

**51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company**

Empower Clinics Inc. (the “Company”)  
505-1771 Robson Street  
Vancouver, BC V6G 1C9

**Item 2 Date of Material Change**

Nov 22, 2021

**Item 3 News Release**

The news release, dated November 22, 2021, was disseminated through Accesswire.

**Item 4 Summary of Material Change**

EMPOWER CLINICS RELEASES Q3 2021 RESULTS WITH 372% YEAR-OVER-YEAR REVENUE GROWTH  
Empower Clinics Inc has filed today its 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.

**Item 5 Full Description of Material Change**

*5.1 Full Description of Material Change*

A full description of the material change is provided in Item 4 above and in the attached news releases which is filed on SEDAR.

*5.2 Disclosure for Restructuring Transactions*

N/A

**Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

N/A

**Item 7 Omitted Information**

None

**Item 8 Executive Officer**

Steven McAuley  
Chief Executive Officer  
Telephone: (604) 789-2146

**Item 9 Date of Report**

November 22, 2021

## **EMPOWER CLINICS RELEASES Q3 2021 RESULTS WITH 372% YEAR-OVER-YEAR REVENUE GROWTH**

*The Company Reports nine-month year-over-year revenue growth of 1,349%*

**VANCOUVER, BC:** November 22, 2021 – **EMPOWER CLINICS INC. (CSE:CBDT)(Frankfurt:8EC)(OTCQB:EPWCF)** ("**Empower**" or the "**Company**") an integrated healthcare company - serving patients through medical centers, telemedicine platforms, a medical device company, and a high complexity medical diagnostics laboratory has filed today its 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.

"This quarter marked the start of a new chapter for the Company and the Empower team," said Steven McAuley, Chairman and CEO of Empower. "We launched The Medi-Collective brand and clinics, expanded Kai Labs' facilities and completed the acquisition of MediSure. Each of these milestones is an intrinsic aspect of our strategic growth vision.

Steven McAuley added, "with positive year-over-year growth coming out of this quarter, we will maximize our fully operational divisions' capabilities and reach across Canada and the U.S. I'm encouraged by our partnerships and acquisitions progress into Q4 2021 and look forward to the coming months."

### **Q3 2021 Highlights**

- Revenue from continuing operations<sup>1</sup> of \$405,707 compared to \$85,960 in Q3 2020, representing 372% year over year growth.
- Revenue from continuing operations<sup>1</sup> of \$3,226,335 for nine months YTD 2021 compared to \$222,690 for nine months YTD 2020, representing 1,349% year over year growth.
- Cash at September 30, 2021 of \$2,160,587, compared to \$4,889,824 at December 31, 2020.
- Cash used in operating activities of continuing operations in Q3 2021 was \$1,233,970, compared to cash used of \$441,533 in Q3 2020 and cash used in investing activities of \$1,670,443 in Q3 2021 compared to \$127,446 in Q3 2020.
- Loss from operations<sup>1</sup> increased to \$903,406 for Q3 2021 from \$743,589 for Q3 2020, primarily driven by the ramp up of operations in the Company's business units and the pursuit of acquisitions at the corporate level.
- Net income from continuing operations<sup>1</sup> of \$2,330,242 or \$0.01 per share compared to net loss of \$313,622 or \$0.00 loss per share for Q3 2020, which was primarily driven by a non-

---

<sup>1</sup> On July 21, 2021, the Company entered into a non-binding agreement for the sale of 100% of the Company's interest in Sun Valley. As required by IFRS, current and prior periods of the condensed interim consolidated statements of loss and comprehensive loss for the three and nine months ended September 30, 2021 and 2020 have been re-stated to classify the operating results of Sun Valley as 'net income (loss) from discontinued operations'. Sun Valley's operating results are further disclosed in note 7 of the condensed interim consolidated financial statements.

cash gain on the fair value adjustment related to the Company's warrants outstanding resulting from movement of the Company's share price (a key input in determining the fair value), offset by increased operating expenses.

## Recent Highlights Subsequent to Quarter End

- **The Medi-Collective ("TMC") clinic openings:** As of the date of this press release, the Company has five operational clinics and on October 21, 2021, the Company announced the proposed acquisition eight additional clinics in the Thornhill and Sudbury areas of Ontario. The clinics have the potential to add an aggregate of 600,000 new patients, greatly amplifying TMC's patient database and reach.
- **Kai Medical begins COVID-19 vaccinations:** On October 25, 2021, the Company announced that it received approval from the Texas Department of State Health Services to commence administration of COVID-19 vaccinations. The Company plans to use its existing infrastructure from drive up COVID-19 testing to administer vaccinations.
- **Common shares issued:** On October 25, 2021, pursuant to the exercise of 1,136,700 warrants with an exercise price of \$0.10 (C\$0.12), the Company issued 1,136,700 common shares for gross proceeds of \$110,187 (C\$136,404).
- **Sale of Sun Valley:** On October 28, 2021, the Company announced that it renegotiated the terms of the sale of Sun Valley in the form of a letter of intent to sell Sun Valley and its subsidiaries for 1,000,000 common shares of Empower and an amount of prepaid rent at one of Sun Valley's clinic locations. The Company expects to complete the sale of Sun Valley before the end of fiscal 2021.

## Financial Summary

<i>Expressed in US dollars</i>	Three months ended September	
	2021	2020
Total revenue	<b>405,707</b>	85,960
Direct expenses	<b>(18,377)</b>	(39,202)
Loss from operations	<b>(903,406)</b>	(743,589)
Net income (loss) from continuing operations	<b>2,330,242</b>	(313,622)
Adjusted EBITDA loss	<b>(340,518)</b>	(668,449)
Net income (loss) per share - basic and diluted	<b>0.01</b>	(0.00)

## Financial Performance

Revenues for Q3 2021 and Q3 2020 were \$405,707 and \$85,960, respectively. This increase over prior year is attributable to the acquisition of Kai Medical and the strong revenue resulting from COVID-19 testing as well as clinic services being provided through The Medi-Collective and the additional revenue stream resulting from the sale of diabetes testing equipment since the acquisition of MediSure.

Direct expenses for Q3 2021 and Q3 2020 were \$18,377 and \$39,202, respectively. This decrease over prior year is primarily attributable to the reversal of a provision taken on certain inventory in Kai Medical prior to obtaining regulatory approval, offset by the Company's ramp up of staffing as the Company expands its clinic presence in Canada through The Medi-Collective.

Loss from operations for Q3 2021 and Q3 2020 were \$903,406 and \$743,589 respectively. This increase from prior year is primarily attributable to the increase in business activity resulting from the MediSure acquisition and other acquisition pursuits within The Medi-Collective.

The Company achieved net income in Q3 2021 of \$2,330,242 and net loss of \$313,622 in Q3 2020. Net income in Q3 2021 is primarily attributable to the gain on change in fair value recognized on the warrant liability (as determined by the Black-Scholes option pricing model) which resulted from the decrease in the Company's share price between June 30, 2021 and September 30, 2021 and therefore the fair value allocated to warrants.

Adjusted EBITDA is a non-GAAP financial measure that is calculated as income (loss) from continuing operations before depreciation and amortization, interest, accretion, share-based compensation, and gain or loss from changes in fair value of warrant liability. Adjusted EBITDA in Q3 2021 was \$340,518 compared to \$668,449 in Q3 2020. Adjusted EBITDA is a metric used by management to monitor the Company's revenues compared to its cash operating costs in an effort to trend toward improved profitability.

During Q3 2021, the Company used \$1,233,970 in cash from continuing operations after changes in non-cash working capital. The Company invested \$870,823 for the purchase of property and equipment and spent \$870,823 on the purchase of property and equipment.

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

This press release is available on the Empower Clinics Verified Forum on AGORACOM for shareholder discussion, questions and engagement with management <https://agoracom.com/ir/EmpowerClinics>

#### **ABOUT EMPOWER:**

Empower is an integrated healthcare company that provides body and mind wellness for patients through its clinics, with digital and telemedicine care, a medical device company 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

#### **CONTACTS:**

Media:

Steven McAuley CEO  
s.mcauley@empowerclinics.com  
604-789-2146

Investors:

Tamara Mason

Business Development &  
Communications  
t.mason@empowerclinics.com  
416-671-5617

**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 plans with respect to the offering of other Empower services and products at the Mississauga clinic; and the number, timing and location of anticipated future TMC clinic openings. Such forward-looking statements 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 be unable to enter into definitive agreements, or close transactions with respect to, proposed future clinic openings; that due diligence with respect to anticipated clinic openings and acquisitions may not be satisfactory to the Company; risks related to delays in permitting or construction; risks related to supply chains and access to labour; 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 new clinics; general business, economic, competitive, political and social uncertainties; 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 on the terms or in the time expected, or at all, 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 securities laws.*