POWERBAND SOLUTIONS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2021

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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, 2020 and 2019, and the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2021, 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 six months ended June 30, 2021 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at August 16, 2021, unless otherwise indicated.

The unaudited condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2021 and 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 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.

Forward-looking statements	Assumptions	Risk factors
For fiscal 2021, the Company's operating expenses are estimated to be approximately $900,000 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 June 30, 2022, 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 June 30, 2022.	The operating and business development activities of the Company for the twelve-month period ending June 30, 2022, 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; reductions 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; 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 June 30, 2022 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 informationor future events or otherwise, except as may be required by law. If the Company does update one ormore 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") (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.

PowerBand is a technology company that has developed (i) an online trading platform, (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 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".

In November 2018 the Company entered into a 50/50 joint venture agreement with Bryan Hunt, who operate D2D Auto Auctions, an online auction, remarketing platform in the U.S.

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.

In October 2020, the Company acquired 60% interest in IntellaCar Solutions LLC, that offers an extensive video and brochure library of vehicles, enabling users to review the vehicle details. This technology is used by car dealerships in the United States.

In April 2021, the Company acquired an additional 40% interest in Drivrz Financial Holdings, LLC (formerly MUSA Holdings, LLC). The Company now controls 94.6% interest in Drivrz Financial Holdings, LLC.

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

Drivrz Financial Holdings, LLC's (formerly MUSA Holdings, LLC) ("DRIVRZ") 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 DRIVRZ to complete the entire customer experience in minutes.

IntellaCar

IntellaCar is the customer-facing sales solution that motivates customers to buy. IntellaCar gives dealership salespeople the tools and techniques needed to close the sale for both new and used vehicles, including all features, specifications, photos, brochures, technology videos, Carfax, etc. Using a native iPad app in-store, or desktop version, IntellaCar will create a personal web page for each customer with vehicles of interest so they can research and select the best one for them. It creates the customer experience that drives sales.

DrivrzXchange

DrivrzXchange is the Digital Retailing solution that enables customers to purchase a vehicle online with a few easy clicks. Embedding our software on a dealer's website or on an inventory listing site lets customers select the right vehicle and click "Buy Now" to start the transaction. We present the lowest "penny-perfect" monthly payments for finance or lease, including F&I products, rebates, taxes and fees based on programs from hundreds of lenders.

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 for Second Quarter 2021

1. In April 2021, the Company acquired additional 40% interest in Drivrz Financial Holdings, LLC (formerly MUSA Holdings, LLC) for cash consideration of US$5,500,000 in accordance with the terms, schedule and other provisions set forth in the Unit Purchase Agreement. The Company paid the initial installment of US$1,000,000 on the effective date of the agreement and the remaining purchase price is payable in additional installments, without interest, by October 1, 2023.

2. In April 2021, the Company repaid US$200,000 of the second note payable for the acquisition of IntellaCar Solutions Inc. The balance of the note amounting to US$200,000 was paid in full after June 30, 2021.

3. In May 2021, the Company received approval for two additional US$1 billion lease lines from two financial institutions.

4. In May 2021, the Company paid the remaining balance payment of $300,000 pursuant to a Share purchase agreement to acquire 100% of the outstanding shares of Southwestern Ontario-based automotive service center that holds a license to operate a used vehicle operation in the Province of Ontario. The payment is being held in trust pending the closing of the transaction and transfer of license.

5. The Company paid total amount of US$600,000 during the three months ended June 30, 2021 pursuant to the share purchase agreement with CB Auto Group Inc. as consideration to acquire 15% interest in CB Auto Group Inc. On July 16, 2021, a third amendment to the Share purchase agreement was executed, The amended agreement will reduce the aggregate amount that the Company will pay for the shares in CB Auto Group to US$2,500,000 (rather than the initial US$5,000,000) and will reduce the aggregate number of shares that CB Auto Group will issue to the Company to 810,811 shares (rather than the initial 1,764,706 shares) which 810,811 shares represent 7.5% of the total issued and outstanding shares of CB Auto Group as of the amendment effective date.

   On July 19, 2021, the Company paid the balance US$650,000 ($830,485 CAD) to complete the total payment amount of US$2,500,000 as per the amended agreement.

6. During the three months period ended June 30, 2021, the Company received $1,154,327 from exercise of stock options and warrants. Subsequent to June 30, 2021 and up to August 16, 2021, an additional $145,567 was received from exercise of stock options and warrants.

Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company at December 31, 2020, 2019 and 2018.

	Year ended December 31, 2020	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Revenue	$3,028,122	$1,998,757	$281,997
Net loss	$(12,842,613)	$(8,050,113)	$(6,575,320)
Net loss per share (basic and diluted)	$(0.11)	$(0.11)	$(0.13)
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2018
Total assets	$13,839,168	$9,062,593	$3,675,843
Total non-current liabilities	$3,683,124	$4,356,491	$346,936
Distributions or cash dividends declared	-	-	-

The net loss for the year ended December 31, 2020, consisted primarily of (i)Sales and marketing expenses of 281,341 (ii) Share based compensation of $1,956,767 (iii) salaries and wages of $4,685,027; (iv) professional fees of $3,701,369; (v) amortization of intangible assets of $675,138; (vi) amortization of right of use assets of $705,824 (vii) office expenses of $492,752; (viii) regulatory fees of $225,415; (ix) investor relations fees of $69,377 (x) travel of $62,592; and (xi) accretion of $408,145, offset by revenue of $3,028,122.

The net loss for the year ended December 31, 2019, consisted primarily of (i)Sales and marketing expenses of 433,612 (ii) Share based compensation of $814,609 (iii) salaries and wages of $2,278,890; (iv) professional fees of $1,715,997; (v) amortization of intangible assets of $509,722; (vi) amortization of right of use assets of $361,025 (vii) office expenses of $286,057; (viii) regulatory fees of $218,554; (ix) investor relations fees of $91,587 (x) travel of $112,424; and (xi) accretion of $226,187, offset by revenue of $1,998,757.

The net loss for the year ended December 31, 2018, consisted primarily of (i) Sales and marketing expenses of $1,184,031 (ii) salaries and wages of $629,434; (iii) professional fees of $2,040,943; (iv) Share based compensation of $791,702 (v) amortization of web platform of $376,859; (vi) travel of $403,729 and accretion of $209,465 offset by revenue of $281,997.

Discussion of Operations

Three-month period ended June 30, 2021 and 2020:

For the three-month period ended June 30, 2021, PowerBand generated revenue of $4,714,351. Revenues are derived from four sources: vehicle and auction sales, lease origination, subscription revenue from using the software solution, and fees earned on software development and design for D2D Auto Auctions LLC. The revenues increased by $4,305,021 or 1051% from the revenue for the three-month period ended June 30, 2020 of $409,330.

For the three-month period ended June 30, 2021, PowerBand incurred an operating loss of $1,855,087 with basic and diluted loss per share of $0.02. The total operating expenses for the three-month period ended June 30, 2021 is $4,212,974 as compared to $2,428,278 for the three-month period ended June 30, 2020. The increase is primarily due to increase in professional fees by $674,907, sales and marketing by $493,912 and investor relations by $358,120. The primary expenses that comprised the operating loss include:

- Accretion expense of $60,076 was accrued using the effective interest method and capitalized to the lease liability on the Company's lease of office space in Canada and USA.

- Amortization of intangible assets of $170,876 representing the amortization expense of the web platform, Intellectual property and Trademarks as well as development costs incurred during the quarter

- Amortization expense of tangible assets of $39,636, representing the amortization expense of tangible assets, which is primarily comprised of Property and equipment of Drivrz Financial Holdings, LLC.

- Amortization expense of right of use assets of $163,075 for PowerBand's head office location in Burlington, Ontario and Drivrz Financial Holdings, LLC's head office location in Addison, Texas.

- Sales and marketing expenses totaled $539,722. This amount mainly related to the marketing of the PowerBand online platform.

- Professional Fees of $928,299 for sales, operations and finance-related Management Consulting fees, legal fees, accounting and audit fees.

- Share-based compensation of $308,812 representing the amortization of fair market value of incentive stock options granted using the Black-Scholes valuation model.

- Regulatory fees of $99,227 representing regulatory filing fees and expenses associated with the Company's public listing on the TSX Venture Exchange, the OTC Pink Sheets, and the Frankfurt Exchange.

- Investor relations of $372,815 represents the cost of building receptive capital markets for future financing, representing the company to investors by observing the rules of securities commission and stock exchanges.

- Travel expenses of $101,787 in relation to management, sales and business development meetings in Canada and the United States

- Salaries and Wages of $1,072,591 for management, sales and software development personnel. During the period ended June 30, 2021, the Company received confirmation that it has complied with the relevant provisions of the United States Paycheck Protection Program and the full amount of $571,625 (US$458,400) has been forgiven. This amount is reported as a reduction of Salaries and wages.

Summary of Quarterly Results

The summary of financial results for the second quarter of 2021 and for the seven preceding quarters are noted below.

	2021/2020			
	Q2	Q1	Q4	Q3
Revenue ($)	4,714,351	2,889,768	1,426,635	576,725
Net Loss ($)	1,855,087	2,748,309	4,821,125	2,878,428
Net Loss per share (basic and diluted)	0.02	0.02	0.04	0.03

	2020/2019			
	Q2	Q1	Q4	Q3
Revenue ($)	409,330	615,432	416,943	461,116
Net Loss ($)	2,384,849	2,758,211	4,059,369	2,510,627
Net Loss per share (basic and diluted)	0.02	0.02	0.07	0.01

Liquidity and Financial Position

The Company had $2,336,032 in cash and cash equivalents on hand, at June 30, 2021, compared to $1,403,213 as at December 31, 2020.

Cash used in operating activities was $5,237,098 for the six-month period ended June 30, 2021. Operating activities were affected by the net loss of $4,603,396 offset by non-cash items of $472,347 for amortization of the tangible and intangible assets, $330,585 for amortization of right of use assets, $123,544 in Accretion expense for leases, $439,066 in share-based compensation, foreign exchange gain of $67,532 and gain from forgiveness of loans of $648,332. In addition, operating cash flows were increased by a $1,283,380 net change in non-cash working capital.

Net cash used in investing activities totaled $2,949,611 for the six-month period ended June 30, 2021, relates to equity investment in CB Auto Group and payment for the acquisition of additional 40% interest in Drivrz Financial Holdings, LLC.

Net cash received from financing activities was $9,177,878 for the six-month period ended June 30, 2021, primarily relating to funds received from private placements, net of share issuance costs of $5,207,705, funds received from exercise of warrants and options for $2,771,753, net funds received from related parties for $1,590,171 and payment of lease liability for $411,751.

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 June 30, 2021, the Company had 168,700,696 common shares issued and outstanding.

As of June 30, 2021, the Company had current liabilities comprised of the following:

- accounts payable and accrued liabilities in the amount of $3,764,569,
- deferred revenue of $51,960,
- lease liability of $608,009,
- government assistance of $60,000, and
- due to related parties' amount of $5,236,246.

In addition, at June 30, 2021 the Company had current and long-term debt of $5,577,300 and a long-term lease liability of $3,301,834.

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 2021, the Company's expected operating expenses are estimated to average $900,000 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 Platform, and the overall condition of the financial markets.

As of June 30, 2021, the Company had net current assets of ($6,356,258) (current assets less current liabilities).

Reconciliation and Definition of Non-IFRS Measures

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	
	June 30, 2021	**June 30, 2020**	**March 31, 2021**	**March 31, 2020**
	$	$	$	$
Net (loss) income	(1,855,087)	(2,384,849)	(2,748,309)	(2,758,211)
Add: Interest	37,630	53,974	24,803	50,448
Add: Depreciation and amortization	433,663	483,813	492,813	463,921
EBITDA	(1,383,794)	(1,847,062)	(2,230,693)	(2,243,842)

EBITDA for the three months ended June 30, 2021 increased by $846,899 or 38%, as compared to the three months period ended March 31, 2021. EBITDA for the three months ended June 30, 2021 also increased by $463,268 or 25% as compared to the same period in the prior year.

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:

	Three months ended		Three months ended	
	June 30, 2021	June 30, 2020	March 31, 2021	March 31, 2020
	$	$	$	$
EBITDA as above	(1,383,794)	(1,847,062)	(2,230,693)	(2,243,842)
Add: Share based compensation	308,812	63,488	130,254	271,539
Add: Provision for expected credit loss	-	-	-	-
Add: Foreign exchange loss (gain)	(44,794)	76,442	(34,028)	(158,156)
Add: Loss (gain) on debt settlement	-	-	-	-
Add: Loss on shares issued	-	-	-	-
Adjusted EBITDA	(1,119,776)	(1,707,132)	(2,134,467)	(2,130,459)

Adjusted EBITDA for the three months ended June 30, 2021 increased by $1,014,691 or 47%, as compared to the three-month period ended March 31, 2021. Adjusted EBITDA for the three months ended June 30, 2021 also increased by $587,356 or 34% as compared to the same period in the prior year.

The increase in Q2 2021 as compared to Q1 2021 is attributable to higher revenue from the lease origination activity on the online platform. Management believes adjusted EBITDA as a more appropriate KPI to measure as the two major items that flow through the income statement are people 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, 2022. Earlier application is permitted.

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 June 30, 2021, the capital structure of the Company consisted of common shares, common share purchase warrants and stock options.

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 June 30, 2021, the Company had net current assets of ($6,356,258) (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, and the Chief Technology Officer.

Key management personnel compensation for the six months period ended June 30, 2021 and 2020 was as follows:

i. CEO $90,000 (2020 - $150,000)

ii. President $147,617 (2020 - $122,859)

iii. Chief Financial Officer $75,000 (2020 - $16,170)

iv. Chief Technology Officer $83,268 (2020 - $85,536)

v. Directors $112,377 (2020 - $121,842)

vi. Share based compensation $26,927 (2020 - $8,033)

At June 30, 2021, the total amount payable to key management personnel of the Company amounted to $408,323 (December 31, 2020 - $1,451,011) and recorded in Accounts payable and accrued liabilities.

(b) Loans from Shareholders, Officers and Directors

As at June 30, 2021, shareholder loan balance was $812,880 (December 31, 2020 - $762,452), including accrued interest of $134,384 (December 31, 2020 - $134,384) recorded in the accounts payable and accrued liabilities. This loan was interest bearing at 9% with a maturity date of March 1, 2021 and April 30, 2022.

As at June 30, 2021, the interest free notes payable on acquisition of INTELLACAR amounted to $247,880 (December 31, 2020 -$1,273,200). The promissory notes have a maturity date of March 31, 2021. Subsequent to June 30, 2021, the balance was paid in full.

As at June 30, 2021, the interest free short-term shareholder loan balances was $nil (December 31, 2020 - $795,150 (US$625,000)).

On July 17, 2019, the Company and a shareholder entered into a Bridge Note agreement of $2,500,000 due on January 17, 2020 with an interest rate of 9% per annum. As at June 30, 2021, the Company owed $nil (December 31, 2020 - $1,102,701) to the shareholder. On April 1, 2021, the balance of $1,000,000 outstanding on the Note was settled by issue of 800,000 common shares in the Company. On March 9, 2021, the Company and the shareholder entered into a loan agreement for $2,351,678 due on demand with an interest rate of 2.25% per annum. As at June 30, 2021, the Company owed $1,962,607 (December 31, 2020 - $nil). During the three months ended June 30, 2021, the shareholder advanced total of $1,758,548 for operating expenses and this amount is outstanding as of June 30, 2021.

(c) Transactions with Related Parties

During the six months period ended June 30, 2021, the Company paid for expenses $16,923 (2020 - $12,144) and charged subscription fee of $7,138 (2020 - $6,838) to companies controlled by the CEO.

During the six months period ended June 30, 2021 and 2020, the Company recorded sales

transactions to its joint venture, D2DAA, as follows:

	June 30, 2021 ($)	June 30, 2020 ($)
Software development sales	680,118	723,497
Vehicle and auction sales	-	-

As at June 30, 2021, the following are due/to from D2DAA accounts receivable is $1,239,850 (December 31, 2020 - $968,801) and $18,000 (December 31, 2020 - $18,000) is in included in deferred revenue for deposit on vehicles by D2DAA. The Company owes D2DAA $588,715 (December 31, 2020 - $604,770) as at June 30, 2021. The balance is due on demand and non-interest bearing. Subsequent to June 30, 2021, the balance was paid in full.

As at June 30, 2021, the Company owed the former CEO of Musa Holdings LLC $nil (December 31, 2020 - $207,532). The amount is due on demand and non- interest bearing. The balance was settled in full during the period ended June 30, 2021.

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares. As at June 30, 2021 the Company had 168,700,696 (December 31, 2020 – 137,534,856) common shares issued and outstanding. As at June 30, 2021 there were 21,221,337 (December 31, 2020 – 23,179,246) warrants outstanding which entitle the holders to purchase one common share of the Company. Stock options outstanding as of June 30, 2021 were 14,464,750 (December 31, 2020 – 19,928,500) which entitle the holders to purchase one common share of the Company. The number of exercisable stock options as at June 30, 2021 was 12,576,500.

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

Common Shares at June 30, 2021	168,700,696
Shares issued from exercise of warrants	301,667
Shares issued from exercise of options	110,000
Shares issued from private placement	18,788,090
Shares issued based on acquisition agreement	900,000
Total Common Shares at August 16, 2021	188,800,453
Warrants outstanding at August 16, 2021	21,594,670
Restricted share units at August 16, 2021	1,200,000
Stock options outstanding at August 16, 2021	14,579,750
Total – Fully Diluted	226,174,873

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 statementsfairly 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 timeperiods 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. Investorsshould 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 obtainadditional 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 commonshares 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.

Limited Revenues

To date, the Company has recorded limited revenues as it has been operating its auction platform and lease origination activity within a core group of automotive dealerships. The Company has purposefully chosen not to expand its network of buyers and sellers until the software platform was fully operational and strategic partnerships were in place to allow for rapid deployment of the PowerBand Platform. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. 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.

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.

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 setout 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. A further claim was then filed against the Company for a further $455,000. The Company believes the claim is without merit. The Company has assessed the claims totaling $905,000 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. The Company has assessed the claim as highly unlikely to be successful.

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 inthe 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 judgmentthat 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 has been postponed to October 12, 2021. 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.

Foreign Operations

As of June 30, 2021, 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 June 30, 2021, the following corporate activities occurred:

1. On July 8, 2021 the Company closed a private placement offering for aggregate gross proceeds of $12,775,901. A total of 18,788,090 common shares of the Company were issued at a price of $0.68 per Offered Share, including the partial exercise of the Agents' option for 1,140,990 Offered Shares. The Offering was carried out by Desjardins Capital Markets and Scotiabank acting as co-bookrunners and co-lead agents (collectively the "**Agents**").

In connection with the Offering, the Agents received a cash commission equal to 6.0% of the gross proceeds raised, other than gross proceeds from sales of Offered Shares made to certain purchasers designated by the Company (the "**President's List**") for which the Agents received a cash commission equal to 4.0% of such gross proceeds; and compensation warrants (the "**Compensation Warrants**") equal to 6.0% of the number of Offered Shares sold under the Offering, other than in respect of purchasers on the President's List for which the Agents received Compensation Warrants equal to 4.0% of the number of Offered Shares sold to such purchasers. Each Compensation Warrant is exercisable to acquire one common share of the Company for a period of 24 months following the date of their date of issuance, at the Offering Price.

The Offered Shares will be subject to a four-month and one day hold period under applicable securities laws in Canada.

2. On July 16, 2021, a third amendment to the Share purchase agreement made as of November 27, 2020 between the Company and CB Auto Group Inc. was executed, see Note 11. The amended agreement will reduce the aggregate amount that the Company will pay for the shares in CB Auto Group to US$2,500,000 (rather than the initial US$5,000,000) and will reduce the aggregate number of shares that CB Auto Group will issue to the Company to 810,811 shares (rather than the initial 1,764,706 shares) which 810,811 shares represent 7.5% of the total issued and outstanding shares of CB Auto Group as of the amendment effective date.

   On July 19, 2021, the Company paid the balance US$650,000 ($830,485 CAD) to complete the total payment amount of US$2,500,000 as per the amended agreement.

3. On July 20, 2021, the Company paid total amount of US$200,000 ($256,016 CAD) for the notes payable on acquisition of INTELLACAR. See (Note 22 of financial statements)

4. On July 23, 2021, the Company completed the total payment of US$475,000 ($599,435 CAD) that is due to D2DAA. See (Note 22 of financial statements).

5. In July 2021, the Company issued 900,000 common shares, being the final payment to complete the Unit Purchase Agreement to acquire the initial 60% of Drivrz Financial Holdings LLC. See note 5.

6. Subsequent to June 30, 2021 and up to August 16, 2021, the Company received $145,567 from exercise of stock options and warrants.

Additional Information

For additional information, please see www.powerbandsolutions.com.