

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

February 8th, 2023

Item 3 News Release

The news release dated February 7th, 2023 was disseminated through Accesswire.

Item 4 Summary of Material Change

On February 3, 2023, the Company entered into a letter of intent with Dr. Bharat Mocherla – a Nuclear Medicine Specialist in Las Vegas, Nevada with more than 15 years of experience in the medical and clinical trials field - to create and operate a Dallas-based site management organization in the clinical trials market with plans to develop a contract research organization (the “**LOI**”). Pursuant to the terms of the LOI, the Company and Dr. Mocherla intend to execute a definitive agreement to form a new joint venture entity that will be owned 51% by the Company (or an affiliate) and 49% by Dr. Mocherla (or an affiliate).

On February 7, 2023, the Company issued 3,750,000 common shares in the capital of the Company (each, a “**Share**”) pursuant to agreements dated February 6, 2023 at a deemed issue price of \$0.05 per Share as compensation for services rendered by certain senior officers of the Company (the “**Share Issuance**”).

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Additional details with respect to the LOI and the Share Issuance are provided in the attached news release dated February 7, 2023, which is available under the Company's profile on SEDAR at www.sedar.com.

As the Share Issuance was made to Dr. Aviv Tsimerman and Dr. Jordan Rabinowitz, both of whom are senior officers of the Company, the Share Issuance is considered to be a “related party transaction” for purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Company did not file a material change report more than 21 days before the date of the Share Issuance as no decision had been made by the board of directors of the Company (the “**Board**”) with respect to such issuance at that time. The Share Issuance was announced as soon as practicable after the Board's approval of same. The Company is exempt from the formal valuation requirement in section 5.4 of MI 61-101 on the basis of section 5.5(b) of MI 61-101 as the Company's shares are listed on the Canadian Securities Exchange, and is exempt from the minority shareholder approval requirement in section 5.6 of MI 61-101 on the basis of section 5.7(1)(a) of MI 61-101 as the fair market value of the transaction is not more than the 25% of the Company's market capitalization. Prior to the Share Issuance, Dr. Tsimerman and Dr. Rabinowitz did not hold any Shares. Following the Share Issuance, Dr. Tsimerman holds 1,875,000 of the 399,108,658 issued and outstanding Shares, or 0.47% of the Company on an undiluted basis, and Dr. Rabinowitz holds 1,875,000 of the 399,108,658 issued and outstanding Shares, or 0.47% of the Company on an undiluted basis.

Neither Dr. Tsimerman nor Dr. Rabinowitz are members of the Board. The Board unanimously approved the Share Issuance and concluded that the Share Issuance was in the best interests of the Company.

All securities issued under the Share Issuance will be subject to a hold period expiring four months and one day from the date of the Share Issuance.

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

February 8th, 2023

Empower Clinics Signs Letter of Intent for Partnership To Launch US Clinical Trial Management Services for Biotech and Pharmaceutical Industries

Partnership with renowned doctor will leverage MediSure Labs diagnostics facility commencing as a Site Management Organization in Dallas to serve clinical trials market

VANCOUVER, B.C.: February 7, 2023 – EMPOWER CLINICS INC (CSE:EPW) (OTC PINK:EPWCF) ("Empower" or the "Company") an integrated healthcare company - serving patients through medical centers, a medical device company and a high complexity medical diagnostics laboratory – has entered into a letter of intent dated February 3, 2023 (the "**LOI**") with Dr. Bharat Mocherla – a Nuclear Medicine Specialist in Las Vegas, Nevada with more than 15 years of experience in the medical and clinical trials field – to create and operate a Dallas-based Site Management Organization ("**SMO**") with plans to evolve into a Contract Research Organization ("**CRO**").

The CRO Services Market in terms of revenue was estimated to be worth \$76.6 billion in 2023 and is poised to reach \$127.3 billion by 2028, growing at a CAGR of 10.7% from 2023 to 2028 according to a new report by MarketsandMarkets.¹ Factors such as continuously growing pharmaceutical, biotechnology and medical device R&D pipelines and technological advancements in the clinical trials process are driving the growth of this market. In recent years, the costs associated with drug and product development have increased significantly, driving pharma, biotech and medical device companies to look for partnerships to drive modernizations and smarter ways of conducting business.

Pursuant to the terms of the LOI, the Company and Dr. Mocherla intend to form a new joint venture entity (the "**JV**"), which will be owned 51% by Empower (or an affiliate) (the "**Empower Interest**") and 49% by Dr. Mocherla (or an affiliate) pursuant to a definitive agreement to be entered into by the parties (the "**Definitive Agreement**"). Empower and Dr. Mocherla each intend to provide US\$200,000 in seed capital for the JV. The Definitive Agreement is expected to include a right of first refusal providing Empower first right to purchase Las Vegas Medical Research (controlled by Dr. Mocherla) and providing Dr. Mocherla first right to purchase the Empower Interest. In connection with the transactions contemplated by the Definitive Agreement, Empower intends to issue 2 million common shares in the capital of Empower to Dr. Mocherla. At such time as the JV achieves US\$5,000,000 in revenue and subject to Empower's stock option plan and the policies of the Canadian Securities Exchange (the "**CSE**"), Empower intends to grant 750,000 incentive stock options to Dr. Mocherla with a five-year term.

The completion of the transactions contemplated in the LOI will be subject to various closing conditions, including satisfactory completion of financial and legal due diligence, entry into the Definitive Agreement on terms acceptable to the parties and receipt of all necessary third party approvals, including the approval of the CSE, if required.

Following the creation of the JV, the proposed Dallas-based SMO is expected to work with industry, patients, community doctors and researchers in North America and globally to

¹ Markets and markets report March 2021 <https://www.marketsandmarkets.com/Market-Reports/contract-research-organization-service-market-167410116.html> reviewed February 6, 2023

provide clinical trial management services for the pharmaceutical, biotechnology and medical device industries. Dallas is one of the largest hubs in the U.S. for healthcare services, research, and talent. Empower's MediSure Labs serves as an ideal launch site for SMO services. The partnership expects to identify new cities to operate additional SMOs in 2023, with the goal of developing a diversified CRO.

"This is a transformational partnership for Empower Clinics," stated Steven McAuley, Chairman and CEO of Empower. "Despite the global economic headwinds, the pharmaceutical and biotech industries continue to see strong growth and investment in R&D. Our diagnostics laboratory in Dallas serves as the perfect hub to launch US SMO services with the guidance of Dr. Mocherla. From there we can continue to launch additional SMO sites throughout US and Canada by leveraging Empower's network of health professionals and our unique access to capital markets as a public company."

"This partnership is a dedicated research center working with community doctors and researchers around the globe to provide advanced diagnostic tests and effective treatments for debilitating diseases," said Dr. Bharat Mocherla, CEO of Las Vegas Medical Research. "All of our studies and grants are multi-center trials conducted internationally with sites in USA, Canada, EU, South America, Australia, Japan, and Southeast Asia. We are proud to be part of this global network of research centers working on next generation diagnostic tests and most importantly treatments which can either arrest or cure debilitating diseases. With my partnership with Empower, we can now add Dallas to our site list and work with the local medical community with the primary goal to provide exclusive high-profile studies to the global research community."

The Company also announces that it today issued an aggregate of 3,750,000 common shares in the capital of Empower (the "**Shares**") at a price of \$0.05 per Share as discretionary special bonuses issued to two employees. The Shares are subject to a four-months and one-day hold period under applicable securities laws.

The issuance of the Shares is a "related party transaction" as defined under Multilateral Instrument 61-101 ("**MI 61-101**"). The transaction is exempt from the formal valuation and the minority shareholder approval requirement of MI 61-101 since neither the fair market value of the transaction nor the fair market value of the consideration for the transaction exceeds 25% of the Company's market capitalization.

The Company did not file the material change report more than 21 days before the expected closing date of the transaction as the details of the transaction and the participation therein by each "related party" of the Company were not settled until shortly prior to the closing of the transaction and the Company wished to close the transaction on an expedited basis for sound business reasons.

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 with multi-disciplinary clinics, an at-home medical testing device company and state-of-the-art medical diagnostics laboratories. With a growing presence in the U.S. and Canada. Empower is a leader in integrated healthcare and diagnostics solutions and is reshaping the model for patient-first wellness.

ON BEHALF OF THE BOARD OF DIRECTORS:

Steven McAuley
Chief Executive Officer

CONTACTS:

Media:

Steven McAuley CEO
s.mcauley@empowerclinics.com

+1 855-855-9058

Investors:

Tamara Mason

Business Development &
Communications
t.mason@empowerclinics.com

+1 855-855-9058

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 create and operate a Dallas-based SMO, with plans to evolve into a CRO; the parties' intentions to form a new JV entity and their expected ownership interest in, and financial contributions to, such entity; the parties' intentions that the Dallas-based SMO will work with industry, patients, community doctors and researchers in North America and globally to provide clinical trial management services; the parties' intentions to identify new cities to operate additional SMOs in 2023. 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 parties will be able to negotiate and enter into the Definitive Agreement on mutually agreeable terms; that legal and financial due diligence will be completed to the satisfaction of the parties; that all necessary third party approvals will be obtained; that Dr. Mocherla's global network of research will assist in creating a global network for the Dallas-based SMO and any future expected SMOs or CRO; that the parties may not be able to negotiate mutually agreeable terms for the Definitive Agreement; that the parties may fail to enter into the Definitive Agreement on the terms expected, or at all; risks related to supply chains and access to labour; that legislative changes may have an adverse effect on the Company's or JV's business and product development; that the Company or JV may not be able to obtain adequate financing to pursue its business plan; 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.