

# Empower Clinics Reports

## Fiscal 2018 Results

**VANCOUVER B.C.: June 4, 2019 – EMPOWER CLINICS INC.** (CSE: CBDT) (Frankfurt 8EC) (“Empower” or the “Company”) has filed today its audited consolidated financial statements and related management’s discussion and analysis, both of which are available at [www.SEDAR.com](http://www.SEDAR.com). All financial information in this press release is reported in United States dollars, unless otherwise indicated.

“The Company has worked extremely hard over the past few months to vastly improve its overall efficiency by significantly reducing operating costs with aggressive headcount cuts and facility changes, resulting in a much leaner organization that is positioned for new growth. We dramatically improved financial accounting and reporting controls to ensure we have the best possible corporate governance systems in place to protect our shareholder interests.” Said Steven McAuley, Chairman & CEO of Empower.

“With our improved stable foundation, the closing of our two recent financings and the closing of the Sun Valley Clinics acquisition, we are positioned to take advantage of the many growth initiatives ahead of us, as we continue on our path to becoming a growth-oriented global health & wellness brand.”

### 2018 Highlights

- 7,607 patient visits generating revenue of \$1,091,386 or \$0.02 per share, compared to 9,705 patient visits generating \$1,507,050 or \$0.03 per share for fiscal 2017.
- Net loss of \$3,789,918 or \$0.06 per share, compared to \$3,109,921 or \$0.06 per share for fiscal 2017, which was primarily driven by the Company’s listing fee of \$1,308,808 as part of the Company’s listing on to the Canadian Securities Exchange.
- Cash used in operating activities was \$2,835,710 or \$0.04 per share, compared to \$1,587,760 or \$0.03 per share for fiscal 2017.
- Cash at December 31, 2018 of \$157,668, compared to bank indebtedness of \$7,148 at December 31, 2017, which was primarily driven by equity and debt financings during the year ended December 31, 2018.
- On April 23, 2018, the Company completed its previously disclosed reverse takeover transaction (“RTO”) of Adira Energy Ltd. Following the RTO, on April 30, 2018 the Company listed on the Canadian Securities Exchange (the “CSE”) under ticker symbol “CBDT”, on the OTC, part of the OTC Markets Group, under the ticker “EPWCF” and on the Frankfurt Stock Exchange under the ticker “8EC”. On closing of the RTO, the Company’s name was changed from Adira Energy Ltd to Empower Clinics Inc.

## Recent Highlights Subsequent to Year End

- **Strategic redirection:** The Company has been re-positioning its overall strategy to become a vertically integrated health and wellness company that connects to its 120,000 patients using a data driven focus to improve patients' lives with products, technology and health systems.
- **Strengthened Management Team:** In January 2019, seasoned entrepreneur and executive officer and former GE Capital Managing Director Steven McAuley was appointed as Empower's Chairman & CEO. The Empower management team has since been augmented with critical hires made from the ranks of investment banking, accounting, marketing and clinic operations among other disciplines. CFO Mat Lee, appointed on March 19, 2019, is an experienced accounting and finance executive. To further support financial and accounting restructuring, the Company engaged the services of Invictus Accounting Group, a top-tier boutique advisory firm based in Vancouver, BC.
- **Strategic Acquisition:** On April 30, 2019, the Company completed the acquisition of Sun Valley Certification Clinics Holdings LLC ("Sun Valley") from Andrea Klein and Dustin Klein and a minority shareholder, through its wholly-owned subsidiary, Empower Healthcare Assets Inc., for cash and share consideration having an aggregate value of \$3,835,000 (CAD\$5,160,376). Sun Valley operates a network of professional medical cannabis and pain management practices, with five clinics in Arizona, one clinic in Las Vegas, a tele-medicine platform serving California, and a fully developed franchise business model for domestic and international markets.
- **Strategic Development:** On February 28, 2019 the Company announced that it intends to open a fully functioning hemp-based CBD extraction facility in greater Portland, Oregon in Q2 2019 with the first extraction system expected to have the capacity to produce 6,000 kg of extracted product per year. The new facility has been secured and the Company takes possession June 1, 2019.

## 2019 Outlook and Catalysts

- **Enhanced Corporate Governance:** The Company has prioritized strengthening corporate governance practices under the leadership of its Board of Directors and Chairman Steven McAuley, in order to address certain best practices suggested by North American securities regulators and senior stock exchanges.
- **Improved Capital Markets Profile:** Empower is diversifying its business model to become a vertically integrated operator in the global cannabis sector with a focus on patient care, CBD product distribution, research & development and CBD product extraction. The Company believes this will appeal to a broader base of shareholders and investors and provide greater access to capital and improved trading liquidity.
- **Increased Patient Access:** With a rapidly expanding company-owned clinic network and significant expansion opportunity through the Sun Valley franchise model, Empower anticipates it will grow its total patient list substantially in the years ahead. This is expected to provide greater opportunity for treatment analysis using artificial intelligence (AI), validating the Company as a leader in understanding the efficacy of cannabis-related therapies.

- **Focus on CBD Product Sales:** Empower's patient base and customers are expected to benefit from access to high margin derivative products, including CBD lotion, tinctures, spectrum oils, capsules, lozenges, patches, e-drinks, topical lotions, gel caps, hemp extract drops and pet elixir hemp extract drops. Patients and customers will be able to access Empower's customer service, home delivery and e-commerce platform.
- **Market Leading Technology:** Empower utilizes a market-leading patient electronic management and POS system that is HIPAA compliant and provides deep insight to patient care. The Company supports remote patients using its tele-medicine portal, enabling patients who do not live near one of its clinic locations, or are disabled or unable to come to a location, to still benefit from a doctor consultation.

## Financial Summary

<i>\$, except where noted</i>	Three months ended		Year ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Patient visits	1,314	1,893	7,607	9,705
Clinic Revenues	196,909	291,721	1,091,386	1,507,050
Direct Clinic Expenses	(115,655)	(114,252)	(417,047)	(638,834)
Loss from operations	(592,899)	(560,231)	(4,309,373)	(2,408,638)
Net income (loss)	1,342,930	(814,539)	(3,789,918)	(3,109,921)
Net income (loss) per share	0.01	(0.02)	(0.06)	(0.06)

## Financial Performance

Clinic revenues for Q4 and full year 2018 were \$196,909 and \$1,091,386, respectively, compared to Q4 and full year 2017 revenues of \$291,721 and \$1,507,050, respectively. This decrease over prior year is attributable to three factors. The introduction of recreational cannabis to Oregon, a reduction in marketing spend while we reposition our brand and its treatment through online, social and mobile upgrades and competitive introduction and pressure. The Company believes all three areas are being addressed effectively and will be reflected in future revenues.

Direct clinic expenses for Q4 and full year 2018 were \$115,655 and \$417,047, respectively, compared to Q4 and full year 2017 direct clinic expenses of \$114,252 and \$638,834, respectively. This decrease over prior year is attributable to the decrease in number of patient visits described above.

Net loss from operations for Q4 and full year 2018 were \$592,899 and \$4,309,373, respectively, compared to Q4 and full year 2017 net loss of \$560,231 and \$2,408,638, respectively. This increase over prior year is primarily attributable two factors. Operating expense increased due to an increase in salaries and benefits during fiscal 2018 as a result of additional senior management joining the Company in conjunction with the RTO. Additionally, share-based payments increased as a result of the RTO which resulted in options being granted to Adira option holders and new members of management.

Net income for Q4 and net loss for the full year 2018 were \$1,342,930 and \$3,789,918, respectively, compared to Q4 and full year 2017 net loss of \$814,539 and \$3,109,921, respectively. This increase over prior year is primarily attributable to the listing fee of \$1,308,808 as a result of the RTO, share-based compensation expense of \$892,417 and restructuring expenses incurred during the year as the Company completed several changes towards its new strategic direction. Partially offsetting these one-time expense is a \$1,598,425 gain on change in fair value of the warrant liability and a \$890,136 gain on change in conversion option on convertible debentures that resulted from the decrease in the Company's share price and therefore the value of the warrants and convertible debentures exercisable.

During the year ended December 31, 2018, the Company used \$2,835,710 in cash from operations after changes in non-cash working capital. The Company invested \$100,227 towards property and equipment and raised \$3,093,604 via proceeds from various issuances of shares, notes, and convertible debentures.

Please refer to the Company's audited consolidated financial statements, related notes and accompanying Management Discussion and Analysis for a full review of the operations.

## **About Empower**

Empower is a leading multi-state operator of a network of physician-staffed clinics focused on helping patients improve and protect their health through innovative physician recommended treatment options. It is expected that Empower's proprietary product line "Sollievo" will offer patients a variety of delivery methods of doctor recommended cannabidiol (CBD) based products in its clinics, online and at major retailers. With over 165,000 patient records, an expanding clinic footprint, a focus on new technologies, including tele-medicine, and an expanded product development strategy, Empower is undertaking new growth initiatives to be positioned as a vertically integrated, diverse, market-leading service provider for complex patient requirements in 2019 and beyond.

## **ON BEHALF OF THE BOARD OF DIRECTORS:**

Steven McAuley  
Chief Executive Officer

## **CONTACTS:**

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