

Empower Clinics Reports Q3 2019 Results Highlighted by a 137% increase in clinic revenues compared to Q3 2018

VANCOUVER, Nov. 14, 2019 /CNW/ - **EMPOWER CLINICS INC.** (CSE: CBDT) (Frankfurt 8EC) (OTC: EPWCF) ("**Empower**" or the "**Company**"), a vertically integrated and growth-oriented CBD life sciences company, and a multi-state operator of medical health & wellness clinics in the U.S., has filed today its unaudited condensed interim consolidated financial statements for the three and nine months ended September 30th, 2019 and related management's discussion and analysis, both of which are available at www.SEDAR.com. All financial information in this press release is reported in United States dollars, unless otherwise indicated.

"Our focus on operational excellence and cost controls are key contributors to strong year-over-year growth numbers and the reduction in direct clinic expense, as we continue to serve the 165,000 patients in our database," said Steven McAuley, Empowers Chairman & CEO. "The Company is beginning to fulfill its promise of vertical integration with the build-out of the extraction and production center in Portland, OR plus with an increased focus on our proprietary CBD product lines and diversified clinic revenues, the Company has a clear path of growth and profitability going forward."

Q3 2019 Highlights

- 5,807 patient visits generated revenue of \$663,003, compared to 1,864 patient visits that generated \$279,850 for Q3 2018.
- Net loss of \$504,531, compared to \$378,657 for Q3 2018, which was primarily driven by increased revenues and fair value adjustments offset by net increased in operating expenses related to the operations of Sun Valley.
- Cash used in operating activities improved by \$1,309,913 from \$3,129,583 for YTD 2018, compared to \$1,819,670 for YTD 2019.
- Cash at September 30, 2019 of \$178,578, compared to \$157,668 at December 31, 2018, which was primarily driven by debt and equity financings during the nine months ended September 30, 2019 and partially offset by cash used in operations, the cash investment in Sun Valley and cash investment in Sun Valley Health Franchise launch.

Highlights

- **Strategic redirection:** The Company has been re-positioning its overall strategy to become a vertically integrated health and wellness brand that connects to its 165,000 patients using a data driven focus to improve patients' lives with products, technology and health systems.
- **Experienced and Seasoned Board of Directors:** The Company Board of Directors includes its CEO Steven McAuley, Dustin Klein, the Co-Founder of Sun Valley Clinics and the SVP, Business Development and Andrejs Bunkse, owner and practicing attorney of Rain Legal and Counsel to numerous cannabis enterprises in the U.S. and Canada.
- **Strategic Development:** The Company has opened its first hemp-derived CBD extraction facility in greater Portland, Oregon with the first extraction system expected to have the

capacity to produce 6,000 kg of extracted product per year. The Company took possession of the new extraction facility June 1st, 2019 and has been awarded it's hemp-handlers licence from the Oregon Department of Agriculture, allowing the Company to enter the next phase of build-out and full operations in 2019. The Company expects preliminary production of its Sollievo CBD line to take place in the extraction center in 4Q 2019.

- **Strategic Partnership:** The Company has entered into a Letter of Intent ("LOI") to form a Joint Venture Partnership ("JV") with Heritage Cannabis Holdings Corp (CSE: CANN) ("Heritage"). Terms of the LOI have Empower and Heritage each with a 50% ownership of the JV. Heritage will install extraction units and related downstream extraction equipment inside Empower's existing licenced hemp processing facility in Sandy, Oregon. Once operational, the JV will begin producing proprietary branded products for Empower's clinics and third party partners for distribution in the United States.

2019 Outlook and Catalysts

- **Enhanced Corporate Governance:** The Company has prioritized corporate governance practices under the leadership of its Board of Directors and Chairman Steven McAuley, to ensure financial and accounting controls operate at the highest of standards.
- **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 Health 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), through progressive initiatives that include adding the Endocanna DNA test kit to the Company product & service offering in clinics and online. Ensuring the Company is a leader in understanding the efficacy of cannabis-related treatment options is an imperative.
- **Focus on CBD Product Sales:** The Company has launched its online store to sell its lines of hemp-derived CBD based products and premium health & wellness supplements. Customers can purchase products, including CBD lotions, 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 Sun Valley Health customer service, home delivery and e-commerce platforms.
- **Market Leading Technology:** Empower utilizes 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.
- **New Modalities and Services:** The Company has launched new physician based modalities and services into the Sun Valley Health clinics and has commenced booking appointments and providing the new services. Each of these services provides the opportunity for increased patient retention, higher revenue per patient visit and increased patient visits per year. The new services include:
 - Physician's CBD Enhanced Massage, Acupuncture, or Cupping Sessions

- CBD-Cannabis-Supplement Consumption & Coaching Consultation
 - Introduction to Alternative Health and Cannabinoid Therapies by a Physician
 - Comprehensive Naturopathic Patient Analysis & Consultation
 - Dietary Antigen Testing, Physician Consultation/Action Plan, & Concierge Blood Draw
 - Neurotransmitter (urine) Profile & Physician Consultation/Action Plan
 - Spectracell Micronutrient Test & Physician Consultation/Action Plan
- **Launches Nationwide Franchise:** The Company has launched its nationwide franchise program under the Sun Valley Health brand to dramatically grow our clinic & store footprint increasing direct access to patients and to sell hemp-derived CBD products and premium wellness products directly to our customers and online at our new e-commerce store at www.sunvalleyhealth.com

Financial Summary

\$, except patient visits	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Patient visits	5,807	1,864	11,304	6,293
Clinic revenues	663,003	279,850	1,406,872	894,477
Direct clinic expenses	(55,397)	(88,956)	(177,560)	(301,392)
Loss from operations	(843,897)	(405,048)	(2,547,276)	(3,716,474)
Net loss	(504,531)	(378,657)	(2,359,579)	(5,132,848)
Net loss per share	(0.00)	(0.01)	(0.02)	(0.09)

Financial Performance

Clinic revenues for Q3 2019 were \$663,003, compared to Q3 2018 revenues of \$279,850. This increase over the prior year is attributable to the acquisition of Sun Valley Clinics.

Direct clinic expenses for Q3 2019 were \$55,397, compared to Q3 2018 direct clinic expenses of \$88,956. These expenses declined despite the increase in revenues due to improved operational controls to align labor cost with direct patient consultations. The Company employs a diverse mix of physicians and practitioners.

Net loss from operations for Q3 2019 was \$843,897, compared to Q3 2018 net loss of \$405,048. This increase in loss over prior year is primarily attributable operating expenses increasing due to timing of recognition of the expense associated with non-cash share-based awards to management.

Net loss for Q3 2019 was \$504,531, respectively, compared to Q3 2018 net loss of \$378,657. This increase over prior year is primarily attributable to the increase in operating expenses as noted above, which was partially offset by gains on change in fair value of the conversion option of convertible debentures and warrants.

During Q3 2019, the Company used \$1,819,670 in cash from operations after changes in non-cash working capital. The Company invested \$629,636 for the acquisition of Sun Valley Clinics and raised \$2,470,216 via proceeds from various issuances of shares, convertible debentures 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 vertically integrated and growth-oriented CBD life sciences company, and a multi-state operator of medical health & wellness clinics, operating the Sun Valley Health clinic brand www.sunvalleyhealth.com, for its nine corporate locations and for franchises in the United States. As a CBD product manufacturer under the Sollievo brand, the Company distributes its lines through clinics, online and through retail partners. Extraction operations are currently being developed in the Company's new extraction facility in Oregon.

ON BEHALF OF THE BOARD OF DIRECTORS:

Steven McAuley
Chief Executive Officer

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 statements regarding; the Company's intention to open a hemp-based CBD extraction facility, the expected benefits to the Company and its shareholders as a result of the proposed acquisitions and partnerships; the terms of the proposed acquisitions and partnerships; the effectiveness of the extraction technology; the expected benefits for Empower's patient base and customers; the benefits of CBD based products; the effect of the approval of the Farm Bill; the growth of the Company's patient list and that the Company will be positioned to be a market-leading service provider for complex patient requirements in 2019 and beyond. 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 open a hemp-based CBD extraction facility; that the hemp-based CBD extraction facility may not be fully operational in 2019 if at all; that legislative changes may have an adverse effect on the Company's business and product development; that the Company may not be able to obtain adequate financing to pursue its business plan; general business, economic, competitive, political and social uncertainties; failure to obtain any necessary approvals in connection with the proposed acquisitions and partnerships; 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.

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