

## **Empower Clinics Reports Q4 2022 Results**

**46% year over year increase in gross profit margin and 7% Increase in Revenue**

**VANCOUVER, B.C.: February 28, 2023 – EMPOWER CLINICS INC (CSE:CBDT)(Frankfurt:8EC)(OTCQB:EPWCF) ("Empower" or the "Company")** a life sciences healthcare company - serving patients through medical centers, a medical device company and the application of clinical studies that leverages its high complexity medical diagnostics laboratory – announced today it has filed its Q4 2022 interim consolidated financial statements and related management's discussion & 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. On December 23, 2022, the Company announced it has changed its fiscal year end from December 31 to March 31.

"I am proud of our team and their efforts to maintain growth initiatives, all while managing costs going into 2023." said Steven McAuley, Chairman & CEO. "Going forward, we continue to develop our U.S. healthcare initiatives focusing on offering clinical trial services, with the stated objective of becoming an established Site Management Organization (SMO) for the pharmaceutical, biotechnology and medical device industries."

### **Q4 2022 Highlights**

- Total revenues from continuing operations of \$426,786 for Q4 2022 compared to revenues of \$1,142,581 for Q4 2021, representing a 63% decrease year over year. The decrease in revenue was mainly attributed to the decrease in COVID-19 testing services.
- Gross margin from continuing operations was 16% for Q4 2022, compared to a negative gross margin of 25% in Q4 2021. The increase in gross margin resulted from savings in personnel costs.
- Net loss from continuing operations was \$2,370,651 or \$0.01 per share compared to a net loss from continuing operations of \$4,684,114 or \$0.01 per share for Q4 2021.
- Cash as at December 31, 2022 was \$193,144, compared to cash of \$866,170 at December 31, 2021.
- Cash used in operating activities from continuing operations was \$447,013 for Q4 2022, compared to \$778,897 for Q4 2021.

## Financial Summary

\$, except where noted	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	2022	2021
Total revenues	<b>426,786</b>	1,142,581	<b>4,661,525</b>	4,368,916
Direct clinic expenses	<b>(359,668)</b>	(1,428,074)	<b>(2,693,502)</b>	(3,020,412)
Loss from operations	<b>(1,194,869)</b>	(2,361,586)	<b>(4,954,313)</b>	(5,441,952)
Net loss from continuing operations	<b>(2,370,651)</b>	(4,684,114)	<b>(2,960,787)</b>	(31,736,245)
Adjusted EBITDA loss	<b>(2,737,185)</b>	(2,250,620)	<b>(5,761,969)</b>	(3,848,456)
Net loss per share, continuing operations, basic and diluted	<b>(0.01)</b>	(0.01)	<b>(0.01)</b>	(0.10)

## Financial Performance

As part of total revenues, revenues from the Health & Wellness segment for Q4 2022 were \$151,659 compared to Q4 2021 revenues of \$256,254. This decrease over the prior year period is attributable to lower revenues from Medi-Collective's clinics.

Diagnostics & Technology revenue includes the sale of MediSure products and laboratory testing services conducted by MediSure Laboratory and Empower Clinics. Diagnostics & Technology revenue for Q4 2022 were \$275,127 compared to \$886,327 in Q4 2021. The decrease in revenue was due to reduced Covid-19 testing in the United States as well as other laboratory services in the current year period. Of the total revenue in Q4 2022, 98% was attributable to the sale of medical equipment in MediSure.

Direct expenses excluding depreciation and amortization for Q4 2022 were \$359,668 compared to Q4 2021 direct clinic expenses of \$1,428,074. The decrease in direct expenses was due to the decrease in operating activities, primarily personnel costs, associated with providing Covid-19 testing services.

Loss from operations for Q4 2022 was \$1,194,869 compared to Q4 2021 of \$2,361,586. This decrease in loss over the prior year comparable quarter is primarily due to reduced advertising and promotion activities and legal and professional fees.

Net loss from continuing operations for Q4 2022 was \$2,370,651 compared to Q4 2021 of \$4,684,114. In Q4 2021, the Company recognized aggregate impairment charges of \$5,222,249, while no impairment was recorded in Q4 2022. This difference was offset by a loss on debt settlement of \$1,873,901 in the current year period and a lower gain on change in fair value of warrant liability and conversion features associated with convertible debentures in Q4 2022.

Adjusted EBITDA is a non-GAAP financial measure that is calculated as net loss from continuing operations before depreciation and amortization, interest, accretion, share-based compensation, changes in the fair value of derivative liabilities and extraordinary items such as impairment. Adjusted EBITDA loss in Q4 2022 was \$863,284 compared to \$2,250,620 in Q4 2021. 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 Q4 2022, the Company used \$447,013 of cash in operating activities of continuing operations. The Company invested cash of \$754 for the purchase of furniture and equipment and had \$186,396 of cash provided by financing activities from the issuance of units and convertible debentures offset by lease payments and consideration payable.

Please refer to Empower's condensed interim consolidated financial statements, related notes and accompanying management's discussion & analysis for a full review of the Company's 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

## **CONTACTS:**

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*DISCLAIMER FOR FORWARD-LOOKING STATEMENTS*

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*This news release contains certain "forward-looking statements" or "forward-looking information" (collectively "forward looking statements") within the meaning of applicable Canadian securities laws. 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, and include statements regarding the Company's ability to positively impact the integrated health of its patients while simultaneously providing long term value for shareholders. 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. 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 will be able to successfully operate numerous SMO's starting in Dallas, TX or operate any at all; that the Company's products may not work as expected; that the Company may not be able to maintain or expand its current 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 general business, economic, competitive, political and social uncertainties; failure to obtain any necessary approvals in connection with any proposed transactions; 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.*