



**POWERBAND SOLUTIONS INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
THREE AND NINE MONTHS  
ENDED SEPTEMBER 30, 2022**

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## **Introduction**

The following Management Discussion & Analysis ("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 annual audited consolidated financial statements of the Company for the years ended December 31, 2021 and 2020, and the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2022, 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, 2022, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at November 28, 2022, unless otherwise indicated.

The unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2022, and 2021, 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 Accounting Standard ("IAS") 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 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 MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

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Forward-looking statements	Assumptions	Risk factors
The Company may 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, 2023.	The operating and business development activities of the Company for the twelve-month period ending September 30, 2023, 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 will be favorable to PowerBand.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; changes in revenue, 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 on acceptable terms; 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 adverse changes to its results for the period ended September 30, 2023, 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 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.

### **Non-IFRS Measures**

This MD&A and the investor deck posted on the Company's web site includes measures that are not prescribed by IFRS and as such may not be comparable to similar measures presented by other companies. Management believes that these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and interested parties to evaluate financial performance and the Company's ability to incur and service debt to support business activities.

Our definition of EBITDA and Adjusted EBITDA described in the section "Reconciliation and Definition of Non-IFRS Measures" will likely differ from that used by other companies and therefore comparability may be limited. These non-IFRS measures should be read in conjunction with our annual audited consolidated financial statements and the related notes thereto as at and for the year ended December 31, 2021, and the unaudited condensed interim consolidated financial statements for the three and nine-month period ended September 30, 2022. Readers should not place undue reliance on non-IFRS measures and should instead view them in conjunction with the most comparable IFRS financial measures.

### **COVID-19 Pandemic Disclosures**

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The initial spread of the COVID-19 pandemic impacted our business as we had just relaunched the lease originations in July 2020. The automotive industry experienced a dramatic decline in both new and used vehicle sales, curtailed by lockdowns and keeping buyers of vehicles out of the market. After the initial impact of the pandemic on our business we began to see demand for used vehicles and adoption of our online leasing platform.

In addition to benefiting from the adoption of the ecommerce in the used vehicle market, the pandemic also disrupted the supply chain in the automotive industry. With chip shortages and labour challenges, new vehicle manufacturers have struggled to meet the production demands and as a result, we have seen demand for used vehicles increase significantly in response to a lack of new vehicle inventory available. With this demand for used vehicle coupled with government stimulus has resulted in increase in the average price of used vehicles. This resulted in increased revenues in second and third quarter of 2021. However, in the fourth quarter of 2021 and subsequently in 2022, revenue decreased due to low inventory levels, high prices of used vehicle and supply chain constraints leading to the decrease in the lease originations for the quarters. Refer to "Outlook" section for additional discussion on COVID-19 pandemic.

COVID-19 has caused heightened uncertainty and volatility in the global economy, including supply chain stress and inflationary pressure. If economic growth slows further or if a recession develops, customers may not have the financial means to lease or loan vehicles, thereby potentially having a negative impact on the Company's financial performance. Since the impact of COVID-19 is ongoing, the effect of the COVID-19 outbreaks and the related impact on the global economy may not be fully reflected in the Company's financial statements until future period. Further, volatility in the capital markets may continue, which may cause declines in the price of the Company's shares and may also affect its ability to raise working capital through equity or debt transactions.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Company's operations and financial position is not known at this time. An estimate of the financial effect of the pandemic on the Company is not practicable at this time.

## **Description of the Business**

PowerBand Solutions Inc. (the "Company" or "PowerBand") (formerly Marquis Ventures Inc.) 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.

In February 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 traded on the Exchange under the symbol "PBX".

PowerBand is a technology company with all of its applications focused for the automotive industry. 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 products are responsive for use on any device and are complimented by mobile applications for its auction platform. All of the applications are being vertically integrated, representing a powerful technology stack for automotive retail.

The Company's management and the new leadership team has conducted a comprehensive review of the business strategy, operations, and product lines. Following the review, the decision was made that the primary business focus in the near-to-medium term will be on increasing the number of lease originations in its Drivrz Financial business division in the U.S.

A summary of the business units operated by the Company is provided below:

### **Drivrz Financial Holdings LLC (DrivrzFinancial):**

In July 2019 the Company acquired a 60% interest in Drivrz Financial Holdings, LLC (formerly MUSA Holdings, LLC), a new and used vehicle leasing platform in the U.S, through its subsidiary PowerBand Solutions US Inc. In June 2020, 9% interest in PowerBand Solutions US Inc. was disposed to third parties thereby reducing the Company's interest in PowerBand Solutions US Inc. to 91%. This in turn reduced the Company's interest in Drivrz Financial Holdings, LLC from 60% to 54.60%.

In April 2021, the Company acquired an additional 40% interest in Drivrz Financial Holdings, LLC. The Company now holds 94.60% interest in Drivrz Financial Holdings, LLC.

### **D2D Auto Auction LLC (DrivrzXchange):**

In November 2018 the Company entered into a 50/50 joint venture agreement with Bryan Hunt to operate D2D Auto Auctions, LLC ("D2D"), an online auction, remarketing platform in the U.S. that has been branded as DrivrzXchange. The DrivrzXchange platform has been developed, however management has made the decision to place the platform into a maintenance mode for the near term. DrivrzXchange features identity verification for all parties, payment handling and processing, transportation, inspection, financing as well as mechanical and detailing services. By combining all of these features into a single platform, private sellers are able to elect to sell their vehicle via auction, fixed price or instant cash offer with no hassle, safely and securely. The development cost incurred up to September 30, 2022, amounted to \$1,709,280 (December 31, 2021 - \$808,523).

**IntellaCar Solutions LLC (DrivrzLane):**

In October 2020, the Company acquired a 60% interest in IntellaCar Solutions LLC, ("IntellaCar"). IntellaCar has been rebranded as DrivrzLane and offers an extensive video and brochure library of vehicles, enabling users to review the vehicle details. Management has reviewed the business strategy and the technology and is of the opinion not to pursue further product development on the DrivrzLane platform at this time. Therefore, during the nine-months period ended September 30, 2022, an impairment loss was booked for the goodwill recorded on acquisition, amounting to \$2,509,762, the intangible assets acquired for \$1,161,292 and for the capitalized cost of product development amounting to \$1,193,484. On September 30, 2022, the Company entered into a Settlement Agreement and Release of Claims with John Canales and Bruce Polkes, the former Chairman and CEO, respectively, and was transferred their 30% and 10% interest in IntellaCar. The Company now has a 100% interest in IntellaCar.

**Drivrz Financial Inc.**

Drivrz Financial Inc. is a Canadian federally incorporated company established to market and operate the Drivrz platform in Canada. The Company has a 73.62% interest in Drivrz Financial Inc. In 2022 Drivrz Financial Inc. has been buying and selling used vehicles through its dealership license. It is anticipated that the buying and selling of vehicles by Drivrz Financial Inc. will be suspended in the fourth quarter of 2022.

## **Outlook**

As the use of the Internet to conduct everyday activities and commerce has become ubiquitous and as the Millennial generation rises in importance, 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 progressing towards 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.

In November 2021, the Company presented its full-year 2022 Outlook with target revenue in the range of \$70M to \$90M and lease originations of up to 1,000 per month. The 2022 Outlook was prepared based on historical facts for the nine months of 2021 and the expectations of the general economic conditions as it relates to the automotive industry at that time. Since that time, the Company has experienced lower than expected inventory levels, higher prices of used vehicles and unexpected supply chain constraints which led to a decrease in lease originations for the relevant periods. In May 2022, the Company's new management team started a full review of the business strategy and the technology, in order to gain a complete understanding of the market opportunity and to steer the Company in the right direction. Following the strategic review and in line with the current challenging economic conditions, both generally and specific to the automotive industry, on August 30, 2022, the Company withdrew its 2022 Outlook previously presented.

On September 29, 2022, the Company unveiled its updated corporate strategy. The Company will allocate all growth capital and resources to its used and new vehicle leasing platform, DrivrzFinancial, as it represents the highest near-to-medium-term return to shareholders. Upon completion of the comprehensive review of its product portfolio, the Company has suspended operations of DrivrzLane, has moved to a maintenance mode for DrivrzXchange, and anticipates ceasing the buying and selling of used vehicles in its Canadian subsidiary, Drivrz Financial Inc., by the end of the current fiscal year. The Company believes that DrivrzXchange offers a compelling longer-term value proposition through its unique technology stack. However, given the capital intensity of marketing expenses associated with the business, the Company will take a more measured approach to its expansion.

DrivrzFinancial is underpinned by a robust "flow" financing business model and technology platform that is systemic to dealer operating systems. DrivrzFinancial has completed its CDK integration with key enterprise customers and is now positioned to commence systematic origination programs with those dealer bodies. DrivrzFinancial currently has 1,000 dealers on the platform and has bolstered its sales team to provide advocacy, education, and support to F&I managers.

At DrivrzFinancial, the management team has deliberately scaled down dealer onboarding, and consequently originations, to reposition the Company for more sustained and profitable growth. Lending guidelines across the industry have become more rigorous, impeding the ability to capture market share in programs directed at commercial, fleet, professional corporations, EV's and exotic vehicles. These are highly profitable segments of the market, and the Company is currently advancing discussions to expand lending relationships to meet guidelines within these market segments. Volumes for originations are currently difficult to forecast given supply chain challenges, onboarding of enterprise customers, targeting of new market segments and potential introduction of new lending partners.

Given the uncertainty in a rising interest rate environment, the Company believes its best hedge is to maintain a strong balance sheet and lean operating structure. During the second and third quarters of 2022 the Company made significant cost reductions in its business operations. The Company had \$18.2M of cash as of the end of the third quarter of 2022. The management team and Board will employ a highly disciplined approach to capital deployment within defined return thresholds.

The impacts related to COVID-19 pandemic are expected to continue to pose risks to our business for the foreseeable future and could have a material adverse impact on the Company's business, operations and financial performance in a manner that is difficult to predict.

### **Operational Highlights for 2022**

1. In March 2022, the Company introduced to the US market the DrivrzLane digital solution and the DrivrzXchange auction platform. Subsequently after a comprehensive evaluation of the product under the new leadership team, it was determined to recognize an impairment loss for the product development costs for the DrivrzLane digital solution that were capitalized amounting to \$1,193,484.
2. On April 30, 2022, the Company repaid US\$3.5 million, being the balance of loan outstanding from the acquisition of the additional 40% of Drivrz Holdings, LLC. The repayment was made using US\$1 million funds held in trust and an advance of US\$2.5 million from D2D Auto Auction, LLC.
3. On May 10, 2022, the Company announced plans to close on a US\$20 million private placement, strategic partnerships with J. Bryan Hunt Jr. and Joe Poulin, and proposed changes to board members and the leadership team.
4. On June 22, 2022, a first tranche of a non-brokered private placement offering was closed and 62,037,560 units were issued at a price of \$0.30 per unit for gross proceeds of CAD\$18,611,268. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for one common share at an exercise price of \$0.40 for a period of 60 months following the closing date.
5. On June 22, 2022, the Company settled a loan received from D2D Auto Auction LLC on May 4, 2022, for \$4,534,092 (US\$3,519,711.36). The loan was settled through the issuance of 15,113,640 units. Each unit is comprised of one common share and one common share purchase warrants of the Company. The warrants can be exercised within a period of 60 months from the date of issuance at an exercise price of \$0.40 per share.

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6. On June 29, 2022, the Company announced that it is working to integrate with CDK Global's DMS, which is an integral desking tool for enterprise dealers. The anticipated integration period is 45-90 days. This is expected to increase lease originations at DrivrzFinancial.
7. On July 15, 2022, a second and final tranche of a non-brokered private placement offering was closed, and 17,316,801 units were issued at a price of \$0.30 per unit for gross proceeds of CAD\$5,195,040. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for one common share at an exercise price of \$0.40 for a period of 60 months following the closing date.
8. On September 30, 2022, the Company entered into a Settlement Agreement and Release of Claims with John Canales and Bruce Polkes, the former Chairman and CEO of IntellaCar Solutions, LLC, respectively, and was transferred their 30% and 10% interest in IntellaCar. The Company now has a 100% interest in IntellaCar.

## Discussion of Operations

Three-month period ended September 30, 2022, and September 30, 2021:

For the three-month period ended September 30, 2022, PowerBand generated revenue of \$2,066,250. Revenues are derived primarily from three sources: lease origination (\$1,499,941), subscription revenue from using the software solution (\$134,788), and Vehicle and auction sales (\$431,521).

	Three months ended September 30, 2022			Three months ended September 30, 2021		
	Canada	USA	Total	Canada	USA	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Vehicle and auction sales	431,521	-	431,521	46,691	-	46,691
Lease origination revenue	-	1,499,941	1,499,941	-	8,654,996	8,654,996
Subscription revenue	-	134,788	134,788	3,590	159,117	162,707
	431,521	1,634,729	2,066,250	50,281	8,814,113	8,864,394

The revenue of US operations from lease origination decreased by \$7,155,055 from \$8,654,996 for the three-month period ended September 30, 2021, to \$1,499,941 for the three-month period ended September 30, 2022. The decrease was primarily due to the decrease in lease counts, from 804 for the three-month period ended September 30, 2021, to 110 for the three-month period ended September 30, 2022. Low inventory levels, high prices for used vehicles and supply chain constraints are challenges that negatively impacted the US lease origination market. The cost of lease acquisition relatively decreased during the three-months ended September 30, 2022, thereby increasing gross profit from 42% for the three-month period ended September 30, 2021, to 69% for the three-month period ended September 30, 2022. Lease origination revenue for the period ended September 30, 2022, was adjusted for claw back provisions to accommodate any customer being in a payment default. The revenue from subscription revenue decreased by 17% from \$162,707 for the three-month period ended September 30, 2021, to \$134,788 for the three-month period ended September 30, 2022. The DrivrzLane software platform that was made available to the market in March 2022, suspended accepting further subscriptions from new dealers to the platform, contributing to the decreased revenues for the period ended September 30, 2022.



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The revenue of the Canadian operation, Drivrz Financial Inc., increased by \$384,830 from \$46,691 for the three-month period ended September 30, 2021, to \$431,521 for the three-month period ended September 30, 2022. This revenue was generated primarily from the sale of vehicles in Canada through the Company's dealership license. The gross profit margin for the operation was less than 5%.

For the three-month period ended September 30, 2022, PowerBand incurred a net loss of \$3,676,859 with basic and diluted loss per share of \$0.012 as compared to net loss of \$2,275,075 and basic and diluted loss per share of \$0.012 for the three-month period ended September 30, 2021, an increase in net loss of \$1,401,784. The increase in net loss is due to the significant decrease in total revenue, even with the decrease in the total operating expenses by \$1,328,655 as described below. The primary expenses that contributed to the decrease in total operating expenses are included in the table below:

	Three months ended		
	September 30, 2022	September 30, 2021	Increase/ (Decrease)
	\$	\$	\$
<b>Net loss</b>	3,676,859	2,275,075	1,401,784
<b>Total Operating expenses</b>	4,824,637	6,153,292	(1,328,655)
<b>Expenses</b>			
Salaries and wages	1,883,821	2,298,763	(414,942)
Professional fees	809,584	1,519,502	(709,918)
Share based compensation	932,927	317,293	615,634
Investor relations	32,144	11,377	20,767
Advertising and promotion	290,109	508,991	(218,882)
Office and sundry expenses	311,840	463,327	(151,487)
Travel expenses	78,542	140,506	(61,964)
Amortization of intangible assets	73,501	196,744	(123,243)
Foreign exchange loss (gain)	(172,354)	161,213	(333,567)

- Salaries and wages of \$1,883,821 for the three-month period ended September 30, 2022, representing a decrease of \$414,942 from \$2,298,763 for the three-month period ended September 30, 2021. This decrease is due to the decrease in headcounts for the US operations. A one-time cost of \$171,674 was incurred due to severance, paid-time-off and settlements for the three-month period ended September 30, 2022.
- Professional fees decreased by \$709,918 from \$1,519,502 for the three-month period ended September 30, 2022, to \$809,584 for the three-month period ended September 30, 2021. This is due to the decrease in the legal and consulting fees.
- Share based compensation increased from \$317,293 for the three-month period ended September 30, 2021, to \$932,927 for the three-month period ended September 30, 2022, an increase of \$615,634 for expenses related to stock option grants, representing the amortization of fair market value of incentive stock options granted using the Black-Scholes valuation model and expenses related to restricted share units.

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- Advertising and promotion decreased by \$218,882 from \$508,991 for the three-month period ended September 30, 2021, to \$290,109 for the three-month period ended September 30, 2022. The decrease was due to the cancellation of certain market awareness programs.
- Office and sundry expense, primarily relating to the general administration of the Company has decreased by \$151,487 from \$463,327 for the three-month period ended September 30, 2021, to \$311,840 for the three-month period ended September 30, 2022.
- Amortization of intangible assets decreased by \$123,243 from \$196,744 for the three-month period ended September 30, 2021, to \$73,501 for the three-month period ended September 30, 2022, due to the impairment loss recognized in the prior quarter.
- Foreign exchange gain of \$172,354 was recognized for the three-month period ended September 30, 2022, from the transfer of US dollars loaned to the US subsidiary for operating expenses. The Canadian dollar gained strength against the US dollar in the past three months.

Nine-month period ended September 30, 2022, and September 30, 2021:

For the nine-month period ended September 30, 2022, PowerBand generated revenue of \$12,350,353. Revenues were derived primarily from three sources: lease origination (\$10,883,277), subscription revenue from using the software solution (\$530,257), and Vehicle and auction sales (\$936,819).

	Nine months ended September 30, 2022			Nine months ended September 30, 2021		
	Canada	USA	Total	Canada	USA	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Vehicle and auction sales	936,819	-	936,819	184,835	-	184,835
Lease origination revenue	-	10,883,277	10,883,277	-	15,128,949	15,128,949
Subscription revenue	6,398	523,859	530,257	10,772	463,539	474,311
	943,217	11,407,136	12,350,353	195,607	15,592,488	15,788,095

The revenue of US operations comprised of lease origination and subscription revenue. The lease origination revenue decreased by \$4,245,672 from \$15,128,949 for the nine-month period ended September 30, 2021, to \$10,883,277 for the nine-month period ended September 30, 2022. The decrease in lease origination revenue is from the decrease in lease counts as noted in the section above for the comparison of the three months results ended September 30, 2022. The Company's new leadership team has been streamlining operations and introducing efficiency and controls for future growth. The revenue from subscription revenue increased by 12% from \$474,311 for the nine-month period ended September 30, 2021, to \$530,257 for the nine-month period ended September 30, 2022. The DrivrzLane software platform was made available to the market in March 2022 and has since suspended accepting further subscription from new dealers to the platform in the third quarter.

The revenue of the Canadian operation increased by \$751,984 from \$184,835 for the nine-month period ended September 30, 2021, to \$936,819 for the nine-month period ended September 30, 2022. This revenue was generated primarily from the sale of vehicles in Canada through the Company's dealership license.

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The gross profit margin was relatively consistent at 48% for the nine-month period ended September 30, 2022, and 2021.

For the nine-month period ended September 30, 2022, PowerBand incurred a net loss of \$20,694,371 with basic and diluted loss per share of \$0.077 as compared to net loss of \$6,878,471 and basic and diluted loss per share of \$0.035 for the nine-month period ended September 30, 2021, an increase in net loss of \$13,815,900 as described below. The primary expenses that contributed to the net loss are included in the table below:

Nine months ended			
	September 30, 2022	September 30, 2021	Increase/ (Decrease)
	\$	\$	\$
<b>Net loss</b>	20,694,371	6,878,471	13,815,900
<b>Expenses</b>			
Salaries and wages	7,272,523	5,495,393	1,777,130
Share based compensation	4,882,750	756,807	4,125,943
Investor relations	113,622	415,778	(302,156)
Advertising and promotion	1,715,550	1,139,130	576,420
Accretion	702,968	183,480	519,488
Discount on debt	(434,828)	-	(434,828)
Unrealized gain on settlement of debt	(164,907)	-	(164,907)
Impairment of intangible assets	4,108,796	-	4,108,796
Impairment of goodwill	2,509,762	-	2,509,762

- Salaries and wages of \$7,272,523 for the nine-month period ended September 30, 2022, representing an increase of \$1,777,130 from \$5,495,393 for the nine-month period ended September 30, 2021. This increase is due to the higher headcounts for the US operations at the beginning of the year which has now decreased. There was a one-time cost of \$721,730 due to severance, paid-time-off and settlements. The salaries and wages for the nine-month period ended September 30, 2021, was reduced by \$583,635 from forgiveness of funds received for the United States Paycheck Protection Program. Most of these costs were incurred in the US operation to generate revenue from the lease origination fees.
- Share based compensation increased from \$756,807 for the nine-month period ended September 30, 2021, to \$4,882,750 for the nine-month period ended September 30, 2022, an increase of \$4,125,943 for expenses related to stock option grants, representing the amortization of fair market value of incentive stock options granted using the Black-Scholes valuation model and expenses related to restricted share units. For the most recently granted stock options and restricted share units on October 26, 2021, at an exercise price of \$0.89 per share, an amortized fair market value of \$3,154,355 was recognized for the nine-months period ended September 30, 2022. Also, a total of 1,000,000 restricted share units were granted to certain employees that vested immediately recognizing a fair market value of \$720,000.

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- Investor relations expense decreased by \$302,156 from \$415,778 for the nine-month period ended September 30, 2021 to \$113,622 for the nine-month period ended September 30, 2022 due to cancellation of contracts with investor relation firms.
- Advertising and promotion increased by \$576,420 from \$1,139,130 for the nine-month period ended September 30, 2021, to \$1,715,550 for the nine-month period ended September 30, 2022. The increase was due to the high cost of certain market awareness programs during Q1 2022 that were cancelled subsequently in Q2 2022.
- Accretion expense primarily relates to the amortization of interest expense on long-term debt. The accretion expense increased by \$519,488 from \$183,480 for the nine-month period ended September 30, 2021, to \$702,968 for the nine-month period ended September 30, 2022. The increase was due to the accretion recorded on the early pay-off of a long-term debt that was settled in full during the period. Refer to note 5(a) of the consolidated financial statements.
- Discount on debt of \$434,828 resulted from the amount recorded on initial recognition of fair value of long-term debt using an effective interest rate of 13.80%, which will be amortized over a period of 18 months. Refer to note 21(c) of the consolidated financial statements.
- Unrealized gain on settlement of debt in the amount of \$164,907 represents the excess of fair value of units issued for settlement of debt. Refer to note 19(c) of the consolidated financial statements.
- Impairment of intangible assets of \$4,108,796 and impairment of goodwill of \$2,509,762 represents the impairment loss recognized on the intangible assets acquired and goodwill recognized from IntellaCar Solutions LLC., product development costs for DrivrzLane and DrivrzFinancial projects. During the period management evaluated the business strategy and the potential for subscription revenue generation from the software and determined that the fair value of the reporting unit is less than the carrying value, thereby recognizing impairment losses.

### Summary of Quarterly Results

The summary of financial results for the third quarter of 2022 and for the seven preceding quarters are noted below.

	2022/2021			
	Q3	Q2	Q1	Q4
Revenue (\$)	2,066,250	4,135,066	6,149,037	8,148,893
Net Loss (\$)	3,676,859	10,737,296	6,280,216	9,312,157
Net Loss per share (basic and diluted)	0.01	0.05	0.03	0.04
	2021/2020			
	Q3	Q2	Q1	Q4
Revenue (\$)	8,864,394	4,405,191	2,518,510	1,426,635
Net Loss (\$)	2,275,075	1,855,087	2,748,309	4,821,125
Net Loss per share (basic and diluted)	0.01	0.02	0.02	0.04

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Revenue for Q1-Q3/2022 and Q1-Q4/2021 did not include revenue from software development as they were capitalized as intangible assets representing the cost to PowerBand for the development of the DrivrzXchange auction platform that is built under a joint venture in D2D Auto Auctions, LLC.

Most of the Company's revenue is generated from the DrivrzFinancial lease origination platform. The Company's quarterly revenue has generally trended upwards in the five quarters from Q4 2020 to Q3 2021 since the launch of the lease origination platform in the US from and the increase in the number of lease originations. The decrease in revenue in Q4/2021 to Q3/2022 is a result of the impact of low inventory levels, higher prices of used vehicle and supply chain constraints. The highest revenue was recorded in Q3 2021, due to the increase in volume of lease origination counts.

The net loss for Q2/2021 was the lowest compared to other quarters. During that quarter DrivrzFinancial applied the US Paycheck Protection Program subsidiary of \$583,635 to salaries and wages, hence the net loss was comparatively low. The Net loss has decreased from Q4 2020 to Q2 2021, primarily due to the increase in revenues. The Net loss for Q4/2021 was high due to the recognition of unrealized loss on the fair value adjustment to the investment in CB Auto for \$3,676,881 and the provision for expected credit loss of \$1,445,073. The net loss for Q2/2022 included the loss on impairment of goodwill and intangible assets. See section "Discussion of Operation"-Three and nine-months ended September 30, 2022, and 2021, for discussion on Q3 2022 net loss.

## **Liquidity and Capital Resources**

The Company's primary source of cash flow is revenue from lease originations in DrivrzFinancial, proceeds from the private placement offering of common shares of the Company, proceeds from the exercise of warrants and share-based compensation and loans from related parties. The Company's approach to managing liquidity is to ensure, to the extent possible, that there is always sufficient liquidity to meet liabilities as they come due. The Company does this by continuously monitoring cash flow and actual operating expenses compared to budget.

The Company had \$18,219,435 in cash and cash equivalents on hand at September 30, 2022, compared to \$6,367,533 as at December 31, 2021.

Cash used in operating activities was \$6,493,854 for the nine-month period ended September 30, 2022, as compared to \$6,518,030 for the nine-month period ended September 30, 2021. Operating activities for the nine-month period ended September 30, 2022, were affected by the net loss of \$20,694,371 offset by non-cash items of \$611,554 for amortization and depreciation of the tangible and intangible assets, \$538,392 for depreciation of right of use assets, \$702,968 in accretion expense for leases and loan, \$4,882,720 in share-based compensation, impairment loss from intangible assets and goodwill of \$6,618,558, and unrealized gain from change in fair value of investments by \$231,046. In addition, operating cash flows were decreased by a \$1,683,597 net change in non-cash working capital.

Net cash used in investing activities totaled \$4,972,633 for the nine-month period ended September 30, 2022, as compared to \$5,966,584 for the nine-month period ended September 30, 2021. For the nine-month period ended September 30, 2022, cash used for product development reported as addition to intangible assets comprised of \$419,831 for the DrivrzLane application, \$845,226 for developing a modern alternative platform for lenders to both loan and lease vehicle, both of which were impaired during the period, and \$868,734 for the DrivrzXchange auction platform. The Company paid \$2,829,395 for repurchase of lease units from the financial institution during the period ended September 30, 2022. For the nine-month period ended September 30, 2021, \$4,981,052 was used for an equity investment in CB Auto Group.

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Net cash provided by financing activities was \$23,000,884 for the nine-month period ended September 30, 2022, as compared to \$20,295,960 for the nine-month period ended September 30, 2021. For the nine-month period ended September 30, 2022, funds were received from private placements, a related party and from the exercise of warrants and options totalled \$30,580,390 as compared to \$26,056,094 for the nine-month period ended September 30, 2021. Repayment of debt to related parties and third-parties amounted to \$6,900,926 for the nine-month period ended September 30, 2022, compared to \$5,158,136 for the nine-month period ended September 30, 2021.

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

The Company's principal contractual obligation is the lease commitments in the aggregate of \$4,016,286, primarily for office premises for DrivrzFinancial expiring in March 2027. The capital expenditures on product development for the DrivrzLane application and the DrivrzFinancial loan-lease portal projects have been suspended. Management is focused on increasing the lease originations at DrivrzFinancial.

As of September 30, 2022, the Company had 297,265,462 common shares issued and outstanding.

As of September 30, 2022, the Company's current liabilities comprised of the following:

- accounts payable and accrued liabilities in the amount of \$7,470,635,
- seller reserve provision of \$31,903,
- current portion of lease liability of \$762,450,
- government assistance of \$60,000, and
- due to related parties' amount of \$446,213.

In addition, at September 30, 2022 the Company had long-term debt of \$1,962,707 (discounted) and a long-term lease liability of \$2,744,545.

As of September 30, 2022, the Company had net current assets of \$12,423,282 and net current assets deficit of \$2,000,832 at December 31, 2021 (current assets less current liabilities). The working capital balance has improved for the nine-month period ended September 30, 2022, because of the private placement offerings of \$23,195,291, net of share issuance costs.

## **Reconciliation and Definition of Non-IFRS Measures**

The following is a description and calculation of certain measures used by management:

### **Gross revenue**

Gross revenue is the sum of the adjusted capital cost on a lease, gain on sale of the lease, fee income from lease origination and the recurring monthly revenue from the use of the online platform to buy, lease, sell, auction, finance and insure a vehicle. The Company has an arrangement with a federally regulated financial Institution to sell all of its rights, title and interest in a leased vehicle contract by making a single upfront lease payment on the settlement date. This is a flow through facility unlike a warehouse facility wherein the value of the lease is amortized over the life of the lease.

**Earnings before Interest, Taxation, Depreciation and Amortization ("EBITDA")**

EBITDA is a measure used by management to evaluate operational performance. It is also a common measure that is reported on and used by investors in determining a company's ability to incur and service debt as well as a valuation methodology. Management believes EBITDA enhances the information provided in the Financial Statements. EBITDA is a non-IFRS measure and should not be considered an alternative to operating income or net income (loss) in measuring the Company's performance. EBITDA should not be used as an exclusive measure of cash flows because it does not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash which are disclosed in the consolidated statements of cash flows.

The following chart reflects the calculation of EBITDA:

	Three months ended		Three months ended	
	September 30, 2022	September 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
<b>Net (loss) income</b>	(3,676,859)	(2,275,075)	(10,737,296)	(1,855,087)
Add: Interest	29,314	80,121	63,248	37,630
Add: Depreciation and amortization	304,086	409,377	424,499	373,587
Add: Accretion	120,171	59,936	400,110	60,076
<b>EBITDA</b>	<b>(3,223,288)</b>	<b>(1,725,641)</b>	<b>(9,849,439)</b>	<b>(1,383,794)</b>

EBITDA loss for the three months ended September 30, 2022, is relatively higher as compared to the three months ended June 30, 2022, due to the significant decrease in revenue for the period.

**Adjusted EBITDA**

Adjusted EBITDA, defined as Earnings before Interest, Taxation, Depreciation, Amortization, Share Based Compensation expense, Provision for expected credit loss, foreign exchange loss, and loss from debt settlement and shares issued and other one-time costs is an additional measure used by management to evaluate cash flows and the Company's ability to service debt. Adjusted EBITDA is a non-IFRS measure and should not be considered an alternative to operating income or net income (loss) in measuring the Company's performance.

The following chart reflects the Company's calculation of Adjusted EBITDA:

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	Three months ended		Three months ended	
	September 30, 2022	September 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
<b>EBITDA as above</b>	(3,223,288)	(1,725,641)	(9,849,439)	(1,383,794)
Add: Share based compensation	932,927	317,293	1,138,555	308,812
Add: Foreign exchange loss (gain)	(172,354)	161,213	57,199	(44,794)
Add: Impairment of goodwill	22,108	-	2,487,654	-
Add: Impairment of intangible assets	34,362	-	4,074,434	-
Add: (Gain) on debt settlement	-	-	(164,907)	-
Add: Unrealized loss (gain)	(21,832)	-	(19,823)	-
Add: Severance cost	171,674	-	550,056	-
<b>Adjusted EBITDA</b>	<b>(2,256,403)</b>	<b>(1,247,135)</b>	<b>(1,726,271)</b>	<b>(1,119,776)</b>

The adjusted EBITDA loss for the three-month period ended September 30, 2022, increased by 80% or \$1,009,268 compared to the three-month period ended June 30, 2022. Management believes adjusted EBITDA is a more appropriate key performance indicator to measure as the two major items that flow through the income statement are human capital costs and amortization and depreciation (non-cash), and therefore better reflects the Company's performance.

### **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.

### **New Accounting Standards and recent pronouncements**

The standards listed below include only those which the Company reasonably expects may be applicable to the Company in the current period and at a future date.

#### Property, plant and equipment (Amendments to IAS 16)

IAS 16, Property, plant and equipment has been revised to incorporate amendments issued by the IASB in May 2020. The amendments prohibit an entity from deducting from the cost of property, plant and equipment the proceeds from selling items produced before the asset is available for use. Instead, an entity will recognize such sales proceeds and related cost in profit or loss. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

#### Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

IAS 1 Presentation of Financial Statements has been revised to incorporate amendments issued by the IASB in January 2020. The amendments clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company is in the process of evaluating the impact of the standard on its consolidated financial statements.



## **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, 2022, the capital structure of the Company consisted of common shares, common share purchase warrants, stock options and restricted share units.

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 D2D Auto Auction LLC (D2DAA) and the controlling interests in Drivrz Financial Holdings, LLC (formerly MUSA Holdings, LLC) and IntellaCar Solutions 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. In the future, the Company expects to generate cash flow primarily from operating activities.

As of September 30, 2022, the Company had net current assets of \$12,423,282 (current assets less current liabilities).

## **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**

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 13 - *Financial Instruments: Fair Value Measurement* ("IFRS 13").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The fair value of cash, accounts receivables, accounts payables and accrued liabilities all approximate their carrying values due to their short-term nature. Cash is measured at fair value using Level 1 inputs. The accounts payable and accrued liabilities, loan, and due to related parties' balances are classified as Level 2.

## **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 consist of the Board of Directors, corporate officers, including the Chief Executive Officer, the President, the Chief Financial Officer, Chief Operating Officer and the Chief Technology Officer.

Key management personnel compensation for the nine months ended September 30, 2022, and 2021 was as follows:

i.	Chief Executive Officer (previously COO)	\$174,104 (2021 - \$169,023)
ii.	Chief Technology Officer	\$131,220 (2021 - \$137,808)
iii.	Chief Financial Officer	\$112,500 (2021 - \$112,500)
iv.	Chief Executive Officer (former)	\$40,000 (2021 - \$120,000)
v.	President (former)	\$174,803 (2021 - \$251,620)
vi.	Share based compensation	\$1,606,939 (2021 - \$37,120)

At September 30, 2022, the total amount payable to key management personnel of the Company amounted to \$59,238 (December 31, 2021 - \$742,554) and recorded in Accounts payable and accrued liabilities.

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(b) Loans from Shareholders, Officers and Directors

- (i) As at September 30, 2022, the due to related parties loan balance of \$234,267 (December 31, 2021 - \$348,645), consisted of funds received from two (2021 – two) shareholders for working capital. This loan was interest bearing at 9% per annum due on demand. During the period ended September 30, 2022, two shareholders advanced \$216,530 for working capital and the Company repaid loan balance to shareholders for \$330,908. Also, refer to note (ii) below.
- (ii) On May 4, 2022, a loan agreement was executed between the Company and D2D Auto Auction, LLC for total amount of \$4,534,092 (US\$3,519,711.36) at an interest rate of 3.75% per annum. On June 22, 2022, the principal amount of the loan was repaid in full by issue of 15,113,640 units in the Company. See Note 19(c) of the Consolidated financial statements.

An additional advance of \$328,106 (US\$254,622) was provided by D2D Auto Auction, LLC for operating expenses. The balance of this loan reported as due to related parties on September 30, 2022, is \$211,940 (US\$154,622). During the period the Company repaid \$129,882 (US\$100,000).

- (iii) The Company and a shareholder (former CEO) entered into loan agreements for total amount of \$4,351,678 advanced to the Company, that is due on demand and at an interest rate of 2.25% per annum. Further during the nine-months period ended September 30, 2022, the shareholder advanced total of \$1,697,905, for operating expenses. On June 22, 2022, upon closing of the first tranche of the private placement, the Company agreed to pay the remaining principal loan balance of \$2,324,013 (December 31, 2021 - \$2,609,617) after a period of 18 months. This is reported as a long-term debt and is measured at fair value on initial recognition. The fair value is determined using an effective interest rate of 13.80%, taking into account the rate that the Company would have obtained a similar debt. The present value of the debt at September 30, 2022 is \$1,962,708, and interest accretion of \$73,522 and discount on debt of \$434,828 was recorded for the nine months period ended September 30, 2022 in the consolidated statements of loss.

Total repayments to the shareholder (former CEO) during the nine-months period ended September 30, 2022, is \$2,000,000. (On April 1, 2021, an amount of \$1,000,000 was settled by issue of 800,000 common shares in the Company at price of \$1.25 per share).

(c) Transactions with Related Parties

During the nine-month period ended September 30, 2022, the Company paid for expenses \$22,770 (2021 - \$24,788) and charged subscription fee of \$5,390 (2021 - \$10,582) to companies controlled by the former CEO. The expenses are in connection with the cost of generating the subscription revenue for the use of the auction platform.

The Company and its joint venture partner D2DAA are developing a consumer-focused platform called DrivrXchange that is an inclusive multi-sided marketplace that allows buyers and sellers of all types to list and/or find vehicles. The Company has capitalized total cost of \$1,709,280 (December 31, 2021 - \$808,523) on this project as of September 30, 2022. As at September 30, 2022, the accounts receivable from D2DAA is \$285,827 (December 31, 2021 - \$192,566).

PowerBand has advanced a total of \$2,980,282 to IntellaCar Solutions LLC (DrivrLane) for product development and working capital purposes since the day PowerBand acquired 60% interest. This inter-company loan is eliminated upon consolidation. The new leadership team has suspended further subscriptions to the suite of products offered by DrivrLane.

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On July 8, 2021, the Company closed a private placement offering for aggregate gross proceeds of \$12,775,901 for total of 18,788,900 common shares at a price of \$0.68 per share. Certain key management personnel of the Company subscribed for 250,000 common shares for gross proceeds of \$170,000.

## Share Capital

The authorized capital of the Company consists of an unlimited number of common shares. As at September 30, 2022 the Company had 297,265,462 (December 31, 2021 – 198,227,060) common shares issued and outstanding. As at September 30, 2022 there were 107,916,455 (December 31, 2021 – 15,526,730) warrants outstanding which entitle the holders to purchase one common share of the Company. Stock options outstanding as of September 30, 2022, were 12,488,330 (December 31, 2021 – 21,321,750) which entitle the holders to purchase one common share of the Company. The number of exercisable stock options as at September 30, 2022 was 8,042,750.

As of the date of this MD&A, the capital structure of the Company representing the total issued and outstanding common shares at November 28, 2022, on a fully diluted basis is as follows:

Common shares at September 30, 2022	297,265,462
Common shares at November 28, 2022	297,265,462
Warrants outstanding at September 30, 2022	107,916,455
Warrants outstanding at November 28, 2022	107,916,455
Stock options outstanding at September 30, 2022	12,488,330
Stock options cancelled and forfeited	(143,859)
Stock options outstanding at November 28, 2022	12,344,471
Restricted share units at September 30, 2022	2,723,500
Restricted share units at November 28, 2022	2,723,500
Total Issued and outstanding common shares at November 28, 2022	420,249,888

## Disclosure of Internal Controls

Management has established processes to provide them with sufficient 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.

#### Liquidity Concerns and Future Financings

The Company will require significant capital and operating expenditures in connection with the development of software platform and the operation of its auction and finance portal services. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms, if at all. Failure to generate positive operating cash flow, or to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans or reduce or terminate some or all of its activities.

#### Dilution Risk

In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or securities convertible into common shares. The constating documents of the Company will allow it to issue, among other things, an unlimited number of common shares for such consideration and on such terms and conditions as may be established by the directors of the Company, in many cases, without the approval of shareholders. The size of future issues of common shares or securities convertible into common shares or the effect, if any, that future issues and sales of the common shares will have on the price of the common shares cannot be predicted at this time. Any transaction involving the issue of previously authorized but unissued common shares or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective shareholders of the Company.

#### Profitability

There can be no assurance that the Company and its subsidiaries will earn profits in the future or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue business development and marketing activities. The Company's operating expenses, and capital expenditures may increase in subsequent years in relation to the engagement of consultants, partners and personnel to advance the Company's product offering. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

#### Foreign Exchange

The Company will be subject to foreign exchange risks relating to the relative value of the Canadian dollar as it expands its product offering to other jurisdictions, namely the United States. Presently, the Company supports its operations by raising financing in Canadian dollars and incurs expenditures in both Canadian and United States dollars.

#### Competition

PowerBand competes with many other automotive software development companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire sufficient number of customers to achieve profitability, recruit or retain qualified employees or acquire the capital necessary to fund its operations. The Company's inability to compete with other automotive software development companies for these resources would have a material adverse effect on the Company's results of operation and business.

#### Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of PowerBand may have a conflict of interest in negotiating and concluding terms respecting such participation.

Principal Shareholder with Controlling Interest

A proposed private placement offering could result in certain number of principal shareholders owning a significant number of common shares of the Company. As a result, these shareholders could have influence over the management and affairs of the Company. This concentration of ownership may also have the effect upon any possible corporate activities associated with a change of control.

Dividends

To date, PowerBand has not paid any dividends on its outstanding securities and does not expect to do so in the foreseeable future. Any decision to pay dividends on the common shares will be made by the board of directors on the basis of the Company's earnings, financial requirements and other conditions.

Litigation

In August 2018 the Company was served a Notice of Civil Claim in the Superior Court of British Columbia by Advanced Media Solutions Limited ("AMSL"), a Company incorporated pursuant to the laws of the British Virgin Islands. AMSL is seeking payment of USD\$450,000. The Company disputes the facts set out in the Civil Claim and has filed a Response to Civil Claim, as well as a Counterclaim to the Plaintiff and other individuals and entities involved for damages. The Company believes the claim is without merit. The Company has assessed the claims totaling \$450,000 as highly unlikely to be successful.

In May 2019 the Company was served a Notice of Civil Claim in the Superior Court of British Columbia by Paul Mountney and Paulette Mountney, a former consultant of the Company and the sole shareholder of LeadSource Canada Inc., respectively. The amount of the Claim is approximately \$565,000. The Company believes the claim is without merit. On December 20, 2021, the Supreme Court of British Columbia issued a consent order to dismiss the action of Paul Mountney and Paulette Mountney against the Company.

Frunzi v. MUSA Auto Holdings, LLC, Texas District Court, Dallas County, Case # DC-18-14445:  
Mr. Frunzi's employment was terminated for cause on September 5, 2018. Mr. Frunzi subsequently asserted a claim for breach of his employment agreement. He seeks money damages in the amount of the severance payment specified in his employment agreement, which is an amount comprised of 18 months' base salary, his prior year's bonus, and health insurance premiums for 18 months. He also seeks the value of the profit interest units that vested under his grant agreement before his employment was terminated. In addition to money damages, Mr. Frunzi seeks a declaratory judgment that MUSA breached his employment agreement and an accounting that can be used to determine the value of the profit interest units that vested before the termination. The amount in controversy is about \$427,500, not including the value of any profit interest units claimed by Frunzi. The case was expected to proceed to trial in Dallas County on March 30, 2021, which was postponed to August 9, 2022. The court did not hold a trial and ordered the parties to arbitration. MUSA Auto Holdings, LLC brought a counterclaim against Frunzi for breaching his employment agreement because it required that he surrender to us all the company material when he was terminated. He conceded in his deposition that he retained sensitive information. We cannot prove damages to any degree of certainty but have pled for injunctive relief to seek our outside counsel fees.

Jeff Schagren v. Drivrz Financial LLC, 116th Judicial District Court, Dallas County, Texas, Case # DC-21-14150:

Mr. Sharen filed suit against Drivrz Financial LLC asserting a claim for breach of contract. Mr. Schagren alleges that Drivrz Financial LLC failed to pay certain severance obligations allegedly owed to him. He is seeking recovery of approximately \$200,000. Drivrz Financial LLC denies the allegations. The case was set for trial on December 5, 2022. On May 13, 2022, the parties reached an out of court settlement, which resulted in full and complete mutual releases of all claims asserted or that could have been asserted between the parties.

**POWERBAND SOLUTIONS INC.**  
**Management's Discussion & Analysis**  
**Three and nine months ended September 30, 2022**  
**Dated November 28, 2022**

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D&P Holdings, Inc. v. PowerBand Solutions US Inc. and MUSA Auto Finance, LLC, Case No. 2021-82453, in the 295th Judicial District Court, Harris County, Texas. D&P Holdings, Inc. sued the Company and certain of its affiliates asserting a claim for breach of contract. Plaintiff alleges that the company breached an agreement that appointed Plaintiff as the exclusive provider of certain Finance and Insurance products to be offered to the Company's customers. Plaintiff has not quantified the amount of damages sought in the case. The Company denies Plaintiff's allegations and intends to vigorously defend against the claims asserted.

#### Foreign Operations

As of September 30, 2022, the Company only had operations that were located in Canada and the United States.

The Company may also decide in the future to commence operations in another country. As such, the Company may be exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction.

### **Subsequent Events**

Subsequent to the period ended September 30, 2022, the following corporate activities occurred:

1. On October 14, 2022, the Company received \$163,017 (US\$118,930) from the dealer, being the full amount for one of the lease units repurchased from the financial institution based on the terms of the contract with the financial institution. The cash received will reduce the value of the Leased Vehicle asset.
2. On October 21, 2022, the Company's subsidiary, Drivrz Financial paid \$1,956,270 (US\$1,426,580) for additional repurchase of lease units sold to a financial institution, based on the terms of the contract with the financial institution, as part of the overall strategic review of the operations. This will increase the value of the Leased Vehicle asset.
3. On November 14, 2022, the Company signed a one-year extension on the 10% secured convertible notes payable in Rego Payment Architectures Inc., which will now mature on October 31, 2023. Refer to Note 12 of the financial statements.

#### Additional Information

For additional information, please see [www.powerbandsolutions.com](http://www.powerbandsolutions.com) and the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).