of our

cannabis operations as it excludes the effects of non-cash fair value adjustments on inventory and biological assets, which are required by IFRS.

- “Adjusted G&A” 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 G&A as general and administrative expenses less termination costs, restructuring costs and any one-off expenses incurred.

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.

Forward-looking 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 of goods, and SG&A savings, and positive cash flows, statements about future operating cashflows and EBITDA, 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, statements about the level of demand for BZAM's products in Canada and internationally, statements about the achievement of synergy initiatives, and statements about the Company's working capital. 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.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.

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.