

**POWERBAND SOLUTIONS INC.  
INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2020**

## **Introduction**

The following Interim Management Discussion & Analysis ("Interim MD&A") of PowerBand Solutions Inc. (the "Company", "PowerBand") has been prepared and written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations and should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2019 and December 31, 2018 and the unaudited interim financial statements for the three and nine months ended September 30, 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and nine months ended September 30, 2020 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at November 30, 2020 unless otherwise indicated.

The unaudited interim financial statements for the three and nine months ended September 30, 2020, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of PowerBand's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

## **Caution Regarding Forward-Looking Statements**

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement.

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<b>Forward-looking statements</b>	<b>Assumptions</b>	<b>Risk factors</b>
For fiscal 2020, the Company's operating expenses are estimated to be approximately \$450,000 per month for recurring corporate operating costs	The Company has anticipated all material costs; the operating activities of the Company for the twelve-month period ending September 30, 2021, and the costs associated therewith, will be consistent with PowerBand's current expectations.	Unforeseen costs to the Company will arise; any particular operating costs increase or decrease from the date of the estimation; changes in economic conditions.
The Company will be required to raise additional capital in order to meet its ongoing operating expenses and complete its planned business development activities for the twelve-month period ending September 30, 2021.	The operating and business development activities of the Company for the twelve-month period ending September 30, 2021, and the costs associated therewith, will be consistent with PowerBand's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to PowerBand.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; interest rate and exchange rate fluctuations; changes in economic conditions.
Management's outlook regarding future trends.	Financing will be available for PowerBand's business development and operating activities; the financing market will be receptive to the Company's technological cloud-based software solution.	Industry-wide deterioration of the automotive industry; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions.
Sensitivity analysis of financial instruments.	Based on management's knowledge and experience of the financial markets, the Company believes that there would be no material changes to its results for the nine months ending September 30, 2020 as a result of a change in the foreign currency exchange rates or interest rates.	Changes in debt and equity markets; interest rate and exchange rate fluctuations.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond PowerBand's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause PowerBand actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should

not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## **Description of Business**

PowerBand Solutions Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on September 29, 2009, and is domiciled in Suite 225, 3385 Harvester Road, Ontario, Canada L7N 3N2. The registered office is located at Suite 1700, 666 Burrard Street, Vancouver, BC, Canada V6C 2X8.

On February 8, 2018, the Company closed its Qualifying Transaction under TSX Venture Exchange ("Exchange") Policy 2.4 – Capital Pool Companies and changed its name to PowerBand Solutions Inc.

Effective February 9, 2018, the Company's shares trade on the Exchange under the symbol "PBX".

PowerBand is a technology company that has developed (i) an online auction format, (ii) a standardized appraisal system, (iii) a market intelligence report, (iv) a desking tool, and (v) a finance portal for utilization in the automotive industry. In November 2018, the Company entered into a 50/50 joint venture agreement with Bryan Hunt operate D2D Auto Auctions, an online auction, remarketing platform in the U.S. In July 2019, the Company acquired a 60% in MUSA Holdings, LLC, a new and used vehicle leasing platform in the U.S.

The significant assets owned by PowerBand are web-based vehicle auction, remarketing, leasing and finance service and software programs for automotive dealers and consumers. The software is hosted in Microsoft's Azure cloud and offers a number of distinct but interconnected product offerings to its clients. PowerBand's core product is responsive and has published an IOS and Android mobile application for use by its customers. A summary of the product offerings that PowerBand provides is listed below.

### ***Online Auction Formats***

PowerBand offers two distinct online formats within its auction portal: LiveNet and MarketPlace.

LiveNet is a real-time, targeted, mobile online auction. LiveNet allows dealers to quickly and efficiently launch vehicle "auction calls" which are comprised of condition reports, photos, disclosures and third-party history reports to various networks of qualified buyers. These buyers are then encouraged to participate in a short duration auction (via smartphone) that results in a verified real time valuation of the described vehicle at that moment of time, and often the sale of the vehicle from the seller to the buyer.

MarketPlace, a more familiar style of online auction, allows dealers, rental and leasing companies to post used vehicles for sale to qualified wholesale buyers. This auction type features fixed length auctions, reserve bids, make an offer and buy it now functionality, and is complementary to the LiveNet auction type. MarketPlace targets dealers looking to discover new inventory for their used lots and/or dispose of excess inventory. Both auctions provide a system generated bill of sale and has arbitration policies in place to ensure the buyer's confidence.

### ***Standardized Appraisal System***

The Standardized Appraisal System is PowerBand's proprietary electronic used vehicle appraisal system. The appraisal system ensures full compliance with the regulations and vehicle disclosure rules set forth by

governing bodies (such as the *Motor Vehicle Dealers Act* of Ontario) and can be customized to meet the applicable compliance requirements of any province or state. The appraisal system can be utilized on any portable device and does not depend on network coverage so is available for use anywhere.

### ***Market Intelligence***

Market Intelligence provides automotive dealerships with retail market price valuation from over two hundred and fifty thousand vehicles in the database. This product allows dealerships to customize their search within a geographic region for local market pricing on targeted vehicles identified down to the trim level of the vehicle. The analytical tools and reporting functions produce graphs, tables, maps and reports to summarize the information and enable dealers to make quick decisions based on the information presented.

### ***Desking Tool***

PowerBand's desking tool, referred to as PowerDesk, is a robust, user-friendly platform that allows a dealer to quickly and accurately prepare payment scenarios for their customers, including all manufacturer supported incentives, rebates and programs. It also allows for the industry's easiest finance to lease comparison. PowerBand's integration partners allow for one-time entry of the deal, reducing time and user error. After adding any Financial & Insurance products, the deal is then pushed through to the partner's Finance Portal and in many cases, right through to the dealer's Dealer Management System.

### ***Finance Portal***

PowerBand has developed a state-of-the-art Finance Portal, an electronic indirect lending platform that facilitates loan originations on any asset type. Target audiences for this software are new and independent automotive dealers, lenders, and original equipment manufacturers ("OEM"). The Finance Portal is a hosted service that is virtual and adaptable and can be integrated with LiveNet and Marketplace to offer banks, and other vehicle financial institutions, direct loan origination sources.

### ***New and Used Vehicle Leasing Portal***

MUSA Holdings, LLC's product offering streamlines leasing for consumers and dealers, as well as incorporates first-of-its-kind technology to navigate the underwriting, funding, and delivery process, allowing MUSA to complete the entire customer experience in minutes.

## **Outlook**

As the use of the Internet to conduct everyday activities and commerce has become ubiquitous in today's society, and as the rise in importance of the Millennial generation (demographic following Generation Y, typically defined as those born between early 1980's and early 2000's) who crave empowerment, the traditional business model of how new and used vehicles are purchased and sold has quickly become outdated. Customers want to spend 30 minutes at a dealership, not 5 hours. Within this background and context PowerBand's management believes that the used vehicle industry is increasingly incorporating digital technologies in both the retail and wholesale markets. Management believes that this industry trend represents a strong demand for the services and technologies that PowerBand provides and the Company is well-positioned to capitalize on this opportunity.

## **Operational Highlights**

During the three-month period ended September 30, 2020 the following corporate events took place:

1. On July 13, 2020, the Company's U.S. leasing division, MUSA Auto Finance, LLC announced it had obtained up to USD \$305 million in lease financing from a federally chartered U.S. depository financial institution to begin leasing vehicles to U.S. consumers. The USD \$305 million will be rolled out in three phases: Phase One is USD \$5 million, Phase Two USD \$50 million, and Phase Three USD \$250 million. The funding agreement includes conditions and guidelines that must be followed to move through the various phases. Once the credit facility has been utilized it will be securitized, resulting in the replenishing of the original USD \$300 million.
2. On July 28, 2020, the Company announced that Royal Administration Services, Inc., a provider of automotive insurance products across the United States, will be recommending dealers use the PowerBand virtual transaction platform for drivers and dealers. Royal Admin entered the agreement with PowerBand's strategic partner and investor, Texas-based D&P Holdings, Inc. Under the agreement Royal Admin will direct dealerships to the PowerBand digital transaction platform. Founded more than 30 years ago, Royal Admin is licensed in all 50 states and has access to more than 80,000 vehicle service centers across the United States. Royal Admin will receive a fee for each referral.
3. At the Annual General Meeting, held on July 29, 2020, the Company's shareholders approved the 2020 Incentive Stock Option Plan (20% Fixed Plan), reserving for issuance up to 22,435,693 common shares of the Company. The 2020 Restricted Share Unit Plan was also approved, reserving for issuance a maximum of 2,000,000 common shares of the Company.
4. On August 6, 2020, the Company announced that since the launch of the D2D Auto Auction online platform in the spring of 2020 it has auctioned over 360 vehicles, including part of the fleet of one of the global leaders in the ridesharing industry, for a total value in excess of USD \$3 million. In a one-day sale, on July 23, 2020, D2D auctioned over 230 vehicles across 7 states, including California, Georgia, Virginia, and Texas, for the ridesharing company.
5. On August 13, 2020, the Company issued 700,000 restricted share units to consultants of the Company. 50% of the RSUs vest on August 13, 2021 and the remaining vest on August 13, 2022.
6. On August 24, 2020, the Company announced that its partner D2D Auto Auction LLC had reached an agreement with a U.S. national car retailer to purchase used vehicles on D2D's virtual auction platform. The retailer operates over 140 dealerships in 12 states and purchases approximately 48,000 used vehicles annually.
7. On September 1, 2020, the Company announced that HUB International Ltd., the world's fifth largest insurance broker, will offer its personal lines automotive insurance solutions, on PowerBand's virtual transaction platform to drivers across the United States, and soon after Canada, through PowerBand's strategic partner, Texas-based D&P Holdings, Inc.
8. On September 17, 2020, the Company entered into a non-interest loan agreement with D&P Holdings, Inc. to borrow USD \$500,000. The loan is payable on November 15, 2020.
9. On September 21, 2020, the Company announced that it had entered into an agreement with Syngrafii Inc. to allow consumers to safely and quickly sign automotive leases and other documents on PowerBand's virtual transaction platform.

10. During the three-month period ended September 30, 2020, the Company granted a total of 3,300,000 options. The options vest immediately and have an exercise price of \$0.225. 1,800,000 of the options expire on July 30, 2025, and 1,500,000 options expire on August 10, 2025.

### **Off-Balance-Sheet Arrangements**

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

### **Discussion of Operations**

#### Three-month period ended September 30, 2020

For the three-month period ended September 30, 2020, PowerBand generated revenue of \$576,725. Revenues are derived primarily from three sources: commissions from both buyers and sellers on auction transactions that are completed using the software solution, lease origination revenue generated by MUSA Auto Finance, LLC, 60% controlled by the Company, and fees earned on software development and design for customers.

For the three-month period ended September 30, 2020, PowerBand incurred an operating loss of \$2,878,428 with basic and diluted loss per share of \$0.03. Included in the expenses outlined below are expenses attributable to MUSA Holdings, LLC. The Company acquired a 60% interest in the Units of MUSA Holdings, LLC on July 17, 2019. The primary expenses that comprised the operating loss include:

- Accretion expense of \$72,633 relating to convertible debentures and the Company's leases recognized under IFRS 16.
- Sales and marketing expenses totaled \$69,437.
- Amortization expense of \$176,353 representing the amortization expense of the intangible assets, principally made up of the acquisition and development costs of the web platform used by the Company to develop its software applications and to sell its various services.
- Amortization expense of tangible assets of \$43,164, representing the amortization expense of tangible assets, which is comprised of Property, plant and equipment of MUSA Holdings, LLC.
- Amortization expense of right of use assets of \$179,292 for PowerBand's head office location in Burlington, Ontario and MUSA Holdings, LLC's head office location in Addison, Texas.
- Consulting Fees of \$286,772 for sales, operations and finance-related Management Consulting fees.
- Insurance expenses of \$75,970 representing costs associated with the Company's Directors & Officers, Cyber Technology and Commercial General Liability Insurance policies.

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- Investor Relations expenses of \$34,845 representing costs associated from working with Investor Relations Firms.
- Office expenses of \$181,498 representing office expenses for PowerBand's head office location in Burlington, Ontario and MUSA Holdings, LLC's head office location in Addison, Texas.
- Professional fees of \$472,392, which is composed of Legal Fees and Accounting & Audit Fees.
- Regulatory fees of \$47,045, representing regulatory filing fees and expenses associated with the Company's public listing on the TSX Venture Exchange, the OTCQB Market, and the Frankfurt Exchange.
- Share based compensation of \$662,920 for expenses related to stock option grants.
- Travel expenses of \$6,805 in relation to management, sales and business development meetings in Canada and the United States.
- Salaries and wages of \$1,025,003 for management, sales and software development personnel.
- Interest and bank charges of \$24,391.
- Utility expenses of \$16,631.

For the nine-month period ended September 30, 2020, PowerBand incurred an operating loss of \$8,021,488 with basic and diluted loss per share of \$0.07. The primary expenses that comprised the operating loss include:

- Accretion expense of \$294,482 relating to convertible debentures and the Company's leases recognized under IFRS 16.
- Sales and marketing expenses totaled \$185,972.
- Amortization expense of \$396,259 representing the amortization expense of the intangible assets, principally made up of the acquisition and development costs of the web platform used by the Company to develop its software applications and to sell its various services.
- Amortization expense of tangible assets of \$195,608, representing the amortization expense of tangible assets, which is comprised of Property, plant and equipment of MUSA Holdings, LLC.
- Amortization expense of right of use assets of \$532,827 for PowerBand's head office location in Burlington, Ontario and MUSA Holdings, LLC's head office location in Addison, Texas.
- Consulting Fees of \$1,008,744 for sales, operations, and finance-related Management Consulting fees.
- Insurance expenses of \$151,085 representing costs associated with the Company's Directors & Officers, Cyber Technology and Commercial General Liability Insurance policies.

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- Investor Relations expenses of \$69,377 representing costs associated from working with Investor Relations Firms.
- Office expenses of \$401,755 representing expenses for PowerBand's head office location in Burlington, Ontario and MUSA Holdings, LLC's head office location in Addison, Texas.
- Professional fees of \$822,549, which is composed of Legal Fees and Accounting & Audit Fees.
- Regulatory fees of \$140,606, representing regulatory filing fees and expenses associated with the Company's public listing on the TSX Venture Exchange, the OTCQB Market, and the Frankfurt Exchange.
- Share based compensation of \$997,947 for expenses related to stock option grants.
- Travel expenses of \$39,420 in relation to management, sales and business development meetings in Canada and the United States.
- Salaries and wages of \$3,504,775 for management, sales, and software development personnel.
- Interest and bank charges of \$128,813.
- Utility expenses of \$49,455.

### **Liquidity and Financial Position**

Cash used in operating activities was \$5,298,755 for the nine-month period ended September 30, 2020. Operating activities were affected by the net loss of \$8,021,486 offset by non-cash items of \$396,259 for amortization of the intangible assets, \$728,436 for amortization of right of use and other assets, \$226,533 in Accretion expense for leases, \$997,947 in share-based compensation, foreign exchange gain of \$14,511, interest on Convertible note of \$67,951, and the Company's share of joint venture losses of \$291,094.

Net cash used in investing activities totaled \$1,614,179 representing a reduction in Intangible assets and Property, plant and equipment, and deposits made on acquisitions.

Net cash received from financing activities was \$8,887,446, comprised of proceeds from private placements of \$400,00, funds from the conversion of warrants and options of \$47,500, a convertible debenture financing of \$8,093,200, funds from short term loans of \$2,388,559, repayment of short term loans of \$1,467,938, funds from a Canadian Emergency Business Account loan of \$40,000, funds from the Paycheck Protection Program loan in the United States of \$619,995, payment of lease liability of \$648,543, and payments to related parties of \$585,327.

At September 30, 2020, PowerBand had \$1,474,790 in cash and cash equivalents, \$1,670,224 in Trade receivables, \$137,227 in HST recoverable, and \$1,047,714 in Deposits.

The Company has limited operating revenues and therefore must utilize its funds obtained from the equity financing and other financing transactions to maintain its capacity to meet ongoing business development and operating activities.

As of September 30, 2020, the Company had 113,155,388 common shares issued and outstanding.

As of September 30, 2020, the Company had an outstanding shareholder loan in the amount of \$1,254,407, accounts payable and accrued liabilities in the amount of \$1,829,533.

The Company's use of cash at present occurs, and in the future will occur, in several areas, including, funding of its business development efforts, completing and implementing its strategic partnerships, developing a customer support infrastructure, enhancing its software development efforts, and for general and administrative expenditures. For fiscal 2020, the Company's expected operating expenses are estimated to average \$450,000 per month for recurring operating costs. Management may reassess its planned expenditures based on the Company's working capital resources, the success of adding new customers to the PowerBand and MUSA Platforms, and the overall condition of the financial markets.

As of September 30, 2020, the Company had a net working capital deficit of \$1,804,833.

## **Change in accounting policy and Recent Accounting Pronouncements**

### Interest Rate Benchmark Reform: Amendments to IFRS 9 and IFRS 7

In September 2019, IASB issued Phase 1 of its amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures, to amend certain requirements for hedge accounting and provide relief during the period of uncertainty arising from the phase out of interest rate benchmarks (e.g. interbank offered rates ["IBOR"s]). These amendments modify hedge accounting requirements, allowing entities to assume that the interest rate benchmark on which the cash flows of the hedged item and the hedging instrument are based are not altered as a result of IBOR reform, thereby allowing hedge accounting to continue. Mandatory application of the amendments ends at the earlier of when the uncertainty regarding the timing and amount of interest rate benchmark-based cash flows is no longer present and the discontinuation of the hedging relationship. Phase 2 of the IASB's project on IBOR is underway and will address transition from IBOR. The Company adopted the Phase 1 amendments on January 1, 2020 which didn't not have a material impact on the company's consolidated financial statements for the nine months ended September 30, 2020.

## **Capital risk management**

The Company manages and adjusts its capital structure based on available funds in order to support its business development efforts, completing and implementing its strategic partnerships, developing a customer support infrastructure, enhancing its software development efforts, and for general and administrative expenditures. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. As of September 30, 2020, the capital of the Company consisted of common shares and common share purchase warrants.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

### **Financial Instruments**

The 50% ownership of D2DAA and the 60% controlling interest in MUSA Holdings, LLC in the United States exposes the Company to risks associated with fluctuations in foreign currency exchange rates. To date, the Company has not used derivative financial instruments to manage this risk.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company is not successful in generating revenue through the addition of customers to the PowerBand Platform, or the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company expects to generate cash flow from financing activities, as well as operating activities. As of September 30, 2020, the Company had working capital deficit of \$1,804,833.

### **Credit risk**

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to accounts receivable from customers that utilize its PowerBand Platform service offering. The Company has no significant concentration of credit risk arising from operations as the monthly accounts receivable from any one customer will not negatively impact the cash flow of the Company.

### **Market risk**

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate significantly due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, prices and foreign exchange rates. Management believes the risk of loss related to market risk to be remote.

### **Currency risk**

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates.

### **Fair value hierarchy**

Cash and cash equivalents has been classified as loans and receivables and is measured at amortized cost. Accounts payable and accrued liabilities is classified as other financial liabilities and are measured at amortized cost.

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IFRS 7 Financial Instruments: Disclosures requires classification of fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and,

Level 3: Inputs for the asset or liability that are not based on observable market data

As at September 30, 2020 and December 31, 2019, none of the Company's financial instruments were held at fair value.

### **Related Party Transactions**

(a) Compensation of key management personnel of the Company

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of the Board of Directors, corporate officers, including the Chief Executive Officer, the President, the Chief Financial Officer, and the Chief Technology Officer.

Key management personnel compensation for the three-month period ended September 30, 2020 was as follows:

i.	CEO	\$75,000
ii.	Chief Financial Officer	\$8,085
iii.	Chief Technology Officer	\$32,400

(b) Loans from Officers and Directors

As at September 30, 2020 other unsecured, non-interest-bearing balances owed to shareholders totaled \$1,254,407 (September 30, 2019 - \$1,825,893).

(c) Transactions with Related Parties

As at September 30, 2020, total amounts due to related parties were \$1,254,407 (September 30, 2019 \$2,185,826).

During the quarter, the Company recorded sales transactions to its joint venture, D2DAA, as follows:

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	<b>September 30, 2020</b>	<b>September 30, 2019</b>
	<b>(\$)</b>	<b>(\$)</b>
Development service revenue	262,013	404,393

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As at September 30, 2020, the following are due from D2DAA accounts receivable is (Note 14) \$1,248,055 (2019- \$386,203). The Company owes D2DAA \$195,795 (2019- \$195,795) as at September 30, 2020. The balance is due on demand and non-interest bearing.

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As at September 30, 2020, the Company owed the CEO of Musa Holdings LLC \$222,136 (2019- \$416,860). The amount is due on demand and non-interest bearing.

## **Share Capital**

As of the date of this MD&A, the capital structure of the Company was as follows:

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### **Capital Structure (as of November 30, 2020)**

Common Shares Issued	137,434,856
Warrants <sup>(1)</sup>	23,104,247
Options <sup>(2)</sup>	19,553,500
Restricted Share Units <sup>(3)</sup>	<u>1,050,000</u>
<b>Total</b>	<b>181,142,603</b>

(1) 16,683,093 Warrants have an exercise price of 0.60, and an expiration date of February 7, 2021  
769,280 Warrants have an exercise price of 0.15, and an expiration date of December 20, 2021  
2,801,874 Warrants have an exercise price of 0.15, and an expiration date of January 20, 2022  
350,000 Warrants have an exercise price of 0.165, and an expiration date of January 15, 2021  
2,500,000 Warrants have an exercise price of 0.30, and an expiration date of March 6, 2022

(2) 1,678,500 Options have a strike price of \$0.30, and an expiration date of February 1, 2023  
6,800,000 Options have a strike price of \$0.10, and an expiration date of July 10, 2024  
375,000 Options have a strike price of \$0.10, and an expiration date of October 3, 2024  
1,200,000 Options have a strike price of \$0.10, and an expiration date of October 17, 2024  
700,000 Options have a strike price of \$0.15, and an expiration date of December 2, 2024  
500,000 Options have a strike price of \$0.215, and an expiration date of February 12, 2025  
400,000 Options have a strike price of \$0.16, and an expiration date of February 25, 2025  
300,000 Options have a strike price of \$0.205, and an expiration date of February 27, 2025  
1,800,000 Options have a strike price of \$0.225, and an expiration date of July 30, 2025  
1,500,000 Options have a strike price of \$0.225, and an expiration date of August 10, 2025  
250,000 Options have a strike price of \$0.22, and an expiration date of October 1, 2025  
400,000 Options have a strike price of \$0.225, and an expiration date of May 15, 2023  
500,000 Options have a strike price of \$0.22, and an expiration date of October 20, 2025  
2,850,000 Options have a strike price of \$0.22, and an expiration date of October 27, 2025  
250,000 Options have a strike price of \$0.26, and an expiration date of November 2, 2025  
50,000 Options have a strike price of \$0.21, and an expiration date of November 26, 2025

(3) 350,000 RSU's vest on August 13, 2021  
350,000 RSU's vest on August 13, 2022  
175,000 RSU's vest on October 14, 2021  
175,000 RSU's vest on October 14, 2022

## **Disclosure of Internal Controls**

Management has established processes to provide them sufficient with knowledge to support representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **Risks and Uncertainties**

The operations of the Company are speculative due to the high-risk nature of its business, which is the development and implementation of automotive industry-related software. These risk factors, although not exhaustive, could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company. Please refer to the section entitled "Risks and Uncertainties" in the Company's Annual MD&A for the fiscal year ended December 31, 2019, available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Subsequent Events**

Subsequent to the three-month period ended September 30, 2020, the following corporate activities occurred:

1. In October 2020, the Company announced that John Canales, Brent Green, Bruce Polkes, Steve Waller, and Kevin Wilks, five of the U.S. automotive industry's proven leaders in retail, joined the Company as senior advisors.
2. On October 15th, 2020, the Company entered into an agreement to partner with one of the world's leaders in big-data and artificial intelligence to offer 4.5 million vehicles for sale and lease on the Company's virtual transaction platform, DRIVRZ.
3. On October 19, 2020, the Company announced that it will be offering U.S. consumers and automotive dealerships DRIVRZ-branded credit cards through an agreement with DigniFi, a leading U.S.-based auto-financing company.
4. On October 22, 2020, the Company announced that its U.S. leasing division, MUSA Auto Finance, LLC, had secured a second Forward Flow Purchase and Security Agreement with a California-based credit union for U.S. consumers and automotive dealers using the PowerBand virtual transaction platform.
5. On October 22, 2020, the sole holder of a \$1.5 million Convertible Debenture with a maturity date of October 22, 2020 elected to convert the entire principal, pursuant to an unsecured convertible note dated October 22, 2019. \$1.0 million of the principal amount was converted at a price of \$0.065, resulting in 15,384,615 common shares of the Company being issued. \$500,000 of the principal amount was converted at a price of \$0.085, resulting in 5,882,353 common shares of the Company being issued. In total, 21,266,968 common shares were issued as fully paid and non-assessable shares in the capital of PowerBand Solutions Inc. as of October 22, 2020. The securities issued are subject to a four month hold period which will expire on February 23, 2021.
6. On October 22, 2020, the Company granted 950,000 Restricted Share Units to a consultant, subject to the Company's 2020 Restricted Share Unit Plan. The RSU's vested immediately and 950,000 common shares were issued as fully paid and non-assessable shares in the capital of PowerBand Solutions Inc. as of October 22, 2020. The securities issued are subject to a four month hold period which will expire on February 23, 2021.
7. On October 23, 2020, the Company announced that Premier Auto Group, one of the United States' fastest growing auto dealership networks, had signed its 24 dealerships onto the DRIVRZ virtual transaction platform.
8. On October 28, 2020, DRIVRZ US, LLC., a wholly owned subsidiary of Powerband Solutions US Inc., signed a Membership Interest Purchase Agreement to acquire 60% of IntellaCar Solutions, LLC. The aggregate consideration to be paid by DRIVRZ is USD\$1.5 million in cash, and 2 million common shares of PBX, for a total purchase price of CDN\$2.42 million. Under the Purchase Agreement the cash portion of USD \$1,500,000 will be satisfied by a payment of USD \$500,000 upon closing, and the execution of two non-interest-bearing promissory notes. The first promissory note for USD \$600,000 has a maturity date of December 31, 2020. The second promissory note for USD \$400,000 has a maturity date of March 31, 2021. On October 28, 2020, 1 million common shares of PBX were issued to John Canales, Chairman of IntellaCar, and 1 million shares were

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issued to Bruce Polkes, President and CEO of IntellaCar. The shares will have a minimum four month hold period and will be subject to a restriction legend under SEC Rule 144.

9. On November 27, 2020, the Company executed a Common Voting Stock Purchase Agreement (the "Agreement") to acquire up to 15% of CB Auto Group, Inc.'s ("CB Auto") issued and outstanding common shares (the "Shares") for aggregate consideration of USD \$5,000,000. The Company paid USD \$500,000 in cash, (less a previously paid USD \$50,000 deposit) to acquire an initial 10% of the Shares of CB Auto. The November 27, 2020 closing is the first of four tranches. On the closing of the second tranche, scheduled for December 31, 2020, the Company will pay USD \$1.5 million for 30% of the Shares of CB Auto. On March 31, 2021, the Company will close on the third tranche and pay USD \$1.5 million for an additional 30% of the Shares of CB Auto. The fourth tranche will close on June 30, 2021, with the Company making a final payment of USD \$1.5 million for a further 30% of the Shares of CB Auto. In addition to the initial cash payment of USD \$500,000, the Company has issued a total of 750,000 PowerBand share purchase warrants (the "Warrants") to CB Auto. The Warrants have an exercise price of \$0.30 and a three-year maturity period. 10% of the Warrants were exercisable on November 27, 2020. 30% will be exercisable on December 31, 2020, a further 30% on March 31, 2021, and the final 30% of the Warrants will be exercisable on June 30, 2021. The common shares of the Company issued upon the exercise of the Warrants will be subject to a four-month and one-day hold. As part of the Agreement the Company has been granted an option (the "Option") to purchase up to an additional 15% of the issued and outstanding Common Stock of CB Auto, for a period of 18 months following the November 27, 2020 closing, at a USD \$40,000,000 valuation of CB Auto immediately preceding the exercise of the Option. The Agreement will provide CB Auto's union membership of 67 million people, direct access to DRIVRZ, PowerBand's virtual platform to buy, lease, sell and trade cars and trucks. The Agreement was approved by the TSX Venture Exchange.

**Additional Information**

For additional information, please see [www.powerbandsolutions.com](http://www.powerbandsolutions.com).