POWERBAND SOLUTIONS

POWERBAND SOLUTIONS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED
MARCH 31, 2022

3385 Harvester Road, Suite 225 Burlington, Ontario L7N 3N2
P 1-866-768-7653 F 289-816-1477
powerbandsolutions.com

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 months ended March 31, 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 months ended March 31, 2022, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at May 30, 2022, unless otherwise indicated.

The unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 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.

Forward-looking statements	Assumptions	Risk factors
For fiscal 2022, the Company's operating expenses are estimated to be approximately $1,500,000 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 March 31, 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 March 31, 2022.	The operating and business development activities of the Company for the twelve-month period ending March 31, 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 year ended March 31, 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.

Non-IFRS Measures

This MD&A includes a few 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-month period ended March 31, 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 the first quarter of 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 quarter. 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 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, and (iv) 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, through its wholly owned 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 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 holds 94.60% interest in Drivrz Financial Holdings, LLC.

The significant assets owned by PowerBand are web based and include a wholesale vehicle auction, a new auction platform for consumer-to-consumer transactions, a finance portal, dealership in store sales aids, a digital retailing suite as well as a web-based state of the art leasing platform. This 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. A summary of the current and future product offerings that PowerBand provides is listed below.

Current business operations-generating revenue:

Online Auction Formats – LiveNet (Revenue line – Subscription revenue)

PowerBand Canada offers two distinct online formats within its whole auction portal: LiveNet and MarketPlace. LiveNet is currently generating revenue and MarketPlace is not generating revenue.

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 targeted networks of qualified buyers. These buyers are then encouraged to participate in a short duration auction via desktop or mobile, which results in a verified real time valuation of the described vehicle at that moment of time.

Used Vehicle sales (Revenue line – Vehicle and auction sales)

PowerBand Canada is buying and selling used vehicles through its dealership license.

New and Used Vehicle Leasing Portal (Revenue line – Lease origination revenue)

Drivrz Financial Holdings, LLC's (formerly MUSA Holdings, LLC) ("DRIVRZ") product (proprietary software that runs in a browser) 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 (Revenue line – Subscription revenue)

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.

Anticipated business operations:

Online Auction Formats - MarketPlace

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.

Finance Portal

PowerBand has developed a state-of-the-art Finance Portal, an electronic indirect lending platform that facilitates lease and 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.

The Company's new leadership team is evaluating the previously announced time-line for commercializing the Finance portal to the Canadian marketplace and is expected to provide guidance in the third quarter of 2022.

Anticipated business operations: (Products in development stage)

The following products are in the development stage and is expected to be available for use in 2022 and 2023.

DrivrzLane

DrivrzLane 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.

DrivrzLane was expected to be available for use in September 2021 but was delayed to first quarter of 2022 due to labour challenges and finalization of the software platform. The development cost incurred up to March 31, 2022, amounted to $1,157,362 (December 31, 2021, - $773,653).

DrivrzLane has been made available to the market in the first quarter of 2022. The company expects to generate subscription revenue from use of the product by dealerships.

The previously announced second phase of development for enhancements and added features is being evaluated by the new leadership team and they are expected to provide guidance in the third quarter 2022.

DrivrzXchange

DrivrzXchange is an inclusive multi-sided marketplace (web application) that allows buyers and sellers of all types to list and/or find vehicles. It 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.

DrivrzXchange has been made available to the market in the first quarter of 2022. The development cost incurred up to March 31, 2022, amounted to $1,094,934 (December 31, 2021, - $808,523). The Company expects to generate fixed fee revenue from buyer and sellers listing the vehicle on the DrivrzXchange.

DrivrzFinancial Loan-LeasePortal

Drivrz Financial Loan-Lease platform is a multi-lender loan-lease platform (proprietary software that runs in a browser) supporting multiple lenders and provide a modern alternative to lenders with a single codebase. The project is approximately 40% complete and is nearing the end of phase two. The development cost incurred up to March 31, 2022, amounted to $1,353,389 (December 31, 2021, - $707,753). The new leadership team is evaluating the previously announced time-line and cost of the project and is expected to provide guidance in the third quarter 2022. The total cost of the project to completion is estimated to be US$5 million.

Outlook

As the use of the Internet to conduct everyday activities and commerce has become ubiquitous and as the Millennial generation (who crave empowerment) 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 digitaltechnologies 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 the full-year 2022 Outlook with target revenue in the range of $70M to $90M and lease originations of up to 1,000 per month. This 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. As presented in the section "Summary of Quarterly Results" revenue for the first nine months of 2021 increased from $2,889,768 in Q12021 to $9,235,048 in Q32021. Nearly all the revenues were generated by Drivrz Financial lease originations. The number of lease originations increased from 81 in the month of January 2021 to 313 in the month of August 2021. The months of September and October the Company experienced a decrease in the number of lease originations due to inventory shortages of new and used vehicles. Growth, however picked up again in December 2021, recording the highest number of lease originations of 360.

In 2022 the Company brought to market the DrivrzLane and DrivrzXchange products which will complement the existing Drivrz Financial Lease origination platform offered to dealers. The full-year revenue Outlook for 2022 was based on the assumptions and expectations that the supply chain challenges will improve and with all the three products – Drivrz Financial lease origination, DrivrzLane and DrivrzXchange in the market the Company will be able to provide a completely new automotive buying experience to consumers, thereby generating increased revenues.

The Company is estimating recurring operating costs of $1.5M per month in 2022. This figure is based on the 2022 Outlook for an adjusted EBITDA margin in the range of 20% to 25%. The new leadership team has proposed several measures to reduce operating costs and will be reviewing the full-year 2022 Outlook and is expected to provide an update in the third quarter 2022.

The full-year 2022 Outlook, did not take into consideration the price spikes which the Company has experienced in the first quarter of 2022. Some of the major auto manufacturers have announced production halts on the back of supply chain issues since the conflict started in Ukraine. The Company's revenue from lease originations for the first quarter of 2022 was below forecast, as the number of lease originations was short by nearly 350 units when compared to the forecast. DrivrzLane and DrivrzXchange have been made available to the market in the first quarter of 2022 as planned. Considering the current economic conditions Company will be reviewing the full-year 2022 Outlook presented earlier and expect to provide an update in the third quarter.

The Company's short-term operations will focus on:

- Continuing to increase lease origination counts at Drivrz Financial by increasing the lease application conversion rate and engaging with enterprise customers
- Expanding the reach of DrivrzXchange auction platform and revenue generation
- Evaluate reduction to the total recurring operating costs
- Evaluate the existing development projects, corporate structure and update the 2022 Market Outlook.

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 our business, operations or 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, transforming the online experience to sell, trade, lease, and finance vehicles.

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 the US$1 million funds held in trust and an advance of US$2.5 million from D2D Auto Auction.

3. On May 10, 2022, the Company announced strategic partnership, proposed changes to board members and leadership team, and a non-brokered private placement offering to issue 85,880,000 units at a price of $0.30 per unit for gross proceeds of approximately $25,764,000. Each unit will consist of one common share and one common share purchase warrant. Each warrant will be exercisable for one common share at an exercise price of $0.40 for a period of 60 months following the closing date.

Overall Performance

During the three-month period ended March 31, 2022, management focused on driving the adoption of the lease origination platform in the United States at Drivrz Financial. Industry-wide inventory shortages and record high prices of used vehicles and other economic factors affected the Company's performance for the quarter. The total number of lease origination counts of 644 for the three-months period were relatively low as compared to the budget. The gross margin for the period was 47% and the cash flows from operations were not sufficient to meet the working capital needs.

The DrivrzLane digital solution product was introduced to the US market in March 2022 which is expected to derive revenue from subscription. The total subscription revenue was relatively consistent for the period and showed an increasing trend in March with the introduction of the new product.

The Company's Canadian operations has been supporting the DrivrzXchange software development technical team jointly with its joint venture partner. The auction platform was introduced to the market in March 2022 but did not generate any revenue for the period.

The product development work on the DrivrzFinancial loan-lease portal, the DrivrzLane product and the DrivrzXchange auction platform continued over the three-months period ended March 31, 2022, and the Company incurred total cost of $1,354,581. Cash balance decreased from $6,367,533 at December 31, 2021 to $4,171,805 at March 31, 2022. During the three-month period ended March 31, 2022, a total cash advance of $727,054 was made from a shareholder and former CEO for working capital purposes.

Subsequent to March 31, 2022, a strategic partnership was announced together with a private placement offering for gross proceeds of $25,764,000. The new strategic partners will review the full-year 2022 Outlook, evaluate the product development projects, and provide guidance during the third quarter of 2022.

The full extent of the impact of COVID-19 on the Company's operations and future financial performance is currently unknown. Management believes that there will be continued growth with the digital increase in customer interactions and adoption of online platform. It will depend on future developments that are uncertain and unpredictable, including the duration and spread of COVID-19, its continued impact on capital and financial markets on a macro-scale.

Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company at December 31, 2021, 2020 and 2019.

	Year ended December 31, 2021	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Revenue	$23,936,988	$3,028,122	$1,998,757
Net loss	$(16,190,628)	$(12,842,613)	$(8,050,113)
Net loss per share (basic and diluted)	$(0.085)	$(0.085)	$(0.10)
	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Total assets	$20,410,982	$13,839,168	$9,062,593
Total non-current liabilities	$4,812,279	$3,683,124	$4,356,491
Distributions or cash dividends declared	-	-	-

The net loss for the year ended December 31, 2021, consisted primarily of (i) Advertising and promotion expenses of 2,187,884 (ii) Share based compensation of $2,469,810 (iii) salaries and wages of $7,759,475; (iv) professional fees of $5,230,171; (v) amortization of intangible assets of $785,656; (vi) depreciation of right of use assets of $678,058 (vii) office expenses of $1,196,794; (viii) regulatory fees of $300,727; (ix) investor relations fees of $459,133 (x) travel of $382,616; (xi) unrealized loss of 3,676,881 and (xii) accretion of $633,544, offset by revenue of $23,936,988.

The net loss for the year ended December 31, 2020, consisted primarily of (i) Advertising and promotion 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) depreciation of right of use assets of $705,824 (vii) office expenses of $473,162; (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) Advertising and promotion 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) depreciation 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.

Discussion of Operations

Three-month period ended March 31, 2022, and 2021:

For the three-month period ended March 31, 2022, PowerBand generated revenue of $6,149,037. Revenues are derived primarily from three sources: lease origination ($5,806,963), subscription revenue from using the software solution ($191,012), and Vehicle and auction sales ($151,062).

	Three months ended March 31, 2022			Three months ended March 31, 2021		
	Canada	**USA**	**Total**	**Canada**	**USA**	**Total**
	$	$	$	$	$	$
Revenue						
Vehicle and auction sales	151,062	-	151,062	130,891	-	130,891
Lease origination revenue	-	5,806,963	5,806,963	-	2,224,936	2,224,936
Subscription revenue	4,004	187,008	191,012	3,591	159,092	162,683
	155,066	5,993,971	6,149,037	134,482	2,384,028	2,518,510

The revenue of US operations from lease origination and subscription revenue increased from $2,384,028 for the three-month period ended March 31, 2021, to $5,993,971 for the three-month period ended March 31, 2022. The increase is primarily due to the increase in lease counts, increasing the revenue from lease originations, despite the challenges from low inventory levels, high prices for used vehicles and supply chain constraints. The cost of lease acquisition remained high during the three-months ended March 31, 2022, due to higher vehicle prices thereby decreasing gross profit from 60% for the three-month period ended March 31, 2021, to 47% for the three-month period ended March 31, 2022. Lease origination revenue for the period ended March 31, 2022, was adjusted for claw back provision to accommodate any customer being in a payment default. The revenue from subscription revenue increased by 17% from $162,683 for the three-month period ended March 31, 2021, to $191,012 for the three-month period ended March 31, 2022. DrivrzLane software platform was made available to the market in March 2022, contributing to the revenues for the period ended March 31, 2022.

The revenue of the Canadian operation increased by 18% from $130,891 for the three-month period ended March 31, 2021, to $155,066 for the three-month period ended March 31, 2022. This revenue is generated primarily from the sale of vehicles in Canada.

For the three-month period ended March 31, 2022, PowerBand incurred a loss of $6,280,216 with basic and diluted loss per share of $0.03 as compared to loss of $2,748,309 and basic and diluted loss per share of $0.013 for the three-month period ended March 31, 2021, an increase of $3,531,907 as described below. The primary expenses that comprised the loss include:

- Accretion expense of $182,687 for the three-month period ended March 31, 2022, as compared to $63,468 for the three-month period ended March 31, 2021. The increase of $119,219 was due to the accretion on the long-term debt in 2022 that is amortized over the period of the borrowing costs using the effective interest method. Refer to note 5 of the consolidated financial statements.

- Advertising and promotion expenses totaled $1,144,812 for the three-month period ended March 31, 2022, as compared to $217,226 for the three-month period ended March 31, 2021, an increase of $927,586. The increase of $385,995 is directly related to the increase in lease origination revenue and $520,000 is related to the market awareness program of the PowerBand online platform and for participation in the NADA show 2022.

- Salaries and wages of $2,564,525 and Professional Fees of $1,196,282 totaling $3,760,807 for the three-month period ended March 31, 2022, representing an increase of $916,762 from total cost of $2,844,045 for the three-month period ended March 31, 2021. This increase is due to the increase in headcounts for the US operations. This was incurred for sales, operations and finance-related Management Consulting fees, legal fees, accounting and audit fees. Most of these costs were incurred in the US operation to generate revenue from the lease origination fees.

- Share based compensation increased from $130,254 for the three-month period ended March 31, 2021, to $2,811,238 for the three-month period ended March 31, 2022, an increase of $2,680,984 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 stock options and restricted share units granted on October 26, 2021, an amortized fair market value of $1,988,537 was recognized for the three-months period ended March 31, 2022. Also, on February 9, 2022, a total of 1,250,000 restricted share units was granted to consultants, 750,000 restricted share units vested immediately recognizing a fair market value of $562,147.

- Travel expenses increased from $55,005 for the three-month period ended March 31, 2021, to $201,826 for the three-month period ended March 31, 2022, an increase of $146,821 in relation to client visits, management, sales and business development meetings in the United States.

Summary of Quarterly Results

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

	2022/2021			
	Q1	Q4	Q3	Q2
Revenue ($)	6,149,037	8,148,893	8,864,394	4,405,191
Net Loss ($)	6,280,216	9,312,157	2,275,075	1,855,087
Net Loss per share (basic and diluted)	0.03	0.04	0.01	0.02

	2021/2020			
	Q1	Q4	Q3	Q2
Revenue ($)	2,518,510	1,426,635	576,725	409,330
Net Loss ($)	2,748,309	4,821,125	2,878,428	2,384,849
Net Loss per share (basic and diluted)	0.02	0.04	0.03	0.02

Revenue for Q1/2022 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.

Most of the revenue is from Drivrz Financial lease origination platform. Our quarterly revenue has generally trended upwards over the past six quarters since the launch of the lease origination platform in the US from Q2/2020 to Q3/2021 due to the increase in the number of lease originations. The decrease in revenue in Q4/2021 and Q1/2022 is from 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 increase in volume of lease origination counts.

The net loss for Q2/2021 was the lowest compared to other quarters. Drivrz Financial 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 Q3 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. See section "Discussion of Operation"-Three months ended March 31, 2022, and 2021, for discussion on Q1 2022 net loss.

Liquidity and Capital Resources

Our primary source of cash flow is revenue from lease origination in Drivrz Financial, proceeds from the private placement offering of common shares of the Company, proceeds from the exercise of warrants and share-based compensation and loan from related parties. Our approach to managing liquidity is to ensure, to the extent possible, that we always have sufficient liquidity to meet our liabilities as they come due. We do so by continuously monitoring cash flow and actual operating expenses compared to budget.

The Company had $4,171,805 in cash and cash equivalents on hand, at March 31, 2022, compared to $6,367,533 as at December 31, 2021.

Cash used in operating activities was $2,538,701 for the three-month period ended March 31, 2022, as compared to $3,201,426 for the three-month period ended March 31, 2021. Operating activities for the three-month period ended March 31, 2022, were affected by the net loss of $6,280,216 offset by non-cash items of $243,837 for amortization and depreciation of the tangible and intangible assets, $177,527 for depreciation of right of use assets, $182,687 in accretion expense for leases and loan, $2,811,238 in share-based compensation, foreign exchange gain of $9,364 and unrealized gain from change in fair value of investments by $189,391. In addition, operating cash flows were decreased by a $524,981 net change in non-cash working capital.

Net cash used in investing activities totaled $1,354,581 for the three-month period ended March 31, 2022, as compared to $1,025,640 for the three-month period ended March 31, 2021. For the three-month period ended March 31, 2022, cash was used for development cost to intangible assets, $383,709 for DrivrzLane application, $286,411 for DrivrzXchange auction platform and $645,636 for developing a modern alternative platform for lenders to both loan and lease vehicles. Refer to note 13 of the consolidated financial statements. For the three-month period ended March 31, 2021, the cash was used for equity investment in CB Auto Group.

Net cash provided by financing activities was $1,662,799 for the three-month period ended March 31, 2022, as compared to $6,083,756 for the three-month period ended March 31, 2021. For the three-month period ended March 31, 2022, funds were received from related party and from exercise of warrants and options totaling $1,886,622 and payment of lease liability for $223,823. For the three-month period ended March 31, 2021, funds were received from private placements for $5,207,705, net of share issuance costs, funds received from exercise of warrants and options for $1,617,412, net funds repaid to related parties for $533,282 and payment of lease liability for $208,093.

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.

The Company's contractual obligation is the lease commitments primarily for office premises for Drivrz Financial expiring in March 2027. The capital expenditures for the development projects will continue in 2022 for DrivrzLane, DrivrzXchange and for the loan-lease portal based on the funds allocated by the new management which is expected to be finalized in the third quarter of 2022. Subsequent to March 31, 2022, the Company has announced a private placement to raise funds up to $25 million for development and operating capital and to meet the Company's planned growth.

As of March 31, 2022, the Company had 201,155,336 common shares issued and outstanding.

As of March 31, 2022, the Company had current liabilities comprised of the following:

- accounts payable and accrued liabilities in the amount of $5,812,699,
- seller reserve provision of $102,873,
- lease liability of $697,312,
- current portion of long-term debt of $2,205,516
- government assistance of $60,000, and
- due to related parties' amount of $4,285,963.

In addition, at March 31, 2022 the Company had long-term debt of $1,768,061 and a long-term lease liability of $2,850,618.

As of March 31, 2022, and December 31, 2021, the Company had net current assets deficit of $6,076,982 (current assets less current liabilities) and $2,000,832 respectively. The working capital deficit has increased for the three-month period ended March 31, 2022, due to borrowings from related party, increase in accounts payable and decrease in cash balance from use for operating and development activities. The Company has announced a private placement offering up to $25 million to pay down the liabilities and for working capital.

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 2022, the Company's expected operating expenses are estimated to average $1,500,000 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.

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	
	March 31, 2022	March 31, 2021	December 31, 2021	December 31, 2020
	$	$	$	$
Net (loss) income	(6,280,216)	(2,748,309)	(9,312,157)	(4,821,125)
Add: Interest	73,178	24,803	50,921	247,764
Add: Depreciation and amortization	421,364	429,345	420,315	386,607
Add: Current and deferred tax expense (recovery)	-	-	-	(325,424)
Add: Accretion	182,687	63,468	450,064	113,663
EBITDA	(5,602,987)	(2,230,693)	(8,390,857)	(4,398,515)

EBITDA loss for the three months ended March 31, 2022, is relatively higher as compared to the three months ended March 31, 2021, due to decrease in revenue for the period and increased share based compensation expenses.

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	
	March 31, 2022	March 31, 2021	December 31, 2021	December 31, 2020
	$	$	$	$
EBITDA as above	(5,602,987)	(2,230,693)	(8,390,857)	(4,398,515)
Add: Share based compensation	2,811,238	130,254	1,713,451	958,820
Add: Foreign exchange loss (gain)	108,664	(34,028)	(66,760)	(33,670)
Add: Provision for expected credit loss	-	-	1,445,073	376,985
Add: (Gain) on debt settlement	-	-	(152,000)	(179,504)
Add: Unrealized loss (gain)	(189,391)	-	3,676,881	-
Adjusted EBITDA	**(2,872,476)**	**(2,134,467)**	**(1,774,212)**	**(3,275,884)**

The increase in losses is attributable to lower revenue from the lease origination activity on the online platform. Management believes adjusted EBITDA as 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 March 31, 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 March 31, 2022, the Company had net current assets deficit of $6,076,982 (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 three months ended March 31, 2022, and 2021 was as follows:

i.	CEO (former)	$30,000 (2021 - $60,000)
ii.	President (former)	$91,889 (2021 - $56,970)
iii.	Chief Financial Officer	$37,500 (2021 - $37,500)
iv.	Chief Technology Officer	$43,740 (2021 - $42,768)
v.	Chief Operating Officer (Interim CEO)	$56,850 (2021 - $57,099)
vi.	Share based compensation	$1,021,954 (2021 - $25,660)

At March 31, 2022, the total amount payable to key management personnel of the Company amounted to $547,865 (December 31, 2021 - $742,554) and recorded in Accounts payable and accrued liabilities and due to related parties.

(b) Loans from Shareholders, Officers and Directors

As at March 31, 2022, shareholder loan balance was $348,190 (December 31, 2021 - $348,645), provided by two shareholders for working capital. This loan was interest bearing at 9% per annum due on demand.

On July 17, 2019, the Company and a major shareholder and former CEO 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 March 31, 2022, the Company owed $nil (December 31, 2021 - $nil) to the shareholder against the Bridge Note. 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 and former CEO entered into a loan agreement for $2,351,678 due on demand with an interest rate of 2.25% per annum. As at March 31, 2022, the Company owed $1,966,907 (December 31, 2021 - $1,966,907). During the period ended December 31, 2021, and three-month period ended March 31, 2022, the shareholder and former CEO advanced total of $1,836,436 and $1,328,156, respectively for operating expenses and the amount that is outstanding on this advance as of March 31, 2022, is $1,975,161 (December 31, 2021, is $642,710).

(c) Transactions with Related Parties

During the three-month period ended March 31, 2022, the Company paid for expenses $7,866 (2021 - $8,101) and charged subscription fee of $2,994 (2021 - $3,494) 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 DrivrzXchange 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 $1,094,934 (December 31, 2021 - $808,523) on this project as of March 31, 2022. As at March 31, 2022, the accounts receivable from D2DAA is $93,556 (December 31, 2021 - $192,566).

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 March 31, 2022 the Company had 201,155,336 (December 31, 2021 – 198,227,060) common shares issued and outstanding. As at March 31, 2022 there were 13,448,454 (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 March 31, 2022, were 20,121,750 (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 March 31, 2022 was 9,615,250.

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

Common shares at March 31, 2022	201,155,336
Shares issued from exercise of options	500,000
Common shares at May 30, 2022	201,655,336
Warrants outstanding at March 31, 2022	13,448,454
Warrants outstanding at May 30, 2022	13,448,454
Stock options outstanding at March 31, 2022	20,121,750
Shares issued from exercise of options	(500,000)
Stock options outstanding at May 30, 2022	19,621,750
Restricted share units at March 31, 2022	4,025,000
Restricted share units at May 30, 2022	4,025,000
Total Issued and outstanding common shares at May 30, 2022	238,750,540

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 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 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

The 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 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. 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 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 August 9, 2022. 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 is 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.

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's denies Plaintiff's allegations and intends to vigorously defend against the claims asserted.

Foreign Operations

As of March 31, 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 March 31, 2022, the following corporate activities occurred:

1. Subsequent to period ended March 31, 2022, the Company received advances totaling $727,054 from a shareholder and former CEO for working capital, and the balance is due on demand.

2. On April 20, 2022, the Company announced the resignation of a director, due to personal reasons and the position remains vacant.

3. 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 the US$1 million funds held in trust and an advance of US$2.5 million from D2D Auto Auction.

4. On May 4, 2022, the Company announced that Mr. Darrin Swenson, who is currently the Company's Chief Operating Officer and a director, will serve as the Interim Chief Executive Officer

5. The Board of directors concluded an internal review of the Mr. Jennings loan agreement with an arm's length lender which was secured by transferring certain rights, including voting rights of 44,188,828 common shares of the Company held by Mr. Jennings. The full title to these shares was transferred to the lender for the term of the loan, with that same number of shares to be returned to Mr. Jennings upon the loan repayment and assuming no uncured event of default. Based on the review no new 10% or 20% holder of the Company's voting shares was created pursuant to these share transfers and that it did not represent a "change of control" of the Company (as defined by the policies of the TSX Venture Exchange and applicable securities laws).

6. On May 10, 2022, the Company announced a private placement offering to issue 85,880,000 units at a price of $0.30 per unit for gross proceeds of $25,764,000. Each unit will consist of one common share and one common share purchase warrant. Each warrant will be exercisable for one common share at an exercise price of $0.40 for a period of 60 months following the closing date.

Additional Information

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