

BellRock Brands Confirms Previous 2020 Financial Guidance of Merged Companies; Issues 2021 Guidance

BellRock Expects to Continue Delivering Significant Revenue and Cash Flow Growth in 2021 with a Focus on Scaling Operations and Expanding its Brand Platform

DENVER, Jan. 13, 2021 /CNW/ - BellRock Brands Inc. ("BellRock" or "the Company") (CSE: BRCK.U), an industry-leading cannabis consumer packaged goods ("CPG") multi-state operator ("MSO"), is reporting that it has exceeded its previously announced guidance of \$40 million pro forma revenue for 2020 and is issuing revenue and adjusted EBITDA guidance for 2021. The 2020 guidance was based on pro forma revenue results as if BellRock Brands had been formed on January 1, 2020 via the business combination of BR Brands and Dixie Brands (the "Merger").

BellRock enters the new year focused on scaling operations and expanding its brand platform. As a result, the Company expects to generate over \$50 million in revenue for 2021, representing approximately 25% year-over-year growth, consistent with the Company's four-year topline compounded annual growth rate. BellRock is forecasted to achieve positive adjusted EBITDA and free cash flow for the year. The forecast is based on organic revenue growth only and does not reflect any potential M&A. In addition, the Company's forecast is fully funded from operations and does not require additional external capital. BellRock is committed to growing shareholder value by unlocking synergies from its recent merger and driving continued profitability in 2021.

"I am incredibly proud of the BellRock team for the seamless integration we achieved as a result of the merger," said BellRock Brands CEO Chuck Smith. "Achieving our revenue target is a testament to the strength and resilience of our company and our people. Looking ahead to this year, we expect this momentum to continue as we remain focused on unleashing the power of this platform that we have built to drive shareholder value."

BellRock's growth strategy employs a three-pronged approach of enhancing its platform through strategic acquisitions, prioritizing profitable organic revenue growth and continuously optimizing its costs and capital structure.

Smith continued, "This year, our priorities include maximizing presence in our key markets – Colorado, California and Michigan – expanding to new and exciting markets like Florida, further diversifying our portfolio through our buy-and-build strategy and continuing to unlock remaining synergies from the Merger."

Additionally, the BellRock board of directors (the "Board") has approved the consolidation of the common shares (the "Shares") of the Company on a 30 to 1 basis (the "Consolidation"). The Company will now seek necessary regulatory approvals to consummate the Consolidation. The date on which the Shares will begin trading on a post-Consolidation basis will be announced once the necessary approvals have been received.

Lastly, the Company announces that it has changed its auditor from MNP LLP ("Former Auditor") to Manning Elliott LLP ("Successor Auditor"). In accordance with the change, the Former Auditor resigned as the auditor of the Company effective January 6, 2021, and the Board appointed the Successor Auditor as the Company's auditor effective January 6, 2021, until the next Annual General Meeting of the Company.

There were no reservations or modified opinions in the Former Auditor's audit reports for the Company. There are no "reportable events" (as the term is defined in National Instrument 51-102 - *Continuous Disclosure Obligations* ("NI 51-102")) between the Company and the Former Auditor.

In accordance with NI 51-102, the notice of change of auditor, together with the required letters from the Former Auditor and the Successor Auditor, have been reviewed by the board of directors of the Company and filed on SEDAR.

The Company expects to provide its audited financial results for fiscal 2020 on or before April 30, 2021.

ABOUT BELLROCK BRANDS:

BellRock Brands is a brand and IP focused CPG multi-state operator that possesses one of the industry's broadest branded product portfolios catering to the growing and ever-evolving cannabis consumer. BellRock's portfolio consists of two iconic cannabis brands with deep history, [Mary's Brands](#) (a pioneer in the Health & Wellness segment since 2013) and Dixie (a market-leading THC infused edibles brand since 2010), as well as two growing, California-based brands, [Rebel Coast](#) and [Défoncé](#). Together, the BellRock brands offer a vast spectrum of high-quality cannabis-centric consumer packaged goods. With 11 brands and over 200 SKUs, BellRock reaches nearly every key consumer group and addresses the needs of a diverse cannabis consumer base. The BellRock manufacturing and distribution footprint continues to expand and currently spans nine states, and the Company owns or manages production facilities in its largest markets. For more information, visit www.bellrockbrands.com.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

The information provided in this press release may contain "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws. All statements, other than statements of historical fact, made by the Company (or its predecessors) that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on current expectations and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: (i) the regulation of the medical and recreational marijuana industry in the United States, Canada, Mexico, Australia, New Zealand, Latin America and other countries in which the Company may carry on its business; (ii) the ability of the Company to obtain meaningful consumer acceptance and a successful market for its products on a national and international basis at competitive prices; (iii) the ability of the Company to develop and maintain an effective sales network; (iv) the success of the Company in forecasting demand for its products or services; (v) the ability of the Company to maintain pricing and thereby maintain adequate profit margins; (vi) the ability of the Company to achieve adequate intellectual property protection; (vii) the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and (viii) other risks described from time to time in documents filed by the Company with securities regulatory authorities, including the Company's annual information form dated June 21, 2019.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including that: (i) the transaction with BR Brands will be completed on the terms described herein; (ii) there will be no material adverse competitive or technological change in condition of the Company's business; (iii) there will be a demand for the Company's products that the Company has accurately forecast; and (iv) there will be no material adverse change in the Company's operations, business or in any governmental regulation affecting the Company or its suppliers.

With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements as no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks, including the risks described above. Consequently, all forward-looking statements made in this press release are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to herein should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on the Company's behalf may issue.

The Canadian Securities Exchange has neither approved nor disapproved the contents of this news release.

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CNW 06:05e 13-JAN-21