

Empower Clinics reports record Q1 2021 results with revenues over \$2.5M CAD

258% year over year increase, excess of \$7,900,000 CAD in cash and a vastly improved balance sheet

VANCOUVER B.C.: July 13, 2021 – EMPOWER CLINICS INC. (CSE: CBDT) (OTC: EPWCF) (Frankfurt 8EC) (“**Empower**” or the “**Company**”) has filed today its consolidated financial statements 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 stellar Q1 performance is a direct reflection of our strategic vision and elevated growth strategy,” said Steven McAuley, CEO of Empower Clinics. “Targeted partnerships with leading brands in the aviation and pharmacy spaces, combined with our compelling national clinic acquisition approach have all contributed to Empower’s tremendous, ongoing success.”

2021 Highlights

- Total revenues of \$2,036,700 for Q1 2021 compared to Q1 2020 revenues \$789,135, representing 258% year over year growth.
- Loss from operations increased to \$1,403,181 for Q1 2021 from \$317,831 for Q1 2020, primarily driven by the increased corporate activity of the Company and acquisitions over the prior year which resulted increased costs.
- Net loss of \$25,213,556 or \$0.11 per share compared to \$524,208 or \$0.00 per share for Q1 2020, which was primarily driven by a non-cash loss on the fair value adjustment related to the Company’s warrants outstanding that were impacted by the significant appreciation of the Company’s share price (a key input in determining the fair value).
- Cash at March 31, 2021 was \$6,286,942 which increased from cash of \$4,889,824 at December 31, 2020, primarily driven by the proceeds generated on exercise of share purchase warrants.
- Cash used in operating activities was \$1,422,917, compared to cash provided of \$13,864 for Q1 2020.

Recent Highlights Subsequent to Quarter End

- **COVID-19 Testing:** In June 2021, the Company entered into a six-month pilot program with PharmaChoice to sell Kai Care saliva test kits. PharmaChoice is a fast growing, independently owned Canadian Pharmacy network with more than 900 locations covering the PharmaChoice and RxHealthMed brands.

- **Financing:** The Company brought in C\$145,000 resulting from the exercise of warrants and stock options.
- **Acquisitions:** In June 2021, the Company signed a non-binding term sheet to acquire Medisure + Sure Canada Inc., a leading Canadian manufacturer of medical devices for patients managing diabetes.

Financial Summary

\$, <i>except where noted</i>	Three months ended March 31,	
	2021	2020
Total revenues	2,036,700	789,135
Direct clinic expenses	(744,053)	(268,400)
Loss from operations	(1,403,181)	(317,831)
Net loss	(25,213,556)	(524,208)
Net loss per share	(0.11)	(0.00)

Financial Performance

As part of total revenues, clinic services revenues for Q1 2021 and Q1 2020 were \$2,033,147 and \$767,803, respectively. This increase over prior year is attributable to the impact of COVID-19, along with the acquisition of Kai on October 5, 2020, partially offset by the reduction in patients visiting the Sun Valley Health clinics as a result of State legalization of cannabis in November 2020.

Direct clinic expenses for Q1 2021 and Q1 2020 were \$744,053 and \$268,400, respectively. This increase over prior year is attributable to the acquisition of Kai on October 5, 2020, which increased the Company's staffing levels, partially offset by the reduction costs associated with Sun Valley Health clinics as a result of certain locations being closed during Q1 2021.

Loss from operations for Q1 2021 and Q1 2020 were \$1,403,181 and \$317,831, respectively. This decrease from prior year is primarily attributable to the increase in clinic services revenues resulting from the acquisitions during fiscal 2020, offset by increased operating costs that are the direct result of consolidating the expenses of the acquired entities as well as the continued increase in corporate activity during Q1 2021 which increased legal and professional costs.

Net loss for Q1 2021 and Q1 2020 were \$25,213,556 and \$524,208, respectively. This increase in loss over prior year is primarily attributable to the loss on change in fair value recognized on the warrant liability (as determined by the Black-Scholes option pricing model) which resulted from the significant increase in the Company's share price and therefore the value of the warrants exercisable. More specifically, 41,600,547 warrants were exercised during the quarter with a weighted average exercise price of

approximately \$0.10 per warrant, which were exercised when the weighted average share price on the date of exercise was approximately \$0.70 per share, resulting in an approximate loss on exercise of \$0.60 per warrant exercised. The loss is meant to reflect the differential between the actual cash received by the Company upon exercise and the fair value of the shares on the date of exercise.

During Q1 2021, the Company used \$1,422,917 in cash from operations after changes in non-cash working capital. The Company invested \$57,546 and raised \$2,877,581 via proceeds from various issuances of shares and exercise of warrants and stock options, partially offset by lease payment and repayments of loans and notes payable.

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

About Empower

Empower is an integrated healthcare company that provides body and mind wellness for patients through its clinics, with digital and telemedicine care, and world-class medical diagnostics laboratories. Supported by an experienced leadership team, Empower is aggressively growing its clinical and digital presence across North America. Our Health & Wellness and Diagnostics & Technology business units are positioned to positively impact the integrated health of our patients, while simultaneously providing long term value for our shareholders.

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 expected benefits to the Company and its shareholders as a result of the acquisition of Kai Medical Laboratory; the transaction terms; the expected number of clinics and patients following the closing; the future potential success of Kai Medical Laboratory, Sun Valley's franchise model; launch of new healthcare centers and the occurrence thereof; that the Company can bring healthcare to millions of Canadians; that new healthcare services can be added and that the Company will be positioned to be a market-leading service provider for complex patient requirements in 2020 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 Kai Medical Laboratory will successfully win any US Government RFP; that the MedX Health pilot program will be successful; that Empower will place the MedX Health tele dermatology product in health centers in North America; that the Company's products may not work as expected; that the Company may not be able to expand COVID-19 testing; 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; that the Company will be able to commence and/or complete build-outs and tenants improvements for Canadian clinics or Kai Medical Laboratory expansion during fiscal 2021; that general business, economic, competitive, political and social uncertainties; failure to obtain any necessary approvals in connection with the proposed transaction; 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.