

# Empower Clinics Reports

## Q1 2019 Results

**VANCOUVER B.C.: June 4, 2019 – EMPOWER CLINICS INC.** (CSE: CBDT) (Frankfurt 8EC) (“Empower” or the “Company”) has filed today its unaudited interim condensed 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.

“After the complete overhaul of our accounting, audit and financial control systems to complete the December 31<sup>st</sup>, 2018 year end audit, our outstanding accounting team had a much easier job in preparing our Q1 results, with a solid and professional finance team in place: said Steven McAuley, Chairman & CEO of Empower.

“Our cost cutting and restructuring efforts are now showing in the financial statements and balance sheet, so our shareholders, investors and partners should take comfort knowing the Company is substantially more stable and poised to execute on the main growth initiatives we have identified.”

### Q1 2019 Highlights

- 1,198 patient visits generating revenue of \$152,846, compared to 2,242 patient visits generating \$302,142 for Q1 2018.
- Net loss of \$398,541, compared to \$2,282,676 for Q1 2018, which was primarily driven by significantly reducing operating costs through aggressive headcount cuts and facility changes and lower stock based compensation expense.
- Cash used in operating activities was \$219,212, compared to \$202,712 for Q1 2018.
- Cash at March 31, 2019 of \$1,974,483, compared to \$157,668 at December 31, 2018, which was primarily driven by equity financings during the three months ended March 31, 2019.

### Recent Highlights

- **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

\$, except where noted	Three months ended	
	2019	2018
Patient visits	1,198	2,242
Clinic Revenues	152,846	302,142
Direct Clinic Expenses	(39,413)	(105,165)
Loss from operations	(279,308)	(2,051,463)
Net loss	(398,541)	(2,282,676)
Net loss per share	(0.01)	(0.05)

## Financial Performance

Clinic revenues for Q1 2019 was \$152,846, compared to Q1 2018 revenues of \$302,142. 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 Q1 2019 was \$39,413, compared to Q1 2018 direct clinic expenses of \$105,165. This decrease over prior year is attributable to the decrease in number of patient visits described above.

Net loss from operations for Q4 2019 was \$113,433, compared to Q1 2018 net loss of \$2,051,463. This decrease in loss below prior year is primarily attributable two factors. Operating expense decreased due to a decrease in salaries and benefits as a result of aggressive headcount cuts and facility changes. Additionally, share-based payments decreased as the RTO in Q1 2018 resulted in options being granted to Adira Energy Ltd. option holders and new members of management.

Net loss for Q1 2019 was \$398,541, respectively, compared to Q1 2018 net loss of \$2,282,676. This decrease below prior year is primarily attributable to the decrease in operating expenses and share-based compensation expense.

During the three months ended March 31, 2019, the Company used \$219,212 in cash from operations after changes in non-cash working capital. The Company invested \$nil towards property and equipment and raised \$2,036,027 via proceeds from various issuances of shares and notes.

Please refer to the Company's unaudited condensed interim 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 patients, 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

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### DISCLAIMER FOR FORWARD-LOOKING STATEMENTS

*This news release contains certain "forward-looking statements" or "forward-looking information" (collectively "forward looking statements") within the meaning of applicable Canadian securities laws. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Forward-looking statements can frequently be identified by words such as "plans", "continues", "expects", "projects", "intends", "believes", "anticipates", "estimates", "may", "will", "potential", "proposed" and other similar words, or information that certain events or conditions "may" or "will" occur. Forward-looking statements in this news release include, but are not limited to, statements regarding the direction and growth prospects of the Company, the expansion of the company's clinic and distribution network, the expected effect of the Vendors in their new roles with the Company, the effect on the lives of patients, the growth into a national brand, the*

*effect of the Transaction, the diversification of the Company's business model, the potential appeal to shareholders, the growth of the Company's patient list and the effect thereof, the expected benefits for the company's patient base and customers, the release of the cash consideration, the release of Shares being held in escrow in connection with the Transaction and statements regarding the Company's proprietary product line "Sollievo". Such statements are only projections, are based on assumptions known to management at this time, and are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the forward-looking statements, including that the Company may not be able to expand, that the Transaction may not have the expected results, and other factors beyond the Company's control. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. Readers are cautioned not to place undue reliance on the forward-looking statements in this release, which are qualified in their entirety by these cautionary statements. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements in this release, whether as a result of new information, future events or otherwise, except as expressly required by applicable laws.*