Empower Clinics Inc.

Management's Discussion & Analysis

For the three and twelve months ended December 31, 2022 and 2021

Expressed in United States dollars

Preface

In this Management's Discussion & Analysis ("MD&A), "Empower", the "Company", or the words "we", "us", and "our" refer to Empower Clinics Inc. together with its subsidiaries.

This MD&A comments on our financial condition, financial performance, and results of operations for the three and twelve months ended December 31, 2022, and 2021. All amounts are expressed in US dollars unless otherwise noted. Past performance may not be indicative of future performance. This MD&A is supplemental and should be read in conjunction with the condensed interim consolidated financial statements for the three and twelve months ended December 31, 2022 and 2021 (the "Interim Financial Statements"), the audited consolidated financial statements and accompanying notes for the years ended December 31, 2021 and 2020 (the "Annual Financial Statements") and the annual Management's Discussion & Analysis for the years ended December 31, 2021 and 2020 (the "Annual MD&A").

All financial information contained in this MD&A and in the Interim Financial Statements is prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34 *Interim Financial Reporting,* as issued by the International Accounting Standards Board ("IASB"), except for non-GAAP information as noted and where a reconciliation to IFRS is provided.

The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The twelve-month period ended December 31, 2022 is referred to as "fiscal 2022". The twelve-month periods ended December 31, 2021 and 2020 are also referred to as "fiscal 2021" and "fiscal 2020", respectively.

In preparing this MD&A, we have considered all information available to us up to February 28, 2023.

This MD&A contains forward-looking information within the meaning of Canadian securities laws. Refer to "Cautionary Note Regarding Forward-Looking Statements". All statements made by management are subject to the risks and uncertainties identified in the "Risks and Uncertainties" section of this document.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators. Additional information regarding the Company is available on our website at www.EmpowerClinics.com and on SEDAR at www.SEDAR.com.

Nature of Operations and Outlook

Headquartered in Vancouver, British Columbia, Empower is a federally incorporated Canadian company that is publicly traded on the Canadian Securities Exchange under the symbol "EPW", quoted on the OTCQB under the symbol "EPWCF" and quoted on the Frankfurt Stock Exchange under the symbols "8EC.F", "8EC.MU", and "8EC.SG".

Empower Clinics

Empower is a leading provider of clinical research and healthcare solutions in U.S and Canada. With its deep experience and operational expertise in laboratory diagnostics, medical devices and health clinic management, Empower is focused on offering clinical trial services - including clinical trial design, patient recruitment, data management and regulatory compliance for the pharmaceutical, biotechnology and medical device industries.

Covid-19 Testing

On April 5, 2022, Empower Clinics launched COVID-19 testing solutions for cruise travel passengers in Vancouver, Canada. From launch through to September 30, 2022, Empower delivered more than 20,000 COVID-19 tests comprised of both rapid antigen tests and RT-PCR tests. Cruise lines and tour operators were among the repeat customers which contributed to the high volume of tests performed over the course of the operating season.

The Medi-Collective

Empower launched The Medi-Collective ("TMC"), the evolution of Empower's network of integrated healthcare clinics in Canada providing body and mind wellness, and treating patients with primary care, paramedical services and specialty services. TMC is a multi-disciplinary group of medical practitioners dedicated to applying a collaborative working model with the goal of delivering effective community healthcare and positive wellness. TMC's practice starts and ends with the people who make up our community, from our top-quality practitioners striving for excellence every day, to the patients and clients we care for. Fueled by the belief that effective healthcare is as much a mental approach as a physical one and by bringing together the power of positive attitudes with the most advanced medical methodologies, we create the best possible opportunity to produce the best possible outcomes for everyone involved, physically and mentally.

TMC is a channel for accessible and modern healthcare while providing communities with high-quality service through professionally trained medical practitioners. TMC's clinics provide patient accessibility through digital and telemedicine care offerings. TMC operates software platforms to manage patients through the medical consultation process that is a 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 telemedicine 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.

In December 2022, TMC management determined it was necessary to close three underperforming locations in Ontario to focus on locations that have the ability to perform on a cash flow positive basis. As a result, TMC currently has three operational clinic locations that offer paramedical services and primary care services.

The Company is working to leverage its integrated clinic offering of products and services to market and sell other Empower offerings such as Medi+Sure Canada Inc.'s diabetes management solutions and Vitamin D test kits to existing and incoming TMC clients. Management is committed to providing shareholder value and conducts regular operational reviews to ensure efficient and profitable operations. A recent operational review resulted in management's decision to close two underperforming clinic locations. This decision allows the Company to direct its resources to more profitable and viable clinic locations. In fiscal 2022 and beyond, the Company will seek to improve the profitability of its existing clinics while exploring additional clinic opportunities.

MediSure Canada

On July 30, 2021, the Company acquired Medi+Sure Canada Inc. ("MediSure"). Founded in 2010, MediSure has been dedicated to producing affordable, quality diabetes products that bring economic value to the diabetes testing market while delivering world-class training and educational support to those living with the disease. MediSure's distribution channels primarily consist of pharmacies, distributors, correctional facilities and care homes. During fiscal 2021, MediSure's product sales included diabetic glucose meters and blood sugar tests meeting all ISO standards. With a pipeline of broader product offerings, management expects MediSure to bolster Empower's direct-to-consumer testing products initiative.

On April 25, 2022, MediSure, launched the at-home Vitamin D test kit, approved by Health Canada under the MediSure brand. Vitamin D deficiency affects roughly 10% of Canadians and can contribute to adverse health effects. MediSure Vitamin D test kits provide consumers with the ability to monitor their vitamin D levels at home without a medical professional and are available directly to consumers and the healthcare community. As of the date of this MD&A, the Company had shipped 25,000 units of its Vitamin D test kits to its network of partnered pharmacies, wholesalers, and distributors. The Company anticipates sales and revenue will continue to increase in late 2022 and beyond.

On July 12, 2022, the Company, through its subsidiary MediSure, launched its latest product innovation, the MediSure Empower Blood Glucose Monitor (BGM). The BGM requires a smaller blood sample size than other blood glucose monitors, allowing for alternative sampling sites other than fingers. It utilizes test strips with improved accuracy, delivers results in less than six seconds and has Bluetooth connectivity so that results can be maintained on a smartphone or tablet. Through the BGM, MediSure is fulfilling its mission of providing affordable, high-quality diabetic management products to all Canadians. The BGM is available for sale through the MediSure website and in select pharmacies.

MediSure has entered into a standing offer agreement with Public Works and Government Services Canada to provide diabetic testing supplies and glucometers.

(Expressed in United States dollars, except where noted)

MediSure Laboratory (formerly Kai Medical Laboratory)

On June 20, 2022, the Company announced that it had completed the rebranding of Kai Medical Laboratory to MediSure Laboratory, providing a harmonized brand for the Company's medical diagnostics and laboratory testing across the U.S. and Canada.

MediSure Laboratory is an accredited laboratory consisting of experienced scientists, medical professionals and staff providing reliable testing solutions to the healthcare community and employer groups while having an unwavering commitment to quality and scientific innovations.

MediSure Laboratory offers services in the state of Texas, and surrounding states supporting the testing needs for commercial accounts and consumers. Immediate plans include expansion of MediSure Laboratory's specimen processing programs that include wellness panels, molecular testing, and the development of at-home self-administered test protocols.

During fiscal 2022, MediSure Laboratory began the process of applying for additional U.S. Federal Drug and Administration certifications for the sales of additional medical devices in the United States. Once certifications have been obtained, the Company anticipates that sales from new medical devices such as blood glucose monitors, hormone and vitamin testing, and other testing devices will bolster revenue in the U.S. MediSure Laboratory is also engaged in research and development of further diagnostic solutions.

Overall outlook

The Company continues to be active and opportunistic with respect to mergers and acquisitions, with the goal of advancing its business plan and increase shareholder value where possible. The Company may seek to acquire third party channel partners to increase its patient base, profitability, and to increase shareholder value through the effective utilization of its existing operations.

In February 2023, the Company signed a letter of intent to create and operate a Dallas-based Site Management Organization ("SMO") through a joint venture arrangement with an established clinical trials and research organization. The Company anticipates the formation of a Texas joint venture company that will leverage the facility of MediSure Laboratory in Dallas, TX to launch its initial SMO. The Company also expects to identify additional SMO locations in the Texas market and is exploring potential sites in other U.S. states.

Financial Highlights

The following table presents selected financial highlights from the results of operations for the three and twelve months ended December 31, 2022 and 2021.

	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Total revenue	**426,786**	1,142,581	**4,661,525**	4,368,916
Gross profit (loss)	**67,118**	(285,493)	**1,968,023**	1,348,504
Net loss from continuing operations	**(2,370,651)**	(4,684,114)	**(2,960,787)**	(31,736,245)
Net income (loss) from discontinued operations	**-**	(7,139)	**133,915**	(520,070)
Net loss for the period	**(2,370,651)**	(4,691,253)	**(2,826,872)**	(32,256,315)
Adjusted EBITDA(1) loss	**(863,284)**	(2,250,620)	**(3,888,068)**	(3,848,456)

(1) 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, gain or loss on debt settlement, gain or loss from changes in fair value of warrant liability, change in fair value of conversion options, impairment of property and equipment, impairment of intangible assets, impairment of goodwill, and financing expense.

(Expressed in United States dollars, except where noted)

The following table presents selected financial highlights of the Company's financial condition as at December 31, 2022 and December 31, 2021.

	December 31, 2022	December 31, 2021
	$	$
Cash	**193,144**	866,170
Working capital deficiency	**3,934,494**	4,542,752
Current liabilities	**5,198,112**	7,703,093
Non-current liabilities	**3,987,628**	3,727,224

Fourth Quarter Financial Review

The following table summarizes the results of operations for the three months ended December 31, 2022, and 2021:

	Q4 2022	Q4 2021
	$	$
Revenue	**426,786**	1,142,581
Gross profit (loss)	**67,118**	(285,493)
Operating expenses	**1,066,771**	1,275,165
Legal and professional fees	**141,716**	741,867
Depreciation and amortization expense	**50,042**	123,543
Share-based payments	**3,458**	(64,482)
Loss from operations	**(1,194,869)**	(2,361,586)
Provision for credit losses	**5,840**	52,259
Gain on termination of leases	**(106,612)**	-
Loss on disposal of property and equipment	**7,815**	-
Loss on debt settlement	**1,873,901**	-
Gain on change in fair value of warrant liability	**(220,074)**	(2,901,196)
Gain on change in fair value of conversion feature	**(462,419)**	-
Impairment of property and equipment	**-**	3,402,177
Impairment of intangible assets	**-**	48,663
Impairment of goodwill	**-**	1,771,409
Financing expense	**2,341**	
Other expenses (income), net	**74,990**	(50,784)
Net loss from continuing operations	**(2,370,651)**	(4,684,114)
Net loss from discontinued operations	**-**	(7,139)
Foreign currency translation adjustment	**(15,197)**	43,101
Net loss and comprehensive loss	**(2,385,848)**	(4,648,152)

Revenue

Revenue in Q4 2022 was $426,786 compared to $1,142,581 in the prior year comparable period. The Company's revenue was earned from patient visits to existing clinics throughout the Medi-Collective network, COVID-19 testing by Empower, laboratory testing by MediSure Laboratory, and sales of diagnostic devices by MediSure. During Q4 2022, revenue from testing services was $6,038 (2021 - $546,511), of which $2,922 related to COVID-19 testing performed by Empower and $3,116 related to laboratory services from MediSure laboratory, and revenue from the sale of medical testing equipment was $269,088 (2021 - $426,832). The remaining revenue of $151,660 (2021 - $169,238) resulted from patient visits at clinics.

(Expressed in United States dollars, except where noted)

Gross profit

Gross profit in Q4 2022 was $67,118 compared to a gross loss of $285,493 in the prior year comparable period and is calculated as revenue less the direct expenses of clinic services and product sales. The Company experienced an increase in gross profit over the prior year comparable period due to a significant decrease in personnel costs.

Operating expenses

For the three months ended December 31, 2022 and 2021, operating expenses were comprised of the following:

	Q4 2022	Q4 2021
	$	$
Salaries and benefits	**682,274**	707,629
Rent	**30,090**	13,861
Advertising and promotion	**76,312**	243,075
Telephone and internet	**38,658**	36,913
Office supplies and expenses	**73,002**	186,163
Recruiting fees	**27,092**	-
Other	**139,343**	87,524
	1,066,771	1,275,165

Operating expenses in Q4 2022 decreased to $1,066,771 from $1,275,165 during the prior year comparable period. The decrease was primarily due to fewer activities in the current quarter as the Company is focusing on operational restructuring, leading to less advertising and promotion expenses as well as office expenses.

Legal and professional fees

Legal and professional fees in Q4 2022 decreased to $141,716, from $741,867 during the prior year comparable period. During the current period, legal and professional fees were primarily comprised of accounting fees and consulting fees pertaining to general corporate matters. During the prior year comparable period, legal and professional fees were primarily comprised of accounting and legal fees pertaining to the review of the Company's Q3 2021 financial statements by its auditor.

Depreciation and amortization expense

Depreciation and amortization expense in Q4 2022 decreased to $50,042 from $123,543 during the prior year comparable period. The decrease in this expense was due to long-lived assets being impaired during fiscal 2021. Depreciation and amortization expense for current year period was primarily from furniture and testing equipment.

Share-based payments

The Company recorded share-based payments during Q4 2022 of $3,458 compared to a shared-based payment recovery of $64,482 during the prior year comparable period. The recovery during the prior year comparable period was due to the reclassification of vesting escrow shares in the amount of $187,964 to legal and professional fees, offset by recorded share-based payments of $123,482. The decrease in recorded share-based payments in the current quarter compared to the prior year comparable quarter was due to fewer vesting options in the current quarter as well as a recovery of the expense from forfeitures of unvested options.

Provision for credit losses

During Q4 2022, the Company recorded a provision for expected credit losses of $5,840 compared to $52,259 in the prior year comparable period. The decrease in provision in current year period was mainly due to the recovery of previously recorded provision when aged trade receivables were collected. Expected credit losses in prior year comparable period were based on management's estimate of aged trade receivables in MediSure Laboratory that were expected to be uncollectible.

Gain on termination of leases

During Q4 2022, the Company recognized a gain of $106,612 from lease termination, compared to $nil in the prior year comparable period. The gain in current period was arose from the closure of two clinics in the Medi-Collective and the termination of the office lease in MediSure.

Loss on disposal of property and equipment

During Q4 2022, the Company recorded a loss of $7,815 from disposal of property and equipment, compared to $nil in the prior year comparable period. During the current year period, following the lease termination in the Medi-Collective, the Company disposed associated furniture and equipment at $nil salvage value.

Loss on debt settlement

During Q4 2022, the Company incurred $1,873,901 loss on debt settlement compared to $nil in the prior year comparable period. The loss in the current year quarter was due to the Company issuing units to settle accounts payable and replacing previously issued convertible debenture units by a senior convertible debenture and warrants with lower exercise price.

Gain on change in fair value of warrant liability

During Q4 2022, the Company recorded a gain on change in the fair value of warrant liability of $220,074 compared to a gain of $2,901,196 during the prior year comparable period. The decrease in gain during the current year period was due to share price being less volatile compared to the prior year comparable period. Share price is the key input in the Black-Scholes option pricing model used to determine the fair value of the warrant liability.

Gain on change in fair value of conversion feature

During Q4 2022, the Company recorded a gain on change in fair value of conversion feature of $462,419 compared to $nil during the prior year comparable period due to the revaluation of the conversion feature relating to the Company's convertible debentures. The gain was driven by a decrease in the Company's share price during the current year period, which is a key input in the Black-Scholes option pricing model used to determine the fair value of the conversion feature.

Impairment of property, plant and equipment

During Q4 2022, the Company recognized an impairment of property and equipment of $nil compared to $3,402,177 in the prior year comparable period. The impairment charge in the prior year comparable period comprised of $2,270,598 related to right of use assets, $551,216 related to leasehold improvements, and $580,363 related to assets under construction. The impairment charges resulted from management's review of the recoverability of the assets and a conclusion that their carry amount exceeded their recoverable amount.

Impairment of intangible assets

During Q4 2022, the Company recognized an impairment of intangible assets of $nil compared to $48,663 in the prior year comparable period. The impairment charge in the prior year comparable period consisted of remaining carrying amount of patient records and management software. The impairment charges resulted from management's review of the recoverability of the assets and a conclusion that their carrying amount exceeded their recoverable amount.

Impairment of goodwill

During Q4 2022, the Company recognized an impairment of goodwill of $nil compared to $1,771,409 in the prior year comparable period. The impairment in the prior year comparable period consisted of goodwill generated in the acquisition of Lawrence Park & Atkinson clinics. The impairment charges were the result of management's assessment that the carrying amount of goodwill allocated to the Health & Wellness division exceeded its recoverable amount.

Financing expense

During Q4 2022, the Company incurred $2,341 of the financing expense compared to $nil in the prior year comparable period. Financing expense in the current year period consisted of cash transaction costs in a private placement in which the Company issued convertible debenture units.

(Expressed in United States dollars, except where noted)

Other expense (income), net

For the three months ended December 31, 2022 and 2021, other expenses (income) consisted of the following:

	Q4 2022	Q4 2021
	$	$
Accretion expense	**152,204**	2,652
Interest expense	**107,914**	50,728
Recovery of tax provision	**(165,000)**	-
Other income, net	**(20,128)**	(104,164)
	74,990	(50,784)

During Q4 2022, the Company incurred accretion expense of $152,204 (2021 - 2,652) and interest expense of $107,914 (2021 - $50,728). The increase in accretion and interest expense in current period was due to the Company issuing several convertible debentures. During Q4 2022, the Company also recognized a recovery of $165,000 in tax penalty provision due to the Company catching up on the late filings of income tax. During Q4 2022, the Company had other income of $20,128, compared to $104,164 in Q4 2021. Other income in the current period was mainly attributable to the sub-lease income from one TMC clinic and a gain on foreign exchange. Other income in Q4 2021 resulted from the sublease of space in one of the Company's TMC clinics of $116,075 offset by the effect of foreign exchange.

Fourth Quarter Cash Flows

	Q4 2022	Q4 2021
	$	$
Net cash used in operating activities of continuing operations	**(447,013)**	(778,897)
Net cash used in operating activities of discontinued operations	**-**	(5,048)
Net cash used in investing activities of continuing operations	**(754)**	(540,027)
Net cash used in financing activities of continuing operations	**186,396**	15,461
Net cash used in financing activities of discontinued operations	**-**	(29,007)
Effects of foreign exchange on cash	**(15,197)**	43,101
Net change in cash	**(276,568)**	(1,294,417)

A review of the Company's cash flows from continuing operations during Q4 2022 compared to Q4 2021 is as follows:

Cash used in operating activities from continuing operations during Q4 2022 was $447,013 compared to $778,897 during the prior year comparable period. The decrease in net cash used in operating activities was mainly due to the Company scaling back operations and closely managing its working capital.

Cash used in investing activities from continuing operations during Q4 2022 was $754 compared to cash used of $540,027 during the prior year comparable period. The decrease was due to fewer purchases of furniture and equipment during Q4 2022. Cash used in investing activities in Q4 2021 was mainly due to capital expenditures to build out and furnish the Medi-Collective clinics.

Cash used in financing activities from continuing operations in Q4 2022 was $186,396 compared to cash used of $15,461 in the prior year comparable period. Cash used in financing activities during Q4 2022 was primarily related to lease payments and consideration payable offset by proceeds from debenture and unit issuance. Cash used in financing activities during Q4 2021 was primarily related to scheduled lease payments and loan payments offset by subscription deposits received and proceeds from the exercise of warrants and share options.

(Expressed in United States dollars, except where noted)

Year to Date Financial Review

The following table summarizes the results of operations for the twelve months ended December 31, 2022, and 2021:

	2022	2021
	$	$
Total revenue	**4,661,525**	4,368,916
Gross profit	**1,968,023**	1,348,504
Operating expenses	**5,257,273**	3,597,122
Legal and professional fees	**1,196,614**	1,876,185
Depreciation and amortization expense	**213,500**	539,872
Share-based payments	**254,949**	777,277
Loss from operations	**(4,954,313)**	(5,441,952)
Provision for credit losses	**40,433**	52,259
Gain on termination of leases	**(106,612)**	(3,983)
Loss on disposal of property and equipment	**7,815**	-
Loss on debt settlement	**1,873,901**	-
(Gain) loss on change in fair value of warrant liability	**(3,335,877)**	16,820,611
Gain on change in fair value of conversion feature	**(1,568,295)**	-
Impairment of property and equipment	**20,432**	4,699,802
Impairment of intangible assets	**-**	403,213
Impairment of goodwill	**-**	4,461,607
Financing expenses	**702,883**	-
Other expenses (income), net	**371,794**	(139,216)
Net loss from continuing operations	**(2,960,787)**	(31,736,245)
Net income (loss) for discontinued operations	**133,915**	(520,070)
Foreign currency translation adjustment	**62,471**	39,938
Net loss and comprehensive loss	**(2,764,401)**	(32,216,377)

Discussion of the Company's results of operations for the twelve months ended December 31, 2022 and 2021 is as follows:

Revenue

Revenue increased to $4,661,525 from $4,368,916 in the prior year comparable period. The Company's revenue was earned from patient visits to existing clinics throughout the Medi-Collective network, COVID-19 testing by Empower, laboratory testing by MediSure Laboratory, and sales of diagnostic devices by MediSure. During the period ended December 31, 2022, revenue from testing services was $1,754,047 (2021 - $2,844,928), of which $1,492,494 related to COVID-19 testing performed by Empower and $261,553 related to laboratory services from MediSure laboratory, and revenue from the sale of medical testing equipment was $1,766,177 (2021 - $604,052). The remaining revenue of $1,141,301 (2021 - $919,936) resulted from patient visits at clinics.

Gross profit

Gross profit increased to $1,968,023 from $1,348,504 in the prior year comparable period and is calculated as revenue less the direct expenses of clinic services and product sales. Gross profit increased due to the increase in revenue against costs of revenue as the Company strives to improve the profitability of its core operations.

(Expressed in United States dollars, except where noted)

Operating expenses

For the twelve months ended December 31, 2022 and 2021, operating expenses were comprised of the following:

	2022	2021
	$	$
Salaries and benefits	**3,065,246**	1,691,162
Rent	**225,508**	61,434
Advertising and promotion	**652,126**	751,514
Telephone and internet	**172,866**	252,737
Office supplies and expenses	**415,097**	305,407
Recruiting fees	**149,869**	-
Other	**576,561**	534,868
Total	**5,257,273**	3,597,122

Operating expenses increased to $5,257,273 from $3,597,122 during the prior year comparable period. The increase was primarily related to increased salaries and benefits of attributable to the clinic operations in the Medi-Collective beginning in late 2021 as well as increased salaries of $597,416 from MediSure and Empower's COVID-19 testing clinic. Rent expense also increased as Empower entered a new contract for the short-term lease of a COVID-19 testing site, starting in April 2022 and ending in September 2022.

Legal and professional fees

Legal and professional fees decreased to $1,196,614 from $1,876,185 during the prior year comparable period. During the twelve months ended December 31, 2022, legal and professional fees were primarily comprised of accounting fees and consulting fees pertaining to the year end audit and assessment of a testing site. In the prior year comparable period, legal and professional fees were mainly comprised of business advisory and consulting expenses as well as costs incurred in connection with the acquisitions of Kai Medical USA, Lawrence Park & Atkinson clinics, and MediSure, which was partially offset by the reversal of provisions made in prior quarters.

Depreciation and amortization expense

Depreciation and amortization expense in the twelve months ended December 31, 2022 decreased to $213,500 from $539,872 during the prior year comparable period. The decrease in this expense was due to long-lived assets being impaired during fiscal 2021. Depreciation and amortization expense for current year period was primarily from furniture and testing equipment.

Share-based payments

The Company recorded share-based payments of $254,949 compared to $777,277 during the prior year comparable period due to fewer vesting options granted in the current year period as well as a recovery of expense resulting from the forfeiture of unvested options.

Provision for credit losses

The Company recorded a provision for expected credit losses of $40,433 compared to $52,259 in the prior year comparable period. Expected credit losses during the twelve months ended December 31, 2022 was mainly comprised of aged lease receivables. Expected credit losses during prior year comparable period was comprised of aged trade receivables.

Gain on termination of leases

The Company recognized a gain on termination of leases of $106,612 compared to $3,983 in the prior year comparable period. The gain in current period was due to the closure of two clinics in the Medi-Collective and the termination of the office lease in MediSure.

Loss on disposal of property and equipment

The Company recorded a loss of $7,815 from disposal of property and equipment, compared to $nil in the prior year comparable period. During the current year period, following the lease termination in the Medi-Collective, the Company disposed of associated furniture and equipment at $nil salvage value.

(Expressed in United States dollars, except where noted)

Loss on debt settlement

The Company incurred loss on debt settlement of $1,873,901 compared to $nil in the prior year comparable period. The loss in the current year period was due to the issuance of units to settle accounts payable and the replacement of previously issued convertible debenture units with a senior convertible debenture and warrants possessing a lower exercise price.

Gain (loss) on change in fair value of warrant liability

The Company recorded a gain on change in fair value of warrant liability of $3,335,877 compared to a loss of $16,820,611 during the prior year comparable period due to the revaluation of outstanding warrants upon exercise and at the period end. The gain was primarily driven by a decrease in the Company's share price during the twelve months ended December 31, 2022, which is a key input in the Black-Scholes option pricing model used to determine the fair value of the warrant liability.

Gain on change in fair value of conversion feature

The Company recorded a gain on change in fair value of conversion feature of $1,568,295 compared to $nil during the prior year comparable period relating to the revaluation of the conversion feature of Company's convertible debentures to fair value. The gain was primarily driven by the decrease in the Company's share price during the current year period, which is a key input in the Black-Scholes option pricing model used to determine the fair value of the conversion feature.

Impairment of property, plant and equipment

The Company recognized impairment of property, plant, and equipment of $20,432 compared to $4,699,802 in the prior year comparable period. Impairment is measured whenever there are indicators that an asset's (or group of assets') carrying amount exceeds its recoverable amount. During the twelve months ended December 31, 2022, management noted indicators of impairment of leasehold improvements and assessed that their carrying amount was greater than recoverable amount, resulting in the recognition of impairment. The impairment charge in the prior year comparable period comprised of $3,033,579 related to right of use assets, and $1,085,860 related to leasehold improvements, and $580,363 related to assets under construction.

Impairment of intangible assets

The Company recognized an impairment of intangible assets of $nil compared to $403,213 in the prior year comparable period. The impairment charge in the prior year comparable period consisted of customer relationships of $146,300, brands, trademarks and licenses of $256,913. The impairment charges resulted from management's review of the recoverability of the assets and a conclusion that their carrying amount exceeded their recoverable amount.

Impairment of goodwill

The Company recognized an impairment of goodwill of $nil compared to $4,461,607 in the prior year comparable period. The impairment of goodwill represents all of the goodwill generated from the acquisitions of MediSure, Lawrence Park & Atkinson clinics, and Kai Medical Laboratory in the amounts of $2,379,461, $1,771,409, and $310,737, respectively.

Financing expense

Financing expense was $702,883 compared to $nil in the prior year comparable period. Financing expense was recognized on a relative fair value basis for the costs attributable to the warrants issued in private placements and classified as a liability and the derivative conversion feature associated with convertible debentures.

Other expenses (income), net

For the twelve months ended December 31, 2022 and 2021, other expenses (income) consisted of the following:

	2022	2021
	$	$
Accretion expense	**509,420**	33,324
Interest expense	**401,806**	152,083
Recovery of tax provision	**(165,000)**	-
Other income, net	**(374,432)**	(324,623)
	371,794	(139,216)

(Expressed in United States dollars, except where noted)

The Company incurred accretion expense of $509,420 (2021 - 33,324) and interest expense of $401,806 (2021 - $152,083). The increase in accretion and interest expense in the current period was due to the Company issuing several convertible debentures. During the twelve months ended December 31, 2022, the Company recognized a recovery of $165,000 in tax penalty provision resulting from forgiveness of penalties associated with late filings in prior periods. During the twelve months ended December 31, 2022, the Company had other income of $374,432, compared to $324,623 in Q4 2021. Other income during the twelve months ended December 31, 2022 was mainly comprised of lease allowance receivable of $156,233 from the head landlords in two of the Company's TMC clinics and rental income of $86,004 from the sub-leases as well as gain from foreign exchange. Provision for credit losses related to the rental income was $26,055. Other income in the prior year comparable period was primarily comprised of income from loan forgiveness, government grant, and the sublease of space in one of the Company's TMC clinics of $116,075.

Year-to-date Cash Flows

	2022	2021
	$	$
Net cash used in operating activities from continuing operations	**(4,161,271)**	(3,637,180)
Net cash used in operating activities from discontinued operations	**(7,482)**	(432,680)
Net cash provided by (used in) investing activities from continuing operations	**127,187**	(2,946,207)
Net cash provided by financing activities from continuing operations	**3,306,069**	3,031,821
Net cash used in financing activities from discontinued operations	**-**	(79,346)
Effects of foreign exchange on cash	**62,471**	39,938
Net change in cash	**(673,026)**	(4,023,654)

A review of the Company's cash flows from continuing operations during the twelve months ended December 31, 2022 and 2021 is as follows:

Cash used in operating activities of continuing operations during the twelve months ended December 31, 2022 increased to $4,161,271 from $3,637,180 during the prior year comparable period. Cash used in operating activities increased as a result of a significant increase in clinic operating expenses during the current year period compared to the prior year comparable period.

Cash provided by investing activities of continuing operations during the twelve months ended December 31, 2022 decreased to $127,187 from $2,946,207 during the prior year comparable period. Investing activities in the twelve months ended December 31, 2022 consisted of the sale of Sun Valley of $181,664 offset by purchases of property and equipment of $54,477. In the prior year comparable period, cash used in investing activities consisted of purchases of property and equipment and leasehold improvements associated with the Medi-Collective and the acquisition of MediSure.

Cash provided by financing activities of continuing operations in the twelve months ended December 31, 2022 was $3,306,069 compared to $3,031,821 in the prior year comparable period. Cash from financing activities during the twelve months ended December 31, 2022 was primarily related to proceeds from private placements which were partly offset by lease and loan payments. Cash from financing activities during the prior year comparable period arose from the exercise of warrants and stock options and a loan advance, which was offset by repayment of debt.

Summary of Quarterly Results

The following summarizes the quarterly results of the Company for the last eight most recently completed quarters:

In 000s, except per share numbers	**Q4 2022**	Q3 2022	Q2 2022	Q1 2022
	$	$	$	$
Total revenue	**427**	1,574	1,554	1,107
Net (loss) income from continuing operations	**(2,371)**	(457)	2,166	(2,299)
Net (loss) income per share - basic and diluted	**(0.01)**	(0.00)	0.01	(0.01)
Cash dividends declared	**-**	-	-	-
Total assets	**2,963**	3,450	4,350	6,028

In 000s, except per share numbers	Q4 2021	Q3 2021	Q2 2021	Q1 2021
	$	$	$	$
Total revenue	1,142	406	862	1,958
Net loss from continuing operations	(4,684)	(1,712)	(412)	(24,928)
Net loss per share - basic and diluted	(0.01)	(0.01)	(0.00)	(0.11)
Cash dividends declared	-	-	-	-
Total assets	5,037	7,986	10,771	11,139

The Company is expected to remain subject to many of the risks common to early-stage growing 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.

Non-GAAP Financial Measures

Earnings before interest, taxes, depreciation, and amortization ("EBITDA") and Adjusted EBITDA are non-GAAP financial measures and accordingly, they are not earnings measures recognized by IFRS and do not carry standard prescribed significance. Moreover, the Company's method for calculating Adjusted EBITDA may differ from that used by other companies using the same designation. Certain items are adjusted to the EBITDA to derive the Company's Adjusted EBITDA. Such items are generally non-cash items involving fair value measurement that requires several assumptions and judgment and are not directly related to operating activities of the Company.

Accordingly, we caution readers that Adjusted EBITDA should not be substituted for determining net income (loss) as an indicator of operating results or as a substitute for cash flows from operating and investing activities. Management believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, the presentation of these measures is to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following table provides a reconciliation of Adjusted EBITDA to the Interim Financial Statements:

	Q4 2022	Q4 2021	**2022**	2021
	$	$	**$**	$
Net loss for continuing operations	**(2,370,651)**	(4,684,114)	**(2,960,787)**	(31,736,245)
Add (subtract):				
Depreciation and amortization expense	**50,042**	123,543	**213,500**	539,872
Interest expense	**107,914**	50,728	**401,806**	152,083
Accretion expense	**152,204**	2,652	**509,420**	33,324
EBITDA (loss)	**(2,060,491)**	(4,507,191)	**(1,836,061)**	(31,010,966)
Share-based payments	**3,458**	(64,482)	**254,949**	777,277
Loss on debt settlement	**1,873,901**	-	**1,873,901**	-
(Gain) loss on change in fair value of warrant liability	**(220,074)**	(2,901,196)	**(3,335,877)**	16,820,611
Gain on change in fair value of conversion feature	**(462,419)**	-	**(1,568,295)**	-
Impairment of property and equipment	**-**	3,402,177	**20,432**	4,699,802
Impairment of intangible assets	**-**	48,663	**-**	403,213
Impairment of goodwill	**-**	1,771,409	**-**	4,461,607
Financing expense	**2,341**	-	**702,883**	-
Adjusted EBITDA loss	**(863,284)**	(2,250,620)	**(3,888,068)**	(3,848,456)

(Expressed in United States dollars, except where noted)

Events After the Reporting Period

The Company's Financial Statements filed on SEDAR at www.SEDAR.com contain a complete discussion of subsequent events affecting the Company.

Liquidity and going concern

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.

Factors that may affect the Company's liquidity are continuously monitored. These factors include the number of patient visits, average patient spend per visit, number of COVID-19 tests performed, 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.

As at December 31, 2022, the Company had an accumulated deficit of $65,161,817 (December 31, 2021 - $62,334,945). 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 Interim 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 Interim 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.

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.

As at December 31, 2022, the Company had a cash balance of $193,144, and current liabilities of $5,198,112. In comparison, as at December 31, 2021, the Company had a cash balance of $866,170, restricted cash of $1,238,366, and current liabilities of $7,703,093.

Contractual obligations

A summary of liabilities and future operating commitments as at December 31, 2022 are as follows:

	Total	Within 1 year	2-5 years	Greater than 5 years
		$	$	$
Maturity analysis of liabilities				
Accounts payables and accrued liabilities	**3,459,625**	3,459,625	-	-
Consideration payable[(1)]	**177,051**	177,051	-	-
Loans payable	**1,480,683**	221,569	922,325	336,789
Notes payable	**183,066**	183,066	-	-
Convertible notes payable	**2,415,764**	197,903	2,217,861	-
Lease payments	**2,991,261**	577,449	1,684,627	729,185
Total liabilities	**10,707,450**	**4,816,663**	**4,824,813**	**1,065,974**

(1) Consideration payable of $177,051 to the seller of MediSure

(Expressed in United States dollars, except where noted)

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.

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 adjusts 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 Q4 2022 and Q4 2021, 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.

Key management compensation includes:

	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Salaries and benefits	**143,880**	376,591	**773,605**	881,430
Share-based payment (recovery)	**(3,140)**	14,341	**30,331**	360,716
Directors' fees	**7,500**	21,250	**40,500**	41,250
	148,240	412,182	**844,436**	1,283,396

In connection with the issuance of units via private placement closed on January 6, 2022, the Company issued 750,000 units to settle an amount of $117,730 that was due to the CEO.

During the twelve months ended December 31, 2022, there were 475,000 options forfeited due to the resignation of the CFO and 208,333 options forfeited due to the resignation of a director. During the twelve months ended December 31, 2022, the Company recognized $30,475 in share-based payments related to vesting of these options and recognized a recovery of $33,138 on the unvested portion upon resignation of the CFO and director.

As at December 31, 2022, there were 2,091,667 options outstanding and exercisable that had been granted to related parties.

As at December 31, 2022, the Company owed an amount of $188,131 (December 31, 2021 - $172,934) for salaries and benefits to the officers as well as directors fees to a director of the Company. The Company also had $62,919 loan payable to the CEO. These amounts are non-interest bearing, unsecured, and due on demand.

(Expressed in United States dollars, except where noted)

As at December 31, 2022 and December 31, 2021, the other assets balance of $745,531 represents a loan with the CEO resulting from share subscriptions receivable. The amount was previously classified within equity as the loan was previously collateralized by the common shares of the Company owned by the CEO. During the twelve months ended December 31, 2021, the terms of the loan were modified such that the loan is no longer collateralized by the CEO's common shares. The receivable has no specified interest or terms of repayment. Management assessed credit risk of the share subscription receivable as low as the Company has offsetting payables to the CEO and an ongoing service contract.

International Financial Reporting Standards

The Interim Financial Statements have been prepared in accordance with IFRS as issued by the IASB, effective as of December 31, 2022. The Company's significant accounting policies are described in Note 3 to the Annual Financial Statements.

Critical Accounting Policies and Estimates

The preparation of the Company's Interim 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 considers the policies described in Note 3 of the Annual Financial Statements to be the most critical in understanding the judgements that are involved in the preparation of the Company's Interim Financial Statements and the uncertainties that could impact its results of operations, financial condition, and cash flows.

Changes in Accounting Standards

The accounting policies applied in the preparation of the Company's Interim Financial Statements, are consistent with those applied and disclosed in Note 3 to the Company's Annual Financial Statements.

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:

Type of Security	**Number Outstanding**
Common Shares	399,108,658
Stock Options	6,638,348
Warrants	52,777,500

Risks and Uncertainties

For a detailed listing of the risk factors faced by the Company, please refer to the Company's Annual MD&A filed on SEDAR.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, consideration payable, notes payable, loans payable, convertible debentures, and conversion features associated with convertible debentures. Cash, restricted cash, and conversion feature are classified as fair value through profit or loss and recorded at fair value. The remaining items are measured at amortized cost. The fair values of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities are equal to their carrying values 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.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this MD&A, other than statements of historical fact, constitute forward-looking statements and forward-looking information within the meaning of applicable securities laws (collectively "forward-looking statements"). Forward-looking statements are based upon Empower's and its management's current internal expectations, estimates, projections, assumptions and beliefs. In some cases, words such as "plan", "expect", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur, are intended to identify forward-looking statements. Forward-looking statements are provided for the purposes of assisting the reader in understanding management's current expectations and plans relating to the future based on current assumptions, and readers are cautioned that such statements may not be appropriate for other purposes.

The forward-looking statements in this MD&A include statements with respect to: (i) the Company's future business and development prospects and strategies, including the ongoing potential impact, both positive and negative, of the COVID-19 pandemic on the Company's operations; (ii) the expected number, and timing of the opening of, new medical clinics; (iii) the Company's expectations regarding revenues, expenses and anticipated cash needs; (iv) the expected methods to be used by the Company to distribute and sell its medical devices, and offer its vaccination and laboratory testing services; (v) the expected growth in the number of purchasers of the Company's medical devices, and users of the Company's vaccination and laboratory testing services; (vi) the Company's proposed operations in Canada and the United States; (vii) laws and regulations applicable to the Company, and the impact thereof; (viii) competitive conditions in the medical and health and wellness sectors; (ix) the grant, renewal and impact of any licenses required to conduct the Company's activities; and (x) the expected benefits to the Company of the Company's recent and proposed acquisitions.

The Company has made certain assumptions with respect to the forward-looking statements regarding, among other things: (i) the Company's ability to generate sufficient cash flow from operations and obtain financing, if needed, on acceptable terms or at all; (ii) general economic, financial market, regulatory and political conditions in which the Company operates; (iii) the ability of the Company to ship its products and maintain supply chain stability; (iv) consumer interest in the Company's products and services; (v) anticipated and unanticipated costs of providing services; (v) government regulation of the Company's activities; (vi) the timely receipt and maintenance of any required regulatory approvals; (vii) the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (viii) the Company's ability to conduct operations in a safe, efficient and effective manner; and (x) the Company's expansion plans and timeframe for completion of such plans.

Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements. Undue reliance should not be placed on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. The actual results or performance of the Company could differ materially from those anticipated in the forward-looking statements as a result of the risk factors set forth below and under the heading "Risk and Uncertainties", including risks related to: the impact of regulatory oversight and changes on the Company's business; the Company's ability to maintain supply chain stability; the duration and severity of impact of the COVID-19 pandemic; the Company's ability to successfully negotiate third party agreements; continued or further volatility in and/or degradation of general economic, market, industry or business conditions related to COVID-19 or otherwise; changes in applicable legislation and regulatory requirements; product liability; recalls; uninsured and uninsurable events; reliance on third party transportation; cyber security and privacy; future levels of revenues; consumer demand for the Company's products; the Company's ability to manage disruptions in the financial markets or obtain credit, if needed; future levels of capital; expected expenditures; the success or timing of completion of ongoing or anticipated capital projects; the adequacy of the Company's capital resources and liquidity, including availability of sufficient cash flow to execute the Company's business plan (either within the expected timeframe or at all); potential actions of third parties; and other factors beyond the Company's control.

Readers are cautioned that these factors are difficult to predict and that the assumptions used in developing the forward-looking statements may prove to be incorrect. Readers are also cautioned that the list of risk factors contained in this MD&A is not exhaustive. Accordingly, readers are cautioned that the Company's actual results may vary from the forward-looking statements, and the variations may be material.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct, and the forward-looking statements are expressly qualified in their entirety by this cautionary statement. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations, and the forward-looking statements may not be appropriate for any other purpose. The forward-looking statements are made as at the date of this MDA& and the Company undertakes no obligation to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable Canadian securities laws.

This MD&A may contain market and industry data and forecasts obtained from third party sources, industry publications and publicly available information. Third party sources generally state that their information has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. Although management believes it to be reliable, the Company has not independently verified any of the data from third party sources referred to in this MD&A, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources.