

# Empower Clinics Reports

## Fiscal 2019 Results

**VANCOUVER B.C.: July 24, 2020 – EMPOWER CLINICS INC.** (CSE: CBDT) (OTC: EPWCF) (Frankfurt 8EC) (“**Empower**” or the “**Company**”) has filed today its audited 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.

“2019 is defined by profound change for our Company setting the stage for the ongoing transition to a growth-oriented health & wellness brand, with substantially improved operating controls and improved cost structure.” said Steven McAuley, Chairman and CEO. “As we look ahead navigating a global pandemic, we find ourselves thriving, hiring and seeing patients in record numbers, further supporting our diversification to broader wellness services.”

### 2019 Highlights

- 15,920 patient visits generating total revenue of \$2,031,581 or \$0.02 per share, compared to 7,607 patient visits generating \$1,091,386 or \$0.02 per share for fiscal 2018.
- Net loss of \$4,301,663 or \$0.04 per share, compared to \$3,789,918 or \$0.06 per share for fiscal 2018, which was primarily driven by the recognition of goodwill and intangible asset impairment losses related to the Sun Valley acquisition which arose due to changes in Arizona licensing requirements.
- Cash used in operating activities was \$2,273,188 or \$0.02 per share, compared to \$2,835,711 or \$0.04 per share for fiscal 2018.
- Cash at December 31, 2019 of \$179,153, compared to cash of \$157,668 at December 31, 2018.

### Recent Highlights Subsequent to Year End

- **Private Placement:** April 2020 Empower Clinics closes private placement of \$653,000 CAD to support growth initiatives.
- **Psychedelics Division:** May 2020 Empower enters into a term sheet to acquire an interest in the global royalty rights of Dosed Movie, launches Dosed Wellness, a psychedelics brand, launches new dedicated website [www.dosedwellness.com](http://www.dosedwellness.com) and adds new team members dedicated to the new brand.
- **COVID-19 Testing:** April 2020 the Company launches a four-phase roll-out of COVID-19 testing in clinics and onsite for businesses.
- **Canvas Education Platform:** May 2020 Empower and EuroLife Brands complete definitive agreement for multi-year, multi-national licence of EuroLife’s canvas.me web-based education technology platform to deliver brand, product, and industry knowledge to the market.

- **Private Placement:** July 2020 Empower Clinics closes private placement of \$720,866 CAD to support growth initiatives.

## Financial Summary

\$, except where noted	Three months ended		Year ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Patient visits	4,616	1,314	15,920	7,607
Clinic Revenues	542,677	196,909	1,949,549	1,091,386
Direct Clinic Expenses	(615,814)	(115,655)	(826,276)	(417,047)
Loss from operations	(1,132,784)	(592,899)	(3,680,060)	(4,309,373)
Net income (loss)	(1,942,084)	1,342,930	(4,301,663)	(3,789,918)
Net income (loss) per share	(0.02)	0.01	(0.04)	(0.06)

## Financial Performance

Clinic revenues for Q4 and full year 2019 were \$542,677 and \$1,949,549, respectively, compared to Q4 and full year 2018 revenues of \$196,909 and \$1,091,386, respectively. This increase above prior year is attributable to the acquisition of Sun Valley and the addition of 5 clinics which drove an increase in patient count from 7,607 in fiscal 2018 to 15,920 in fiscal 2019.

Direct clinic expenses for Q4 and full year 2019 were \$615,814 and \$826,276, respectively, compared to Q4 and full year 2018 direct clinic expenses of \$115,655 and \$417,047, respectively. This increase above prior year is attributable to the increase in number of patient visits.

Net loss from operations for Q4 and full year 2019 were \$1,132,784 and \$3,680,060, respectively, compared to Q4 and full year 2018 net loss of \$592,899 and \$4,309,373, respectively. This decrease below prior year is primarily attributable to the increase in net clinic revenues. While there was an increase in salaries and wages with the acquisition of Sun Valley, this increase was offset by a decline in share-based payments and legal and professional fees.

Net loss for Q4 and net loss for the full year 2019 were \$1,942,084 and \$4,301,663, respectively, compared to Q4 and full year 2018 net income of \$1,342,930 and net loss of \$3,789,918, respectively. This increase over prior year is primarily attributable to the recognition of goodwill and intangible asset impairment of \$2,377,397 and \$93,757, respectively. Partially offsetting these one-time expenses is an increase in the gain recognized on the warrant liability and conversion feature associated with the convertible debentures that resulted from the decrease in the Company's share price and therefore the value of the warrants and convertible debentures exercisable.

During the year ended December 31, 2019, the Company used \$2,273,188 in cash from operations after changes in non-cash working capital. The Company invested \$3,828 towards property and equipment and raised \$3,085,819 via proceeds from various issuances of shares, notes, and convertible debentures.

Please refer to the Company's audited 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 health & wellness company with a network of corporate and franchised health & wellness clinics in the U.S. The Company is focused on helping patients improve and protect their health, through innovative physician recommended treatment options. The Company has launched Dosed Wellness Ltd. to connect its significant data, to the potential of the efficacy of alternative treatment options related to hemp-derived cannabidiol (CBD) therapies, psilocybin and other psychedelic plant-based treatment options.

### **ON BEHALF OF THE BOARD OF DIRECTORS:**

Steven McAuley

Chief Executive Officer

### **CONTACTS:**

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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 direction and growth prospects of the Company, the expansion of the company's clinic and distribution network, the expected effect of the Vendors in their new roles with the Company, the effect on the lives of patients, the growth into a national brand, the effect of the Transaction, the diversification of the Company's business model, the potential appeal to shareholders, the growth of the Company's patient list and the effect thereof, the expected benefits for the company's patient base and customers, the release of the cash consideration, the release of Shares being held in escrow in connection with the Transaction*

*and statements regarding the Company's proprietary product line "Sollievo". 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 be able to expand, that the Transaction may not have the expected results, 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.*