



# EMPOWER CLINICS

---

## MANAGEMENT DISCUSSIONS AND ANALYSIS

For the three months ended March 31, 2020 and 2019

---

The following amended Management's Discussion and Analysis ("MD&A") for Empower Clinics Inc., formerly, Adira Energy Ltd., together with its wholly owned subsidiaries ("Empower" or "the Company") is prepared as of July 27, 2020, and relates to the financial condition and results of operations for the three months ended March 31, 2020 and 2019. Past performance may not be indicative of future performance. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements ("consolidated financial statements") and related notes for the three months ended March 31, 2020 and 2019, which have been prepared using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS" or "GAAP").

The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The years ended December 31, 2019, 2018 and 2017, are also referred to as "fiscal 2019", "fiscal 2018" and "fiscal 2017", respectively. All amounts are presented in United States dollars, the Company's presentation currency, unless otherwise stated. References to "C\$" are to Canadian dollars.

Statements are subject to the risks and uncertainties identified in the "Risks and Uncertainties", and "Cautionary Note Regarding Forward-Looking Statements" sections of this document.

We are publicly traded on the Canadian Securities Exchange ("Exchange") under the symbol CBDT, quoted on the OTCQB under the symbol "EPWCF" and quoted on the Frankfurt Stock Exchange under the symbol "8EC.F 8EC.MU, 8EC.SG". Continuous disclosure materials are available on our website at [www.empowerclinics.com](http://www.empowerclinics.com), and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Nature of Operations and Going Concern**

As at March 31, 2020, the Company has an accumulated deficit of \$13,536,527 (December 31, 2019 - \$13,012,319). The Company's operations are mainly funded with equity and debt financing, which is dependent upon many external factors, and thus funds may be difficult to raise when required. Management continues to evaluate the need for additional financing and is of the opinion that additional financing will be available to continue its planned activities in the normal course. Nonetheless, there is no assurance that the Company will be able to raise sufficient funds in the future to complete its planned activities. The foregoing indicates the existence of a material uncertainty that may cast substantial doubt as to whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

The Company's consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume the realization of assets and discharge of liabilities in the normal course of business. The consolidated financial statements do not give effect to any adjustments that would be necessary should the Company not be able to continue as a going concern. Such adjustments could be material.

## **EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

#### **2020 Q1 CONSOLIDATED FINANCIAL HIGHLIGHTS**

---

- 5,717 patient visits generating revenue of \$789,135, compared to 1,198 patient visits generating \$152,846 for Q1 2019.
- Net loss of \$524,208 or \$0.00 per share, compared to \$398,541 or \$0.01 per share for Q1 2019.
- Cash provided by operating activities was \$13,864, compared to cash used in operating activities of \$219,212 for 2019 Q1.
- Cash at March 31, 2020 of \$131,808.
- Working capital deficit at March 31, 2020 of \$4,210,395.

#### **2020 Q1 KEY DEVELOPMENTS**

---

##### **Focus on CBD Product Sales**

Empower has commenced selling its proprietary line of cannabidiol (“CBD”) based products called SOLLIEVO, *Italian for Relief*, and the Sun Valley Science brand through its network of company-owned clinics in the United States. Empower’s patient base and customers will be able to purchase high margin derivative products, including CBD lotion, tinctures, spectrum oils, capsules, lozenges, patches, e-drinks, topical lotions, gel caps, hemp extract drops and pet elixir hemp extract drops. Patients and customers will be able to access Empower’s home delivery and e-commerce platform through its e-commerce store at <https://www.sunvalleyhealth.com/shop/>

##### **Intention to Launch CBD Extraction Facility**

The Company intends to open a fully functioning hemp-based CBD extraction facility in greater Portland, Oregon in 2020, with the first extraction system expected to have the capacity to produce 6,000 kilograms of extracted product per year. The 5,000 sq. ft. facility in Sandy, Oregon has been secured through a 5-year lease agreement and preparations are underway to begin licensing and permit requirements to commence operations. The Company received its hemp-handlers license from the Oregon Department of Agriculture on August 6, 2019 allowing the new next phase of build-out, architectural design and building permit applications to commence.

The Company has entered into a Letter of Intent (“LOI”) to form a Joint Venture Partnership (“JV”) with Heritage Cannabis Holdings Corp (CSE: CANN) (“Heritage”). Terms of the LOI have Empower and Heritage each with a 50% ownership of the JV. Heritage will install extraction units and related downstream extraction equipment inside Empower’s existing licensed hemp processing facility in Sandy, Oregon. In addition, Heritage will train and supervise the staff on the proprietary methods of extraction and oil production that it produces in Canada. The JV will be equally funded by both companies with Heritage investing an initial \$500,000 for start-up funds, as the build out completes and the JV secures high quality hemp supply from local growers.

## **EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

Once operational, the JV will begin producing proprietary branded products for Empower's corporately owned physician staffed health clinics in Washington State, Oregon, and Arizona. These clinics include Sun Valley Certification Clinics Holdings LLC ("Sun Valley"), a subsidiary of Empower, which has direct marketing access to over 165,000 patients and growing as Sun Valley expands its franchised network nationwide. The JV intends to promote and potentially produce products and formulations as a result of partnerships that Heritage brings. We intend to manufacture the propriety Sollievo branded products and any new formulations the Company creates in the Sandy, Oregon facility.

#### **Acquisition of Sun Valley Clinics**

Empower completed the acquisition of the business of Sun Valley in 2019, including its interests in certain affiliates, by way of a share acquisition. Sun Valley operates a network of professional medical cannabis and pain management practices, with five clinics in Arizona, one clinic in Las Vegas, (noting that the Nevada clinic was closed shortly after the acquisition) a tele-medicine platform serving California, and a fully developed franchise business model for the domestic and international medical cannabis industry.

The current Sun Valley clinic locations are:

- 4218 W Dunlap Ave, Phoenix, AZ
- 4015 E Bell Rd #130, Phoenix, AZ
- 12801 W Bell Rd #145, Surprise, AZ
- 2011 E University Dr, Mesa, AZ
- 7074 E Speedway Blvd, Tucson, AZ

The Company is consolidating its clinic operations under one consistent brand by merging the existing clinic operations of Sun Valley in Arizona and Nevada with the existing physical and mobile clinic operations of Empower Clinics in Washington State and Oregon State under the brand of Sun Valley Health with the website [www.sunvalleyhealth.com](http://www.sunvalleyhealth.com).

#### **Franchise Program**

As part of the Sun Valley acquisition, the Company is launching a nationwide Sun Valley Health franchise model allowing for easy and fast nationwide scalability that will increase the distribution of Sollievo and Sun Valley CBD products, to access many more patients and consumers in new and developing markets for the Company. Franchisees will retain rights to specific territories to open and operate Sun Valley Health clinics and sell CBD products in clinics and to local sales regions. Empower receives upfront franchise fees, ongoing clinic royalties, product royalties and ownership of patient database information.

During 2019, the Company launched the nationwide Sun Valley Health franchise program and has received numerous franchise applications and has sent out preliminary Franchise Disclosure Documents (FDD) to perspective franchise applicants. During Q1 2020, the Company sold its first franchise agreement whereby the franchisee will pay an upfront franchise fee to the Company, an ongoing monthly royalty based on revenue, a variable monthly technology and marketing support fee, and are required to purchase Sun Valley Health CBD product lines for their clinic location. The new franchise is currently going through setup and training.

## **EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

#### **CBD Market Demand**

The passing in the United States of the US\$867 billion Agriculture Improvement Act (the “Farm Bill”) has legalized hemp and hemp-based products. Recent reports and studies from the Brightfield Group indicate the approval of the Farm Bill could create a US\$23.7 billion industry by 2023.

#### **Increased Patient Access**

With a rapidly expanding company-owned clinic network and significant expansion opportunity with the successful acquisition of Sun Valley Clinics and the roll-out of the Sun Valley franchise model, Empower anticipates it will grow its total patient list substantially in the years ahead. The objective is to utilize the current 165,000 patients and data associated with their consultations with our physicians, to potentially begin to determine measurable and quantifiable data on medical cannabis treatment option efficacy.

#### **Market Leading Technology**

Empower utilizes a market-leading patient electronic management and POS system that is HIPAA compliant and provides insight to patient care. The Company supports remote patients using its tele-medicine portal, enabling patients who are unable to come to a location to benefit from a doctor consultation.

### **RECENT DEVELOPMENTS**

---

#### **COVID-19 Testing**

In April 2020, the Company launched its COVID-19 antibody testing pilot program starting in Phoenix, AZ and is based on a four-phase rollout plan as below. In May 2020, the Company proceeded into Phase Three which began a new revenue stream for the company.

Phase One Testing began in clinics in Arizona, utilizing a patient blood draw by clinic phlebotomists, samples of which are sent to our laboratory test partner for analysis, with test results expected within 48 hours. This program is active and appointment rates are expanding rapidly.

Phase Two Offering consists of a Rapid COVID-19 antibody test with results in 1-15 minutes. The service will be offered in-clinics using a drive-up service, conducted by Company clinic staff. In addition, an outbound door-step service, to support a variety of consumer, patient and community needs will be offered using certified mobile technicians. The online portal is open to book appointments.

Phase Three Business Employee Testing programs, consists of offering Rapid COVID-19 testing to businesses on a one-time basis, repeat basis and/or subscription basis, to assist businesses to get back to work safely.

Phase Four U.S. nationwide roll-out, offering all phases of Company services, that can be accessed online at Company websites and call centers, to purchase Rapid COVID-19 test kits. The Company anticipates Phase Four services to potentially commence in Q3 2020.

## **EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

#### **Acquisition of Dosed Movie**

In May 2020, the Company entered into a term sheet to acquire an interest in the global royalty rights of Dosed Movie, launched Dosed Wellness, a psychedelics brand, launched new dedicated website [www.dosedwellness.com](http://www.dosedwellness.com) and added new team members dedicated to the new brand. Under the terms of the agreement, the Company intends to issue C\$75,000.00 of common shares of the Company plus an aggregate payment of C\$25,000.00 to the Vendors at the Closing. Further, the principals of Golden, Tyler Chandler and Nicholas Meyers will be offered consulting contracts to join the management team of Dosed Wellness Ltd.

#### **Subsequent Share, Warrant and Share Option Transactions**

On April 7, 2020, pursuant to the conversion of convertible debentures with a face value of \$268,554 (C\$367,500) and accrued interest of \$16,113 (C\$22,050), the Company issued 3,541,366 units. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.07 (C\$0.10) for a period of two years following the closing date of the conversion.

On April 8, 2020, pursuant to the conversion of convertible debentures with a face value of \$147,691 (C\$207,270) and accrued interest of \$8,254 (C\$11,584), the Company issued 1,989,588 units. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.07 (C\$0.10) for a period of two years following the closing date of the conversion.

On April 16, 2020, pursuant to a private placement financing, the Company issued 16,325,000 units at a price of \$0.03 (C\$0.04) per unit for gross proceeds of \$462,399 (C\$653,000). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.07 (C\$0.10) per share for a period of two years following the closing date of the financing.

On April 23, 2020, a total of 11,642,185 warrants with an exercise price of \$0.30 (C\$0.39) expired.

On May 7, 2020, pursuant to the conversion of convertible debentures with a face value of \$178,380 (C\$250,000) and accrued interest of \$20,600 (C\$28,871), the Company issued 3,064,515 common shares and 3,064,515 common share purchase warrants. Each warrant entitles the holder to acquire one common share at a price of \$0.09 (C\$0.12) for a period of one year following the closing date of the conversion.

On May 7, 2020, the Company issued 347,142 common shares for \$0.06 (C\$0.085) per common share for total fair value consideration of \$21,054 (C\$29,507) as settlement of amounts payable for legal services.

On May 20, 2020, the Company issued 844,444 common shares. The issuance settled the obligation to issue 150,000 common shares of the Company. In addition, the Company issued 694,444 common shares to settle the administrative charge of \$18,876 (C\$25,000).

On July 16, 2020, pursuant to a private placement financing, the Company issued 14,417,334 units for \$0.04 (C\$0.05) per unit for gross proceeds of \$532,279 (C\$720,866). Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.09 (C\$0.12) per share for a period of twenty-four months following the closing date of the financing.

## **EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

## **OVERVIEW OF THE BUSINESS**

---

The Company is a federally incorporated Canadian company which operates a growing network of physician-staffed medical certification clinics with a primary focus on enabling patients to improve and protect their health.

The new Empower Clinics is a growth focused, vertically integrated CBD Life Sciences company committed to improving patients' lives with products, technology and health systems, through a network of medical clinics across the US.

It is expected that Empower's proprietary product line "Sollievo" will offer patients a variety of delivery methods of doctor recommended cannabidiol ("CBD") based products in its clinics, online and at major retailers. With over 165,000 patients in its database, an expanding clinic footprint, a focus on new technologies, including tele-medicine, and an expanded product development strategy, Empower is undertaking new growth initiatives to be positioned as a vertically integrated, diverse, market-leading service provider for complex patient requirements in 2020 and beyond.

The Company currently operates six physical clinic locations in the states of Oregon and Arizona, and in January 2020, sold its first franchise location in the state of Oklahoma which is currently in the process of setup and training. In addition, the Company operates a tele-medicine platform supporting virtual doctor consultation in each of its clinic markets and for Washington State.

As part of the Sun Valley acquisition, the Company is launching a franchise model allowing for easy and fast nationwide scalability that will increase the distribution of Sollievo and Sun Valley CBD products, to access many more patients and consumers in new and developing markets for the Company. Franchisees will retain rights to specific territories to open and operate Sun Valley Health clinics and sell CBD products in clinics and to local sales regions. Empower receives upfront franchise fees, ongoing clinic royalties, product royalties and ownership of patient database information.

Empower has multiple distribution strategies for our branded Sollievo CBD products that target chronic pain, insomnia, digestion, anxiety, sleep disorders and more. The Company owns the proprietary formulations for these products based on feedback from scientists and patients, and the Company intends to invest in developing these formulations to become a market leading hemp-derived CBD based product distributor. Distribution of products will naturally fit into the Company's clinic strategy with the development of retail-like kiosks in clinics and as a standard feature in franchises nationwide. E-commerce is an important distribution channel going forward providing patients and general consumers the opportunity to access and purchase Company products. Sollievo products include lotions and balms, tinctures and gel caps, all at various phases of R&D and production.

The Company operates software platform to manage patients through the medical certification process that is a HIPAA compliant Electronic Health Record system and patient management portal. It provides improved management of patients while improving the ability of our doctors, admins and staff to treat and serve patients needs. The tele-medicine platform allows patients to register and select an appointment time to conduct a private consultation with one of the physicians remotely through a secure video link, thereby extending the reach of our clinic operations beyond the physical clinic locations. We believe going forward, greater demand for professional consultations will evolve the service offering for Company owned clinics and for franchisees throughout our network.

## **EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

E-commerce platforms for Sollievo and Sun Valley CBD product lines present a developing opportunity for the Company and our network of future franchise partners. The passing in the United States of the US\$867 billion *Agriculture Improvement Act* has legalized hemp and hemp-based products. This has created an opportunity for the production and sale of a variety of CBD-based products that can provide genuine help and effective relief to millions of people suffering from a variety of qualifying conditions. Online distribution channels supported by strong social media presence, influencer strategies and the ability to reach a wide-array of consumers, will provide the Company new growth opportunities with greater overall brand awareness.

Empower secured its first CBD extraction facility in greater Portland, Oregon taking possession June 1, 2019 and plans to commence the build-out of a new 5,000 square foot leased building to contain the first operating extraction systems capable of producing up to 20kg per day of high quality spectrum oil, isolate and/or distillate. The facility is strategically located in the agricultural plains of Mt. Hood, Oregon with over 200 licenced hemp farms in the neighbouring counties. Over time, the facility has the potential to be scaled to add multiple extraction, post-production and product manufacturing systems.

### **OUTLOOK**

---

The Company will continue to be active and opportunistic with respect to mergers and acquisitions opportunities, with the goal of advancing its business plan and to increase shareholder value where possible. Additionally, the Company may seek to acquire third party channel partners to increase its patient base, margin per patient, and to increase shareholder value through the accretion of these operations and/or assets.

The Company is in active discussions to secure hemp bio-mass supply agreements from licensed producers in Oregon and Arizona with the objectives of locking in raw material supply agreements to support the new extraction facilities.

The Company is in active discussions with various product brands, brokers and retail sales outlets to secure short and long term sales contracts to support the revenue growth objectives for our hemp-derived CBD extract and CBD based products.

Currently, the market for both clinics and CBD based products in the United States remains highly fragmented with very few nationwide competitors. The Company seeks to take advantage of this by using its capital-light expenditure model to open franchised clinics, to create highly valuable patient relationships in new markets, further develop a wide-array of CBD formulations and product lines for nationwide distribution and own and operate hemp-derived CBD extraction facilities with the first location secured in Sandy, Oregon strategically located in the S.W. region of Portland, Oregon surrounded by over 200 hemp farms.

## EMPOWER CLINICS INC.

(Formerly Adira Energy Ltd.)

### MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

### REVIEW OF QUARTERLY AND ANNUAL RESULTS

Amounts presented in thousands except per share amounts:

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	YTD 2020	YTD 2019
<b>FINANCIAL RESULTS:</b>										
Net revenues	789	625	663	591	153	197	280	312	789	153
Income (loss)	(524)	(1,942)	(505)	(1,457)	(399)	1,343	(379)	(3,915)	(524)	(399)
Income (loss) per share:										
- Basic	(0.00)	(0.02)	(0.00)	(0.01)	(0.01)	0.01	(0.00)	(0.06)	(0.00)	(0.01)
- Diluted	(0.00)	(0.02)	(0.00)	(0.01)	(0.01)	0.01	(0.00)	(0.06)	(0.00)	(0.01)
Cash dividends declared	-	-	-	-	-	-	-	-	-	-
Total assets	1,392	1,556	4,943	5,760	2,417	514	1,546	1,038	1,392	2,417
<b>OPERATING RESULTS:</b>										
Patient visits	5,717	4,616	5,807	4,299	1,198	1,314	1,864	2,187	5,717	1,198

The Company has a limited operating history, which can make it difficult for investors to evaluate the Company's operations. As a result, the prior periods shown in the above table are not necessarily comparable and should not be relied upon as an indication of future performance.

The Company is expected to remain subject to many of the risks common to early-stage enterprises for the foreseeable future, including challenges related to laws, regulations, licensing, integrating and retaining qualified employees; making effective use of limited resources; achieving market acceptance of existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and developing new solutions.



**EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

**MANAGEMENT DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

**Review of Consolidated Financial Information for Q1 2020 compared to Q1 2019**

	Q1 2020	Q1 2019
Clinic revenues	\$ 767,803	\$ 152,846
Product revenues	21,332	-
	<b>789,135</b>	152,846
Direct clinic expenses	256,422	39,413
Cost of goods sold (changes in finished goods inventory)	11,978	-
Earnings from clinic operations	520,735	113,433
Operating expenses	581,622	218,627
Legal and professional fees	139,213	113,011
Depreciation and amortization expense	90,425	46,143
Share-based payments expense	27,306	14,960
Loss from operations	<b>(317,831)</b>	(279,308)
Accretion expense	284,051	29,914
Interest expense	60,394	33,372
Interest income	(1,835)	(1,618)
Gain on debt settlement of accounts payable	(18,261)	-
(Gain) loss on change in fair value of warrant liability	(37,247)	190
(Gain) loss on change in fair value of conversion feature	(2,795)	33,362
Other (income) expense, net	(77,930)	24,013
<b>Net (loss) income and comprehensive (loss) income for the period</b>	<b>\$ (524,208)</b>	<b>(398,541)</b>

Clinic revenues

Clinics revenues were \$767,803 compared to \$152,846 during Q1 2019 as the Company received 5,717 patients spending on average approximately \$109, compared to 1,198 patients spending on average approximately \$128 during Q1 2019. The Company receives revenue streams from patient visits to existing clinics throughout the network. The increase in clinic revenues and patient count is primarily due to the addition of the Sun Valley clinics, beginning May 1, 2019.

Product revenues

Product revenues were \$21,332 compared to \$nil during Q1 2019 as the Company has expanded into CBD product sales and the sale of premium wellness products. The Company expects to expand its revenue streams as the Company patient base grows, as branded CBD products are further rolled out and, the CBD extraction and product production facility becomes fully operational.

## **EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

### MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

#### Direct clinic expenses

Direct clinic expenses were \$256,422, compared to \$39,413 during Q1 2019. These costs represent physician and clinic support staff expenses that are required to operate the clinics and provide patient consulting services. These expenses increased due to the increase in revenues and a reclassification of physician costs from operating expenses. The Company continues to monitor and improve its operational controls to align labor cost with direct patient consultations. The Company employs a diverse mix of physicians and practitioners.

#### Cost of goods sold

Cost of goods sold (comprising changes in finished goods inventory) was \$11,978, compared to \$nil during Q1 2019 as the Company has expanded into CBD product sales and the sale of premium wellness products.

#### Operating expenses

Operating expenses were \$581,622, which increased from Q1 2019 of \$218,627. The increase is primarily related to:

- Operating costs related to Sun Valley which was acquired on May 1, 2019.
- Compensation expense of \$43,301 in non-cash share-based payments to the CEO as compared to \$nil to the former CEO during Q1 2019.

#### Legal and professional fees

Legal and professional fees were \$139,213, compared to \$113,011 during Q1 2019. The increase is primarily related to financial advisory services.

#### Depreciation and amortization expense

Depreciation and amortization expense was \$90,425, compared to \$46,143 during Q1 2019. The balance increased due to the addition of the Sun Valley on May 1, 2019.

#### Share-based payments

Share-based payments expense was \$27,306, compared to \$14,960 during Q1 2019. The share-based payments expense is the fair value of share options recognized as an expense during the period based on the fair value determined by the Black-Scholes option pricing model valuation.

#### Accretion expense

Accretion expense was \$284,051, compared to \$29,914 during Q1 2019, in connection with the Company's convertible debentures and convertible notes payable. Using the effective interest rate method, the accretion is lower at issuance and increases as maturity approaches.

## **EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

#### Interest expense

Interest expense increased to \$60,394, compared to \$33,372 during Q1 2019, owing to the issuance of convertible debentures during April and May 2019 and convertible notes payable in October and December 2019.

#### Interest income

Interest income increased to \$1,835, compared to \$1,618 during Q1 2019, owing to the promissory note receivable.

#### Gain on debt settlement or accounts payable

The Company recorded a gain on debt settlement of \$18,261, compared to \$nil during Q1 2019, owing to the settlement of accounts payable through the issuance of 4,800,000 common shares of the Company. The fair value of the common share, determined as the share price on the date of agreement to settle, was less than the carrying value of the accounts payable of \$182,608 (C\$240,000) and thus the Company recorded a gain on debt settlement.

#### Gain loss on change in fair value of warrant liability

The Company recorded a gain on the change in the fair value of the warrant liability of \$37,247 compared to \$a loss on the change in the fair value of the warrant liability during Q1 2019. The share purchase warrants are required to be revalued at every quarter end and the gain resulted from the decrease in the Company's share price during Q1 2020, which is a variable in determining the fair value of the warrant liability per the Black-Scholes valuation model.

#### Gain on change in fair value of conversion feature

The Company recorded a gain on the change in the fair value of the conversion feature of \$2,795, compared to a loss on the change in the fair value of the conversion feature of \$33,362 during Q1 2019. The conversion feature is required to be revalued at every quarter end and the gain resulted from the decrease in the Company's share price during Q1 2020, which is a variable in determining the fair value of the conversion feature.

#### Other expense, net

The Company recorded other income of \$77,930, compared to other expense of \$24,013 during Q1 2019. The amount relates primarily to foreign exchange gains due to the increase in the US dollar relative to the Canadian dollar during Q1 2020.

## **LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES**

---

### **Liquidity**

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities and other contractual obligations. The Company's strategy for managing liquidity is based on achieving positive cash flows from operations to internally fund operating and capital requirements.

## EMPOWER CLINICS INC.

(Formerly Adira Energy Ltd.)

### MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

Factors that may affect the Company's liquidity are continuously monitored. These factors include the number of patient visits, average patient spend per visit, operating costs, capital costs, income tax refunds, foreign currency fluctuations, seasonality, market immaturity and a highly fluid environment related to state and federal law passage and regulations.

In the event that the Company is adversely affected by any of these factors and, as a result, the operating cash flows are not sufficient to meet the Company's working capital requirements there is no guarantee that the Company would be able to raise additional capital on acceptable terms to fund a potential cash shortfall. Consequently, the Company is subject to liquidity risk.

The Company will need to procure additional financing in order to fund its ongoing operation. The Company intends to obtain such financing through equity financing, and there can be no assurance that the Company can raise the required capital it needs to build and expand as expected, nor that the capital markets will fund the business of the Company. Without this additional financing, the Company may be unable to achieve positive cash flow and earnings as quickly as anticipated, these uncertainties cast a significant doubt about the Company's ability to continue as a going concern.

Subsequent to quarter end, the Company issued 30,742,334 units for gross proceeds of \$994,678 (C\$1,373,866).

At March 31 2020, the Company had a working capital deficit of \$4,210,395, as follows:

	<b>March 31, 2020</b>	December 31, 2019
Cash	\$ 131,808	\$ 179,153
Accounts receivable	4,974	24,482
Prepaid expenses	30,753	38,382
Inventory	21,455	21,848
Promissory note receivable	124,408	-
Total Current Assets	<b>313,398</b>	263,865
Accounts payable and accrued liabilities	1,729,938	1,874,990
Notes Payable	978,106	969,891
Convertible debentures payable	651,471	427,320
Conversion feature	-	2,795
Convertible notes payable	177,309	192,717
Secured loan payable	773,162	761,711
Lease liability	213,807	219,800
Total Current Liabilities	<b>4,523,793</b>	4,449,224
Working Capital	\$ (4,210,395)	\$ (4,185,359)

## EMPOWER CLINICS INC.

(Formerly Adira Energy Ltd.)

### MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

#### Cash Flow

	Q1 2020		Q1 2019	
Net cash provided by (used in) operating activities	\$	13,864	\$	(219,212)
Net cash provided by investing activities		-		-
Net cash (used in) provided by financing activities		(61,209)		2,036,027
(Decrease) increase in cash	\$	(47,345)	\$	1,816,815

#### Review of cash flow Q1 2020 compared to Q1 2019:

Cash provided by operating activities was \$13,864, compared to cash used in operating activities of \$219,212 during Q1 2019:

- Loss before taxes was \$524,208 compared to income before taxes of \$398,542.
- Movements in non-cash items increased cash by \$488,250 compared to decreasing cash by \$155,884 during Q1 2019.
- Movements in accounts receivables increased cash by \$19,508 compared to \$nil during Q1 2019.
- Movements in prepaid expenses increased cash by \$7,629 compared to \$11,875 during Q1 2019.
- Movements in inventory increased cash by \$393 compared to \$nil during Q1 2019.
- Movements in accounts payable and accrued liabilities decreased cash by \$2,708 compared to increasing cash by \$11,571 during Q1 2019.
- Movements in deferred revenue increased cash by \$25,000 compared to \$nil during Q1 2019.

Cash used by financing activities was \$61,209 compared to cash provided by financing activities of \$2,036,027 during Q1 2019. Cash used in financing activities during Q1 2020 related to lease payments whereas cash provided by financial activities during Q1 2019 related to proceeds from share subscriptions, advances of notes payable which was partially offset by lease payments.

#### Capital Resources

The capital of the Company consists of consolidated equity, notes payable, convertible debentures, secured loan payable, and convertible note payable, net of cash.

	March 31, 2020		December 31, 2019	
Equity	\$	(3,694,205)	\$	(3,514,913)
Notes payable		978,106		969,891
Convertible debentures		651,471		427,320
Secured loan payable		773,162		761,711
Convertible notes payable		177,309		192,717
		(1,114,157)		(1,163,274)
Less: cash		(131,808)		(179,153)
	\$	(1,245,965)	\$	(1,342,427)

The board of directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management policies on an annual basis. The Company's board of directors identifies and evaluates the Company's financial risks and is charged with the responsibility of establishing controls and procedures to ensure financial risks are mitigated.

## EMPOWER CLINICS INC.

(Formerly Adira Energy Ltd.)

### MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

The Company's objectives when managing capital are to pursue and complete the identification and evaluation of assets, properties or businesses with a view to acquisition. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new common shares or adjust the amount of cash.

The Company's investment policy is to invest excess cash in investment instruments at high credit, quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

### OFF-BALANCE SHEET ARRANGEMENTS

---

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations or arrangements with respect to any obligations under a variable interest equity arrangement.

### RELATED PARTY TRANSACTIONS

---

The Company's related parties include key management personnel and any transactions with such parties for goods and/or services that are made on regular commercial terms. During the three months ended March 31, 2020 and 2019, the Company did not enter into any transactions with related parties outside of compensation to key management personnel as disclosed below.

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company. Salaries and benefits, bonuses, and termination benefits are included in operating expenses and share-based payments are recorded as share-based payment expense or share capital.

Key management compensation includes:

	Three months ended March 31,	
	2020	2019
Salaries and benefits	\$ 169,644	\$ 66,250
Share-based payments	7,870	-
Directors fees	3,750	-
	<b>\$ 181,264</b>	<b>\$ 66,250</b>

Included in cost of goods sold for the three months ended March 31, 2020 is \$3,520 (three months ended March 31, 2020 - \$nil) in product purchases made from Sun Valley Science LLC, an entity controlled by the Senior Vice President Development and Director.

Included in salaries and benefits for the three months ended March 31, 2020 is \$34,028 (three months ended March 31, 2019 - \$nil) related to common shares awarded to the CEO during 2019 which vested during the three months ended March 31, 2020.

As at March 31, 2020, \$14,102 (December 31, 2019 - \$28,827) is due to the CEO for advances made on behalf of the Company and \$203,538 (December 31, 2018 - \$133,444) is due to the CEO for salaries and benefits. The amounts are unsecured and due on demand.

## **EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

As at March 31, 2020, \$140,000 (December 31, 2019 - \$140,000) is due to the Senior Vice Present Development and Director and his spouse for consideration related to the Sun Valley acquisition.

### **INTERNATIONAL FINANCIAL REPORTING STANDARDS**

---

The consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB, effective as of March 31, 2020. The Company's significant accounting policies are described in note 3 of the Company's consolidated financial statements for the years ended December 31, 2019 and 2018 and note 3 to the March 31, 2020 unaudited interim condensed consolidated financial statements.

### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

---

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates based on assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised. Management has made the following critical judgements and estimates:

#### **Critical judgements in applying accounting policies**

Critical judgements made by management in applying the Company's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

#### **Functional currency**

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates; the Company has determined the functional currency of each entity to be the US dollar. Such determination involves certain judgements to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

#### **Assessment of Cash Generating Units**

For impairment assessment and testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating unit ("CGU"). The Company applies judgement in assesses the smallest group of assets that comprise a single CGU. The CGU's were determined to be the Empower Clinics, the Sun Valley Clinics and the CBD extraction facility.

## **EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

#### Assessment of useful lives of property and equipment and intangible assets

Management reviews its estimate of the useful life of property and equipment and intangible assets annually and accounts for any changes in estimates prospectively. The Company applied judgment in determining the useful lives of trademarks and patient records with less than an indefinite life. In addition, the Company applied judgment in determining the useful lives of the right of use assets and leasehold improvements for purposes of assessing the shorter of the useful life or lease term.

#### Assessment of indicators of impairment

At the end of each reporting period, the Company assesses whether there are any indicators, from external and internal sources of information, that an asset or CGU may be impaired, thereby requiring adjustment to the carrying value. The Company identified the sustained decrease in market capitalization and change in Arizona licensing regulations as an indicator of impairment during the year ended December 31, 2019. As a result of these impairment indicators, the Company assessed the intangible assets and goodwill for impairment and concluded the recoverable value of each CGU was less than its carrying value and an impairment loss was recognized on intangible assets and goodwill.

#### Revenue recognition

##### *Determination of performance obligations*

The Company applied judgement to determine if a good or service that is promised to a customer is distinct based on whether the customer can benefit from the good or service on its own or together with other readily available resources and whether the good or service is separately identifiable. Based on these criteria, the Company determined the primary performance obligation relating to its sales contracts is the delivery of the medical services or sale of product, each representing a single performance obligation with consideration allocated accordingly.

##### *Transfer of control*

Judgement is required to determine when transfer of control occurs relating to the medical services to its customers. Management based its assessment on a number of indicators of control, which include, but are not limited to whether the Company has present right of payment, whether delivery of medical services has occurred and whether the physical possession of the goods, significant risks and rewards and legal title have been transferred to the customer.

#### Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition.

Estimates are made as to the fair value of assets and liabilities acquired. In certain circumstances, such as the valuation of property and equipment, intangible assets and goodwill acquired, the Company may rely on independent third-party valuers. The determination of these fair values involves a variety of assumptions, including revenue growth rates, expected operating income, and discount rates.

The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values.

Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements). The excess of the aggregate of (a) the consideration transferred to obtain control over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Consideration paid for business combinations is measured at fair value.



## **EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

#### **Key sources of estimation uncertainty**

Significant assumptions about the future and other major sources of estimation uncertainty at the end of the reporting period that may result in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

##### **Current and deferred taxes**

The Company's provision for income taxes is estimated based on the expected annual effective tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The current and deferred components of income taxes are estimated based on forecasted movements in temporary differences. Changes to the expected annual effective tax rate and differences between the actual and expected effective tax rate and between actual and forecasted movements in temporary differences will result in adjustments to the Company's provision for income taxes in the period changes are made and/or differences are identified.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on patient visits, which are internally developed and reviewed by management.

Weight is attached to tax planning opportunities that are within the Company's control and are feasible and implementable without significant obstacles.

The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

##### **Equity-settled share-based payments**

Share-based payments are measured at fair value. Options and warrants are measured using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and are expensed to the consolidated statement of loss and comprehensive loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

##### **Warrant liability and conversion feature**

Warrant liability and conversion feature are measured at fair value using the Black-Scholes option pricing model based on estimated fair values at the date of grant and revalued at period end to the consolidated statement of loss and comprehensive loss over the life of the instruments. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

##### **Contingencies**

Due to the nature of the Company's operations, various legal and tax matters can arise from time to time. In the event that management's estimate of the future resolution of these matters' changes, the Company will recognize the effects of the changes in its consolidated financial statements for the period in which such changes occur.

## **EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

#### Leases as a result of adopting IFRS 16

##### *Identifying whether a contract includes a lease*

IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. The Company had to apply judgment on certain factors, including whether the supplier has substantive substitution rights, does the Company obtain substantially all of the economic benefits and who has the right to direct the use of that asset.

##### *Incremental borrowing rate*

When the Company recognizes a lease, the future lease payments are discounted using the Company's incremental borrowing rate. This significant estimate impacts the carrying amount of the lease liabilities and the interest expense recorded on the consolidated statement of loss and comprehensive loss.

##### *Estimate of lease term*

When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract or exercise an early termination option. As it is not reasonably certain that the extension or early termination options will be exercised, the Company determined that the term of its leases are the lesser of original lease term or the life of the leased asset. This significant estimate could affect future results if the Company extends the lease or exercises an early termination option.

#### **CHANGES IN ACCOUNTING STANDARDS**

---

The accounting policies applied in the preparation of the Company's annual consolidated financial statements for the years ended December 31, 2019, 2018 and 2017, are consistent with new standards and amendments to standards, except for the following:

*Amendments to IAS 1 – Presentation of financial statements ("IAS 1") and IAS 8 – Accounting policies, changes in accounting estimates and errors ("IAS 8").*

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users have been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The Company adopted the amendments to IAS 1 effective January 1, 2020, which did not have a material impact on the Company's financial statements.

## EMPOWER CLINICS INC.

(Formerly Adira Energy Ltd.)

### MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

#### *Franchise Revenues*

Franchise revenues consist primarily of royalties and initial franchise fees. Under franchise agreements, we provide franchisees with (i) a franchise license, which includes a license to use our intellectual property, (ii) pre-opening services, such as training and inspections, and (iii) ongoing services, such as development of training materials

Royalties are calculated as a percentage of franchise clinic revenues over the term of the franchise agreement. The Company recognizes royalty revenues from the rendering of patient services in the accounting period in which the physician's services are rendered.

Initial franchise fees are payable by the franchisee upon execution of a franchise agreement. Initial franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement. The term of the agreement commences upon opening of the clinic location.

#### **OUTSTANDING SHARE DATA**

---

The authorized capital of the Company consists of an unlimited number of common shares without par value. The Company had the following securities outstanding as at the date of this MD&A:

<b>Type of Security</b>	<b>Number Outstanding</b>
Common Shares	187,678,694
Stock Options	11,920,000
Warrants	74,830,347

#### **RISKS AND UNCERTAINTIES**

---

**COVID-19.** There is a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the United States, state and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by the United States and other countries to fight the virus.

**Regulatory Risks.** The Company operates in a new industry which is highly regulated and is evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward- looking statements. Failure to comply with the requirements of the State licensing agencies within which the Company operates would have a material adverse impact on the business, financial condition and operating results of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of our operations.

## **EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

**Change in Laws, Regulations and Guidelines.** The Company operates in an industry that is not recognized as a legal industry by the US Federal government.

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis and also including laws and regulations relating to health and safety, privacy and the conduct of operations. While to the knowledge of the Company's management, the Company is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to the Company's operations and the financial condition of the Company.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic.

The Arizona Marijuana Legalization Initiative may appear on the ballot in Arizona as an initiated state statute on November 3, 2020. The ballot initiative would legalize the possession and use of recreational marijuana for adults (age 21 years or older). The ballot initiative would allow people to grow no more than six marijuana plants for personal use in their residence, as long as the plants are within an enclosed area with a lock and beyond public view.

**Market Risks.** The Company's securities will trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and long-term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

**Financing Risks.** The Company will be dependent on raising capital through a combination of debt and/or equity offerings. There can be no assurance that the capital markets will remain favorable in the future, and/or that the Company will be able to raise the financing needed to continue its business at favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

## **EMPOWER CLINICS INC.**

(Formerly Adira Energy Ltd.)

### **MANAGEMENT DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

**Share Price Volatility and Price Fluctuations.** In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many corporations have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Such volatility has been particularly evident with regards to the share price of medical cannabis companies, which are public issuers in Canada.

**Key Personnel Risks.** The Company's efforts are dependent to a large degree on the skills and experience of certain of its key personnel, including the board of directors. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

**Competition.** There is potential that the Company will face intense competition from other companies, some of which can be expected to have more financial resources, industry, manufacturing and marketing experience than the Company. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Company.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

**History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations.** The Company has incurred net losses to date. The Company may continue to incur losses. There is no certainty that the Company will operate profitably or provide a return on investment in the future.

**Uninsurable risks.** The Company may become subject to liability for events, against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

**Financial Instruments and Other Instruments.** The Company's financial instruments consist of cash, accounts payable and accrued liabilities and due to related parties, convertible debt and loans payable. Cash is classified as fair value through profit or loss and recorded at fair value. Accounts payable and accrued liabilities, due to related parties and shareholder's loan are classified as other current liabilities, the fair value of cash, accounts payable and accrued liabilities, and due to related parties are equal to their carrying value due to their short-term maturity. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of arms-length financial instruments approximates their carrying value due to the relatively short-term to maturity.

## EMPOWER CLINICS INC.

(Formerly Adira Energy Ltd.)

### MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2020 and 2019

(In United States dollars, except where noted)

---

#### CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

---

This MD&A contains certain information that may constitute “forward-looking information” and “forward-looking statements” (collectively, “**forward-looking statements**”) which are based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as “expect,” “likely,” “may,” “will,” “should,” “intend,” or “anticipate”, “potential”, “proposed”, “estimate” and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this MD&A are made only as of the date of this MD&A.

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- licensing risks;
- regulatory risks;
- change in laws, regulations and guidelines;
- market risks;
- expansion of facilities;
- history of net losses; and
- competition.

Certain of the forward-looking statements and forward-looking information and other information contained herein concerning the medical cannabis industry and the general expectations of the Company concerning the medical cannabis industry and concerning the Company are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believe to be reasonable. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the medical cannabis industry involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third party information.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company’s forward-looking statements are expressly qualified in their entirety by this cautionary statement. In particular, but without limiting the foregoing, disclosure in this MD&A under “*Business Overview*” as well as statements regarding the Company’s objectives, plans and goals, including future operating results, economic performance and patient acquisition efforts may make reference to or involve forward- looking statements. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. See “Risk Factors” for further details. The purpose of forward- looking statements is to provide the reader with a description of management’s expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward- looking statements contained in this MD&A. The Company undertakes no obligation to update or revise any forward- looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.