POWERBAND SOLUTIONS INC.

Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended

September 30, 2022 and 2021

(Expressed in Canadian Dollars)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of PowerBand Solutions Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

POWERBAND SOLUTIONS INC.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	Note		As at, September 30, 2022 (Unaudited)		As at, December 31, 2021 (Audited)
ASSETS					
Current assets					
Cash	7	**$**	**18,219,435**	$	6,367,533
Accounts receivable, net	8		**1,293,044**		1,547,211
Inventory	9		**300,037**		7,000
Other current assets	10		**1,381,967**		1,141,756
Total current assets			**21,194,483**		9,063,500
Non-current assets					
Leased vehicle	11		**3,023,271**		-
Property and equipment, net	13		**204,855**		323,177
Goodwill	14		**182,554**		2,649,264
Intangible assets, net	14		**2,410,404**		4,790,511
Right-of-use asset	15		**3,003,518**		3,320,469
Investment	12		**426,500**		195,454
Other non-current assets			**74,175**		68,607
Total non-current assets			**9,325,277**		11,347,482
Total assets		**$**	**30,519,760**	$	20,410,982
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	16, 21	**$**	**7,470,635**	$	5,104,785
Seller reserve provision			**31,903**		84,404
Due to related parties	21		**446,213**		2,958,262
Lease obligation - current portion	17		**762,450**		689,443
Government assistance	18		**60,000**		60,000
Debt - current portion	5		**-**		2,167,438
Total current liabilities			**8,771,201**		11,064,332
Non-current liabilities					
Lease obligation - long term portion	17		**2,744,545**		3,074,743
Long-term debt	5, 21		**1,962,707**		1,737,536
Total non-current liabilities			**4,707,252**		4,812,279
Total liabilities			**13,478,453**		15,876,611
Shareholders' Equity					
Share capital	19		**71,973,514**		43,852,237
Reserves	19		**10,830,568**		5,896,184
Other comprehensive income			**272,394**		(73,789)
Deficit			**(65,661,357)**		(45,791,859)
Total shareholders' equity attributed to owners			**17,415,119**		3,882,773
Non-controlling interest	20		**(373,812)**		651,598
Total shareholders' equity			**17,041,307**		4,534,371
Total liabilities and shareholders' equity		**$**	**30,519,760**	$	20,410,982

Nature of operations and going concern (note 1); Subsequent events (note 26)
Approved on behalf of the Board of Directors:

"Darrin Swenson" (signed)
Director

"Jerome Letter" (signed)
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

POWERBAND SOLUTIONS INC.
Condensed Interim Consolidated Statements of Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Revenue				
Vehicle and auction sales	**$ 431,521**	$ 46,691	**$ 936,819**	$ 184,835
Lease origination revenue	**1,499,941**	8,654,996	**10,883,277**	15,128,949
Subscription revenue	**134,788**	162,707	**530,257**	474,311
	2,066,250	8,864,394	**12,350,353**	15,788,095
Cost of goods sold				
Vehicle acquisition (note 9)	**413,001**	36,624	**895,972**	165,773
Lease acquisition	**465,239**	4,920,941	**5,523,652**	7,955,910
Subscription costs	**5,594**	28,612	**61,425**	70,130
	883,834	4,986,177	**6,481,049**	8,191,813
Gross Profit	**1,182,416**	3,878,217	**5,869,304**	7,596,282
Expenses				
Salaries and wages (note 18)	**1,883,821**	2,298,763	**7,272,523**	5,495,393
Professional fees (note 21)	**809,584**	1,519,502	**2,815,740**	3,167,807
Cost of finance	**-**	-	**22,500**	136,003
Share based compensation (note 19(e))	**932,927**	317,293	**4,882,720**	756,359
Investor relations	**32,144**	11,377	**113,622**	415,778
Regulatory fees	**64,936**	97,732	**251,436**	271,361
Insurance	**101,956**	48,625	**211,780**	99,219
Advertising and promotion	**290,109**	508,991	**1,715,550**	1,139,130
Rent expense	**22,898**	20,665	**66,487**	58,057
Office and sundry expenses	**311,840**	463,327	**950,538**	976,065
Travel expense	**78,542**	140,506	**418,748**	297,298
Telephone	**14,666**	15,864	**42,091**	41,549
Interest and bank charges	**29,314**	80,121	**165,740**	142,554
Amortization of intangible assets (note 14)	**73,501**	196,744	**469,440**	588,891
Depreciation of tangible assets (note 13)	**48,480**	42,940	**142,114**	123,140
Depreciation of right of use assets (note 15)	**182,102**	169,693	**538,392**	500,278
Accretion (note 5, 17)	**120,171**	59,936	**702,968**	183,480
Foreign exchange loss (gain)	**(172,354)**	161,213	**(6,491)**	82,391
	4,824,637	6,153,292	**20,775,898**	14,474,753
Loss from operations	**(3,642,221)**	(2,275,075)	**(14,906,594)**	(6,878,471)
Other income (expense)				
Discount on debt (note 5 (a))	**-**		**434,828**	-
Unrealized gain (loss) on fair value adjustment (note 12(a))	**21,832**	-	**231,046**	-
Unrealized gain (loss) on settlement of debt (note 19 (c))	**-**	-	**164,907**	-
Impairment of intangible assets (note 14)	**(34,362)**	-	**(4,108,796)**	-
Impairment of goodwill (note 14)	**(22,108)**	-	**(2,509,762)**	-
	(34,638)	-	**(5,787,777)**	-
Loss before taxes	**(3,676,859)**	(2,275,075)	**(20,694,371)**	(6,878,471)
Income taxes				
Net loss	**$ (3,676,859)**	$ (2,275,075)	**$ (20,694,371)**	$ (6,878,471)
Net loss attributable to:				
Equity holders of PowerBand Solutions Inc.	**(3,560,246)**	(2,199,316)	**$ (17,929,750)**	$ (5,865,539)
Non-controlling interest (note 20)	**$ (116,613)**	(75,759)	**$ (2,764,621)**	$ (1,012,932)
Basic and diluted net loss per share-Equity holders of PowerBand Solutions Inc.	**$ (0.012)**	**$ (0.012)**	**$ (0.077)**	**$ (0.035)**
Weighted average number of common shares outstanding - basic and diluted	**294,371,124**	188,245,051	**234,205,471**	168,613,937

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

POWERBAND SOLUTIONS INC.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Net loss	**(3,676,859)**	(2,275,075)	**$ (20,694,371)**	$ (6,878,471)
Other Comprehensive income (loss)				
Loss on foreign currency translation	**(7,463)**	149,957	**145,646**	(50,018)
Total Comprehensive Income (loss)	**$ (3,684,322)**	$ (2,125,118)	**$ (20,548,725)**	$ (6,928,489)
Total comprehensive loss attributable to:				
Equity holders of PowerBand Solutions Inc	**(3,612,268)**	(2,007,558)	**$ (17,760,047)**	$ (5,888,723)
Non-controlling interest	**(72,054)**	(117,560)	**$ (2,788,678)**	$ (1,039,766)

POWERBAND SOLUTIONS INC.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

Nine Months Ended September 30,	2022	2021
Cash flows provided by (used in) operating activities		
Net loss for the period	**$ (20,694,371)**	$ (6,878,471)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Accretion on lease liability (note 17)	**164,098**	183,480
Accretion on loan (note 5(a) & 21(c))	**538,870**	-
Amortization of intangible assets (note 14)	**469,440**	588,891
Depreciation of tangible assets (note 13)	**142,114**	123,140
Depreciation of right of use assets (note 15)	**538,392**	500,278
Impairment of goodwill (note 14)	**2,509,762**	-
Foreign exchange loss (gain)	**(6,491)**	(61,520)
Discount on debt (note 21(c))	**(434,828)**	-
(Gain) Loss on settlement of debt (note 19(c))	**(164,907)**	-
Impairment of intangible assets (note 14)	**4,108,796**	-
Unrealized loss (gain) on fair value adjustment (note 12(a))	**(231,046)**	-
Forgiveness of loans (note 18)	**-**	(660,371)
Share based compensation (note 19(e))	**4,882,720**	756,359
	(8,177,451)	(5,448,214)
(Increase) Decrease in:		
Accounts receivable	**202,337**	(1,249,823)
Inventory	**(293,037)**	-
Other current assets	**(41,138)**	223,306
Increase (Decrease) in:		
Accounts payable and accrued liabilities	**1,870,980**	(102,204)
Seller reserve provision	**(55,545)**	58,905
Net cash used in operating activities	**(6,493,854)**	(6,518,030)
Cash flows provided by (used in) investing activities		
Purchase of property and equipment (note 13)	**(9,447)**	(53,211)
Addition to intangible asset (note 14)	**(2,133,791)**	(932,321)
Leased vehicle purchase	**(2,829,395)**	-
Purchase of investment in CB Auto (note 12(b))	**-**	(4,981,052)
Net cash used in investing activities	**(4,972,633)**	(5,966,584)
Cash flows provided by (used in) financing activities		
Private placements, net	**23,195,291**	17,096,935
Exercise of warrants and options	**608,466**	4,720,680
Payment of debt (note 5(a))	**(4,423,607)**	-
Payment of lease liability, net of deposits received (note 17)	**(678,580)**	(621,998)
Proceeds from related parties (note 21)	**6,776,633**	4,238,479
Payments to related parties (note 21)	**(2,477,319)**	(5,158,136)
Proceeds from CEBA loan	**-**	20,000
Net cash provided by financing activities	**23,000,884**	20,295,960
Net change in cash	**11,534,397**	7,811,346
Effect of exchange rate changes on cash held in foreign currencies	**317,505**	22,214
Cash, beginning of period	**6,367,533**	1,403,213
Cash, end of period	**$ 18,219,435**	$ 9,236,773

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

POWERBAND SOLUTIONS INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars)
(Unaudited)

	Number of issued and outstanding shares #	Share Capital $	Obligation to issue shares $	Reserves $	Other comprehensive income $	Non-controlling interest $	Deficit $	Total Shareholders equity $
Balance December 31, 2020	**137,534,856**	**18,932,553**	**59,935**	**3,568,482**	**(1,348)**	**1,577,463**	**(23,257,282)**	**879,803**
Private placements	37,063,952	18,075,901	-	-	-	-	-	18,075,901
Share issue costs	-	(1,596,365)	-	617,399	-	-	-	(978,966)
Broker warrants issued with private placement	-	(43,622)	-	43,622	-	-	-	-
Exercise of warrants	9,271,669	3,556,430	-	-	-	-	-	3,556,430
Exercise of options	7,173,750	1,164,250	-	-	-	-	-	1,164,250
Shares issued for debt	800,000	1,000,000	-	-	-	-	-	1,000,000
Restricted share units issued	350,000	77,000		(77,000)				-
Shares issued for 2019 Acquisition of MUSA Holdings Inc. (Drivrz Financial)	900,000	59,935	(59,935)					-
Acquisition of equity interest in subsidiary					24,466	(122,075)	(6,719,741)	(6,817,350)
Share-based compensation	-	-	-	756,359	-	-	-	756,359
Capital contributions made on behalf of non-controlling interest	-	-	-	-	-	503,335	(503,335)	-
Foreign currency translation	-	-	-	-	(27,116)	(22,902)	-	(50,018)
Loss for the period	-	-	-	-	-	(1,012,932)	(5,865,539)	(6,878,471)
Balance, September 30, 2021	193,094,227	41,226,082	-	4,908,862	(3,998)	922,889	(36,345,897)	10,707,938
Balance December 31, 2021	**198,227,060**	**43,852,237**	**-**	**5,896,184**	**(73,789)**	**651,598**	**(45,791,859)**	**4,534,371**
Private placements	79,354,361	23,806,308	-	-	-	-	-	23,806,308
Share issue costs		(611,017)	-	-	-	-	-	(611,017)
Restricted share units issued	1,892,125	1,207,616	-	(1,207,616)	-	-	-	-
Exercise of warrants	578,276	283,355	-	-	-	-	-	283,355
Exercise of options	2,100,000	563,423	-	(238,313)	-	-	-	325,110
Shares issued for debt	15,113,640	2,871,592	-	1,497,593	-	-	-	4,369,185
Share-based compensation	-	-	-	4,882,720	-	-	-	4,882,720
Acquisition of equity interest in subsidiary	-	-	-	-	176,480	1,763,268	(1,939,748)	-
Foreign currency translation	-	-	-	-	169,703	(24,057)	-	145,646
Loss for the period	-	-	-	-		(2,764,621)	(17,929,750)	(20,694,371)
Balance, September 30, 2022	297,265,462	71,973,514	-	10,830,568	272,394	(373,812)	(65,661,357)	17,041,307

1. NATURE OF OPERATIONS AND GOING CONCERN

Powerband Solutions Inc. (formerly Marquis Ventures Inc.) ("Powerband Solutions" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on September 29, 2009. The Company's head office is located in Suite 225, 3385 Harvester Road, Burlington, Ontario, L7N 3N2. The registered office is located at Suite 1700, 666 Burrard Street, Vancouver, BC, Canada V6C 2X8. The Company develops, markets and sells access to cloud-based transaction platform to buy, sell, trade, finance and lease new and used vehicles, which includes real time appraisal services, market information and financing solutions.

These condensed interim consolidated financial statements ("financial statements") have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharges its liabilities in the normal course of business. The Company incurred a loss of $20,694,371 (September 30, 2021 - $6,878,471), of which $2,764,621 (September 30, 2021 - $1,012,932) was attributed to the non-controlling interest during the nine months ended September 30, 2022, and as of that date, the Company had a deficit of $65,661,357 (December 31, 2021 - $45,791,859).

The continuity of the Company's operations is dependent on raising future financings for working capital and obtaining profitable operations. Management believes that it will be able to secure the necessary financing through shareholders loans and the issuance of new equity or debt instruments. However, there is no assurance that the Company will be successful in these actions. There can be no assurance that adequate financing will be available or available at terms favorable to the Company. Management acknowledges that these factors indicate the existence of material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern. Should it be determined that the Company is no longer a going concern, adjustments which could be significant, could be required to the carrying value of the assets and liabilities. These financial statements do not reflect any adjustments to the carrying value of the assets or liabilities or any impact on the condensed interim consolidated statements of loss and comprehensive loss, and condensed interim consolidated statement of financial position classifications that would be necessary should the going concern assumption not be appropriate.

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

As described in Note 26, subsequent to the period ended September 30, 2022, the Company received $163,017 (US$118,930), from the dealer, being the full amount of one of the lease units repurchased from the financial institution.

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors for issuance on November 29, 2022.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed interim consolidated financial statements, including comparatives have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"), incorporating interpretations issued by the IFRS Interpretations Committee ("IFRICs").

2. BASIS OF PREPARATION - (continued)

a) Statement of compliance (continued)

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2021. However, this interim financial report provides selected significant disclosures that are required in the annual audited consolidated financial statements under IFRS.

Except as described below, these condensed interim consolidated financial statements follow the same accounting policies and methods of application as the annual audited consolidated financial statements for the year ended December 31, 2021.

The changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ending December 31, 2022.

Certain amounts in prior years have been reclassified to conform to the current period presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements do not include all note disclosures required by IFRS for annual financial statements and, therefore, should be read in conjunction with the annual financial statements for the year ended December 31, 2021. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the nine months ended September 30, 2022, are not necessarily indicative of the results that may be expected for the year ending December 31, 2022.

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.

<u>Property, plant and equipment (Amendments to IAS 16)</u>

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.

<u>Classification of Liabilities as Current or Non-current (Amendments to IAS 1)</u>

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. Earlier application is permitted.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities:

Going concern evaluation
Significant judgments used in the preparation of these financial statements relate to the assessment of the Company's ability to continue as a going concern. Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. As a result of the assessment, management concluded the going concern basis of accounting is appropriate.

Share-based payment
The Company provides incentives via share-based payment entitlements (Note 19). The fair value of entitlements is determined in accordance with the accounting policy. If certain assumptions used in the fair value calculation were to change, there would be an impact on the share-based payment expenses recognized in the current period.

Estimated useful lives
Management estimates the useful lives of property and equipment, and intangible assets based on the period during which the assets are available for use. The amounts and timing of depreciation and amortization for these amounts are affected by the useful lives. The estimates are reviewed annually and are adjusted as new information becomes available.

Impairment of long-lived assets

The Company considers both internal and external sources of information in assessing its tangible and intangible assets for impairment when events or circumstances indicate such. The Company determines the recoverable amount, which is the greater of its value in use and its fair value less costs to sell, using discounted cash flows expected to be derived from the tangible or intangible asset, and the appropriate discount rate. During the period ended September 30, 2022, the Company's intangible assets that was acquired from business combination with IntellaCar Solutions LLC ("IntellaCar"), DrivrzLane and Drivrz Financial product development costs totaling $4,108,796 was determined to be impaired.

Impairment of goodwill

The Company performs an assessment of its goodwill for impairment on an annual basis. The Company determines the recoverable amount, which is the greater of its value in use and its fair value less costs of disposal, using discounted cash flows expected to be derived from the Company's operations and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions about expected revenues from contracts, estimated costs of production, and the discount rate. During the period ended September 30, 2022, the Company's goodwill arising from the acquisition of IntellaCar for $2,509,762 was determined to be impaired.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Allocation of purchase consideration
Business combinations require judgment and estimates to be made at the date of acquisition in relation to determining asset and liabilities fair values and the allocation of the purchase consideration over the fair value of the assets and liabilities and the determination of a bargain purchase gain on acquisition, if any. The information necessary to measure the fair values as at the acquisition date of assets acquired and liabilities assumed requires management to make certain judgments and estimates about future events, including but not limited to estimates of future earnings, future operating costs and capital expenditures, and discount rates. Changes to the provisional measurements of assets and liabilities acquired may be retrospectively adjusted when new information is obtained until the final measurements are determined.

Leases
Critical judgments in determining the lease term
Extension and termination options are included in a number of property leases held by the Company. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability if it is not reasonably certain that the leases will be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs that affects this assessment and that is within the control of the lessee.

Lease origination revenue claw backs
A portion of the lease origination revenue is subject to claw backs in the event of early termination, default, or prepayment by the end-customers. The Company's exposure for these events is limited to the fees that it receives. An estimated refund liability for claw backs against the revenue recognized for lease origination is recorded in the period in which the related revenue is recognized and is based on the Company's historical claw back experience. The Company updates its estimates at each reporting date. During the nine-month period ended September 30, 2022, the Company recorded $358,597 (year ended December 31, 2021 - $403,627) as a provision for claw back.

Convertible debentures
Convertible debentures are financial instruments accounted for in two separate components, a debt instrument and equity instrument or a derivative liability. The identification of the respective components is based on interpretations of the substance of the contractual arrangement and thus requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the debt component. The determination of the fair value of the debt component is based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Provision for expected credit losses
The Company performs impairment testing annually for accounts and loan receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company applies the simplified approach to determine ECLs on accounts receivable by using a provision matrix based on historical credit loss experiences. The historical results were used to calculate the run rates of default which were then applied over the expected life of the accounts receivable, adjusted for forward looking estimates.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Loans to Related Parties

The Company initially measures loans to related parties at fair value, net of transaction costs incurred. Loans are subsequently measured at amortized cost. Any difference between the fair value (net of transaction costs) and the redemption amount is recognized in the consolidated statements of loss over the period of the borrowing costs using the effective interest method. Significant judgement is applied to determine the fair value using a market interest rate for an equivalent borrowing from an unrelated, third party.

Fair value of convertible note

The Company initially measures the fair value of purchased convertible note based on the greater of the payoff of two scenarios: 1. The principal plus interest of the convertible note will be repaid at maturity and the Company applies an industry standard loss given default on the investee's future commitments or 2. The principal plus interest will be repaid in the form of stock. Significant judgement is applied to determine the greater of the payoff scenarios.

Fair value of investments in private companies

Financial assets held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit or loss. The fair value at reporting date is determined in line with IFRS 13, Fair value measurement. Financial assets in this category are determined using a valuation technique where no active market exists. Significant judgement is applied due to the lack of external market information and uncertainties associated with future cash flow projections.

Interest in other entities

On December 31, 2020, and on June 30, 2021, the Company had 39.31% interest in IntellaCar Solutions LLC. The Company's interest increased to 60% as of December 31, 2021, as a result of internal restructuring. Management assessed the involvement of the Company in accordance with IFRS 10, *Consolidated Financial Statements* and has concluded that the Company continues to exercise control on July 1, 2021, on the date of internal restructuring. In December 2020, subsequent disposition of interest in the controlled entity reduced the Company's interest to 39.31%. In making its judgments, that the Company controls IntellaCar Solutions LLC, management considered the following:

a) The Company's controlling shareholders also held a significant interest in this entity. The Company considers its controlling shareholders to be a "de facto agent" on the basis that the shareholder is a related party and is reliant on PowerBand for making strategic and operational decisions that impact the relevant activities of the entity and for providing operating capital. Consequently, the Company has combined the shareholdings of its controlling shareholder with its direct shareholdings in this entity when assessing control;
b) The combined shareholding of the Company and its controlling shareholders is significant, and the shares held by other non-related shareholders is dispersed amongst a large number of shareholders meaning it is unlikely that other shareholders could outvote the Company; and
c) The Company has common management with the entity and the minority owners of Intellacar Solutions LLC are also shareholders in the Company.
d) The Company's interest reduced as a result of disposition of interest in the Controlling entity to arm's length third party who are existing shareholders in other entities within the combined group.

(Unaudited - Expressed in Canadian dollars)

5. BUSINESS COMBINATION AND ACQUISITIONS

a) Acquisitions in 2019 and 2021

On July 17, 2019, the Company executed a Unit Purchase Agreement (the "Agreement") to acquire 60% of Drivrz Holdings, LLC (formerly MUSA Holdings, LLC), and its subsidiaries, including Drivrz Financial, LLC (formerly MUSA Auto Finance, LLC) ("DRIVRZ"). DRIVRZ is a new and used online vehicle leasing platform to operate in the United States.

Under the terms of the Agreement, the Company's aggregate consideration was USD$300,000 in cash, and 4,300,000 shares of the Company's stock. At closing, the Company issued 2,500,000 common shares of Powerband Solutions Inc. The Company subsequently issued 900,000 common shares of Powerband Solutions Inc. to DRIVRZ on the first anniversary closing date of the transaction, and an additional 900,000 common shares of Powerband Solutions Inc. on the second anniversary of the closing date, for a total of 4,300,000 common shares.

The Company has determined that this transaction represented a business combination with Powerband Solutions Inc. as the acquirer.

The total consideration as of July 17, 2019, has been estimated to be $753,274 CAD ($577,090 USD).
The Company began consolidating the operating results, cash flows and net assets of DRIVRZ from July 17, 2019 onwards.

The following table summarizes the consideration paid as part of the purchase price:

Consideration	Shares issued	Consideration USD	Consideration CAD
Cash	-	$ 300,000	$ 391,590
Issued on July 17, 2019	2,500,000	181,951	237,500
Issued on July 17, 2020	900,000	49,222	64,249
Issued on July 17, 2021	900,000	45,917	59,935
Total consideration		**$ 577,090**	**$ 753,274**

(i) Of the 2,500,000 common shares, 2,500,000 had a hold period expiry date of December 1, 2019, and were subject to a restriction as per the Agreement.

(ii) Common shares issued on July 17, 2020, and July 17, 2021, were valued using the Black-Scholes pricing model, as at the acquisition date, using the following assumptions:

Inputs	July 17, 2020	July 17, 2021
Share price	0.095	0.095
Exercise price	0.095	0.095
Volatility	126.81%	126.81%
Risk free	1.11%	1.11%
Dividend yield	0%	0%

(Unaudited - Expressed in Canadian dollars)

5. BUSINESS COMBINATION AND ACQUISITIONS (continued)

The following table summarizes the allocation of the purchase price of the identifiable assets and liabilities based on their estimated fair values as at the date of acquisition:

Description	Amount $CAD
Total purchase consideration of DRIVRZ	$ 753,274
Net working capital assumed	(449,125)
Lease receivable	289,450
Property and equipment	357,161
Right of use asset	4,696,888
Deposits	147,894
Intangibles – Intellectual property	989,357
Goodwill	172,593
Lease liability	(4,696,888)
Deferred income tax liability	(251,871)
Non-controlling interest	(502,185)
Total net assets acquired	**$ 753,274**

Goodwill is attributable to DRIVRZ that has experience in online vehicle leasing platform, operations, customer development and additions of deferred tax liability pertaining to increase in value of intangible asset from recording it at fair value.

Deferred income tax liability is computed at the fair value of the intangible asset acquired with the applicable tax rate of 25.5% of $989,357.

On April 28, 2021, the Company executed the Agreement to acquire additional 40% of DRIVRZ for consideration of USD$5,500,000 in cash. At closing USD$1,000,000 ($1,240,050 CAD) and on October 1, 2021, US$1,000,000 ($1,274,330 CAD) was paid and the balance of US$3,500,000 which is non-interest bearing is payable in installments by October 1, 2023. The investment is measured at fair value on initial recognition based on the fair value of the consideration given. The fair value of the debt of USD$4,768,366 is determined using an effective interest rate of 13.80%, taking into account the rate that the Company would have obtained a similar debt. The fair value of consideration including any difference in the amount of non-controlling interest is recognized in the consolidated statement of shareholders equity, attributed to the parent, as acquisition of equity interest in subsidiary. On April 30, 2022, the balance of the outstanding loan amount of $4,423,607 (US$3,500,000) was paid in full. The Company recorded an interest accretion of $465,348 for the three and nine months period ended September 30, 2022 in the consolidated statements of loss.

b) Acquisitions in 2020

On October 28, 2020, the Company through its subsidiary DRIVRZ US LLC executed a Unit Purchase Agreement (the “Agreement”) to acquire 60% of IntellaCar Solutions LLC (“IntellaCar”). IntellaCar has an online user-friendly platform that has an extensive video and brochure library of vehicles, enabling automotive dealers and consumers to review the model of the vehicle they are buying. The primary reason for the business combination was to add the consumer shopping cart and the showroom application that enhances the in-store buying process.

(Unaudited - Expressed in Canadian dollars)

5. BUSINESS COMBINATION AND ACQUISITIONS (continued)

Under the terms of the Agreement, the Company's aggregate consideration was USD$1,500,000 in cash, and 2,000,000 shares of the Company's stock. At closing, the Company paid cash of USD$500,000 and issued 2,000,000 common shares of Powerband Solutions Inc. The Company issued a promissory note for USD$1,000,000 for the balance of the cash consideration. The fair value of the promissory note was determined using an effective interest rate of 12.284%.

The following table summarizes the consideration paid as part of the purchase price:

Consideration	Shares issued	Consideration USD	Consideration CAD
Cash	-	$ 500,000	$ 665,100
Issued on Oct 28, 2020	2,000,000	383,401	510,000
Fair value of promissory notes		968,849	1,288,763
Total consideration		**$ 1,852,250**	**$ 2,463,863**

The common shares were valued based on the market price on October 28, 2020.

The following table summarizes the allocation of the purchase price of the identifiable assets and liabilities based on their estimated fair values as at the date of acquisition:

Description	Amount $CAD
Total purchase consideration	$ 2,463,863
Net working capital assumed	(14,478)
Intangibles – Intellectual property	361,814
Intangibles – Tradename	850,397
Intangibles – Customer base	25,274
Intangibles - Other	297,832
Goodwill	2,602,500
Deferred income tax liability	(322,417)
Non-controlling interest	(1,337,059)
Total net assets acquired	**$ 2,463,863**

Goodwill has been provided in the transaction based on estimates of future earnings of IntellaCar, including synergies associated with the positioning of the combined company. The additions of deferred tax liability pertaining to increase in value of intangible asset from recording it at fair value is computed at the applicable tax rate of 21%.

In December 2020, after the acquisition on October 28, 2020, a disposition of interest in the controlled entity reduced the Company's interest to 39.1%. On July 1, 2021, an internal restructure was done whereby the Company's interest in IntellaCar changed from 39.1% to 60% and the Company continues to exercise control over the entity at September 30, 2022 and December 31, 2021. On September 30, 2022, the Company acquired the remaining 40% interest from the minority shareholders and will pay the outstanding accounts payables to vendors and take possession of the software source codes developed by IntellaCar.

5. BUSINESS COMBINATION AND ACQUISITIONS (continued)

At September 30, 2022, management reviewed the business model and determined that the value of the asset is not likely to be recoverable considering the product adoption in the past year. Hence all the intangible assets that were acquired and goodwill recognized has been impaired.

6. INTEREST IN JOINT VENTURE

In November 2018 the Company executed a Definitive Agreement to establish a partnership named D2D Automotive Auction (“D2DAA”) through the formation of a new United States based limited liability corporation, owned equally by the Company and Bryan Hunt. D2DAA will operate an automotive online remarketing auction network in the U.S. that will involve direct consumer to dealer, as well as dealer to dealer, auction transactions. D2DAA is registered and based in Arkansas, United States.

The Company owns 50% of the voting shares and 50% of the net assets of D2DAA. During the nine-month ended September 30, 2022, and year ended December 31, 2021 D2DAA incurred losses of $2,238,090 and $2,276,648, respectively (December 31, 2020 - $1,704,809). The Company recognized losses up to the amount of investment balance of $nil (2020 - $287,665) and had foreign exchange losses of $nil (December 31, 2020 - $19,442) resulting in an Interest in Joint Venture in Canadian dollar equivalent of $nil at December 31, 2021 (December 31, 2020 - $nil). Since the Company’s share of losses in the joint venture exceeds the interest in that joint venture, the Company has discontinued recognizing any further share in the losses.

7. CASH

Cash consists of funds held in Canadian and American financial institutions broken down as follows:

	September 30, 2022	December 31, 2021
	$	$
Cash at Canadian bank on hand	12,177,064	1,770,935
Cash at American bank on hand**	6,042,371	3,312,868
Cash held in Trust with lawyer	-	1,283,730
	18,219,435	6,367,533

**Includes restricted cash of $166,363 (December 31, 2021 - $336,350) based on terms of the agreement with financial institutions.

8. ACCOUNTS RECEIVABLE

	September 30, 2022	December 31, 2021
	$	$
Accounts receivable	2,544,592	2,798,759
Less: Expected credit loss	(1,251,548)	(1,251,548)
	1,293,044	1,547,211

The expected credit loss of $874,563 relates to one customer and the expected credit loss of $376,985 was determined using provision matrix for the period ended September 30, 2022, and December 31, 2021.

(Unaudited - Expressed in Canadian dollars)

9. INVENTORY

Vehicle inventories are recorded at the lower of cost and net realizable value with cost determined on a specific item basis. In determining net realizable value for vehicles, the Company considers recent market data and trends such as loss histories along with the current age of the inventory.

During the three and nine months ended September 30, 2022, $413,001 and $895,972, respectively (three and nine months ended September 30, 2021 - $36,624 and $165,773, respectively) of vehicles were included in Cost of Goods Sold.

10. OTHER CURRENT ASSETS

In July 2020, the Company's Canadian subsidiary, DRIVRZ Financial Inc., entered into a Share Purchase Agreement to acquire 100% of the outstanding shares of a southwestern Ontario-based automotive service center for $450,000. The automotive service center holds a license to operate a used vehicle operation in the Province of Ontario. The transaction was closed on July 16, 2021, and the license has been transferred to DRIVRZ Financial Inc. and the entire purchase price of $450,000 has been reported as intangible assets and amortized on a straight-line basis over five years. (See Note 14) The fair value of the gross assets acquired is concentrated in a single identifiable asset and has no input or substantive process, therefore Company has determined that this transaction represented an asset purchase.

The other current assets also include amounts advanced by the Company on November 29, 2021, December 14, 2021 and December 21, 2021 total amount of $570,510 to a third party due and payable within 60 days, and can be amended by written consent of both parties, interest free under a general security agreement. An expected credit loss was recorded for the total amount of $570,510 included in expected credit loss line-item in the consolidated statements of loss for the year ended December 31, 2021.

	September 30, 2022	December 31, 2021
	$	$
Employee retention credit (note 18)	399,724	751,888
Prepaid expenses	548,043	236,111
Deposits	2,880	2,880
HST receivable	431,320	150,877
Other receivable	-	570,510
	1,381,967	1,712,266
Less: Expected credit loss	-	(570,510)
	1,381,967	1,141,756

11. LEASED VEHICLE

Leased vehicle represents the lease units repurchased by the Company's subsidiary, Drivrz Financial from the financial institution based on the terms of the contract. At September 30, 2022, this is reported at the repurchase price paid as a non-current asset. The Company is in the process of repossessing the lease units that are in default. At September 30, 2022, no expected credit loss is recorded and the Company expects to recover the repurchase price paid in full.

Lease payments received from the leased units are recorded as vehicle leasing revenue. The cost of the vehicle is depreciated on a straight-line basis over the remaining contractual term of the lease, and this is recorded in the cost of good sold to cost of vehicle leasing. At September 30, 2022, the Company recorded $nil vehicle leasing revenue and cost of vehicle leasing revenue, respectively.

11. LEASED VEHICLE (continued)

Subsequent to September 30, 2022, the Company received cash payment for $163,017 (US$118,930) from the dealer, representing the value of one of the repurchased units and repurchased additional units. See Note 26.

12. INVESTMENT

a. On July 18, 2018 the Company signed a Letter of Intent with Zoom Blockchain Solutions Inc. ("Zoom") to establish a disruptive automotive-related blockchain and application technologies solution. Zoom was to develop a blockchain powered mobile application to buy and sell cars. As part of the transaction a deposit of $nil (December 31, 2020 - US$200,000 ($254,640 CAD)) was made by the Company. The discussion between the Company and Zoom did not materialize and there was no further progress. On May 13, 2021, the deposit was exchanged for 10% secured convertible notes payable in Rego Payment Architectures Inc., a Delaware corporation, parent company of Zoom, with maturity date of October 31, 2022. The investment was recorded at fair value of US$310,827 ($426,500 CAD) (December 31, 2021 - US$154,168 ($195,454 CAD)) including the amount of interest accrued as of September 30, 2022. An unrealized gain of $21,832 and $231,046 (December 31, 2021 – loss of $58,106) was recorded for the three and nine months ended September 30, 2022, respectively. Refer to Note 26 for extension of maturity date to October 31, 2023.

   The Letter of Intent is considered void and the investment in Rego Payment Architectures Inc. is a passive investment.

b. On November 27, 2020, the Company entered into a share purchase agreement with CB Auto Group Inc. a Georgia, USA corporation to acquire 15% interest for a cash consideration of US$5 million to be paid in installments over a period ending June 30, 2021, and the issuance of 750,000 share purchase warrants having an exercise price of $0.30 for a period of 3 years. On July 16, 2021, a third amendment to the Share purchase agreement was executed, that reduced the aggregate amount that the Company will pay for the shares in CB Auto Group to US$2,500,000 and will reduce the aggregate number of shares that CB Auto Group will issue to the Company to 810,811 shares which represent 7.5% of the total issued and outstanding shares of CB Auto Group as of the amendment effective date.

   During the year ended December 31, 2021, the Company made payment of US$2,000,000 ($2,532,900 CAD) and as of December 31, 2021, total payments made was US$2,500,000 ($3,169,500 CAD) (December 31, 2020 - US$500,000 ($636,600 CAD)) and has issued 750,000 share purchase warrants. Each warrant is exercisable at $0.30 per warrant share to acquire one common share of the Company for a period of 36 months following the date of their issuance. The warrants were valued using Black-Scholes calculator with risk free interest rate of 0.62%, volatility of 115%, was valued at $449,275 and recorded as an unrealized loss on fair value adjustment in the consolidated statements of loss for the year ended December 31, 2021. The total amount of the investment was $3,618,775.

   The CB Auto Group Inc. investment is considered as a non-marketable equity investment and the Company does not exercise significant influence with respect to this investment. The primary reason for this investment is to get access to the Alumni and Union members to give them the option to purchase, sell or finance a vehicle using the DrivrzXchange platform. At December 31, 2021, the Company measured the fair value of the investment using the income approach by discounting cash flows from the investee to a present value at a rate that represents the time value of money and the relative risks of the investment.

   At December 31, 2021, the Company has recorded the full amount of the investment of $3,618,775 as unrealized loss on fair value adjustment in the consolidated statements of loss.

(Unaudited - Expressed in Canadian dollars)

13. PROPERTY AND EQUIPMENT

	Furniture fixtures and equipment	Computer equipment	Leasehold improvements	Software	Total
	$	$	$	$	$
Cost					
Balance at December 31, 2020	339,064	13,043	8,509	241,848	602,464
Additions	-	69,389	-	-	69,389
Currency translation adjustment	(3,346)	309	(139)	(219)	(3,395)
Balance at December 31, 2021	335,718	82,740	8,370	241,629	668,458
Additions	-	9,447	-	-	9,447
Currency translation adjustment	6,665	1,693	401	5,586	14,345
Balance at September 30, 2022	342,383	93,880	8,771	247,215	692,250
Accumulated depreciation					
Balance at December 31, 2020	124,226	8,071	1,681	42,393	176,371
Depreciation	78,505	10,193	1,060	79,152	168,910
Balance at December 31, 2021	202,731	18,264	2,741	121,545	345,281
Depreciation	60,257	20,291	813	60,753	142,114
Balance at September 30, 2022	262,988	38,555	3,554	182,298	487,395
Net book value					
Balance at December 31, 2021	132,987	64,476	5,629	120,085	323,177
Balance at September 30, 2022	79,395	55,325	5,217	64,918	204,855

14. INTANGIBLE ASSETS AND GOODWILL

During the year ended December 31, 2016, the Company acquired a web platform for cash of $1,391,532. Subsequently all the internal and external development costs related to the asset were capitalized. The web platform is used by the Company to develop its future software applications and to sell various services. Under the current amortization policy, the web platform and associated development additions are amortized on a straight-line basis over five years.

On October 28, 2020, the Company through its subsidiary DRIVRZ US LLC acquired 60% of IntellaCar Solutions LLC and the intangible assets identified from the transaction has been capitalized. See Note 5. During the period ended September 30, 2022, management reviewed the amortizing intangible assets for indicators of impairment and recognized total impairment loss of $1,327,971.

On December 21, 2020, the Company acquired a Software containing a codebase for a customer retailing interface that can be accessed from an automobile dealership's website that allows for the storage of dealer inventory and various development tooling for USD$200,000 ($254,640 CAD). This is reported under Intellectual property and is included in the impairment loss noted above.

Development cost
As at September 30, 2022, the Company has the following product technologies that are in the development stage:

a) The Company's subsidiary IntellaCar, developing a digital shopping application, DrivrzLane, that can be embedded on a dealer website or on an inventory listing site that lets customers select the right vehicle. The Company has impaired the capitalized total cost of $1,193,484 on this project during the period ended September 30, 2022.
b) The Company and its joint venture partner D2DAA are developing a consumer-focused platform named 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 $1,709,280 (December 31, 2021 - $808,523) on this project as of September 30, 2022.
c) The Company's subsidiary Drivrz Holdings LLC., developing a modern alternative platform for lenders to both loan and lease vehicles and that will support multiple lenders with a single codebase. The Company has

impaired the capitalized total cost of $1,552,979 on this project during the period ended September 30, 2022.

(Unaudited - Expressed in Canadian dollars)

14. INTANGIBLE ASSETS AND GOODWILL (continued)

The following table summarizes the movements in Intangible Assets:

	Web platform	Customer base	Intellectual property	Trademarks	License	Other	Development cost	Total
	$	$	$	$	$	$	$	$
Cost								
Balance at December 31, 2020	2,156,594	85,274	1,565,976	813,957	-	285,069	-	4,906,870
Additions	-	-	-	-	450,000	-	2,289,929	2,739,929
Disposals	-	-	-	-	-	-	-	-
Currency translation adjustment	-	(1,186)	(4,653)	(3,452)	-	(1,209)	-	(10,500)
Balance at December 31, 2021	2,156,594	84,088	1,561,323	810,505	450,000	283,860	2,289,929	7,636,299
Additions	-	-	-	-	-	-	2,133,791	2,133,791
Impairment of intangible assets	(2,156,594)	(84,088)	(567,790)	(810,505)	-	(283,860)	(2,780,845)	(6,683,682)
Currency translation adjustment	-	-	45,394	-	-	-	66,405	111,799
Balance at September 30, 2022	-	-	1,038,927	-	450,000	-	1,709,280	3,198,207
Accumulated amortization								
Balance at December 31, 2020	1,689,037	28,806	299,612	27,132	-	9,502	-	2,054,089
Amortization	199,139	16,763	308,349	160,273	45,000	56,132	-	785,656
Currency translation adjustment	-	51	3,679	1,713	-	600	-	6,043
Balance at December 31, 2021	1,888,176	45,620	611,640	189,118	45,000	66,234	-	2,845,788
Amortization	76,378	8,416	207,390	81,287	67,500	28,469	-	469,440
Impairment of intangible assets	(1,964,554)	(54,036)	(191,188)	(270,405)	-	(94,703)	-	(2,574,886)
Currency translation adjustment	-	-	47,461	-	-	-	-	47,461
Balance at September 30, 2022	-	-	675,303	-	112,500	-	-	787,803
Net book value								
Balance at December 31, 2021	268,418	38,468	949,683	621,387	405,000	217,626	2,289,929	4,790,511
Balance at September 30, 2022	-	-	363,624	-	337,500	-	1,709,280	2,410,404

Goodwill

Goodwill of $172,593 (US$133,183) arose in 2019, when the Company acquired Drivrz Holdings LLC ("DRIVRZ") and $2,490,980 (US$1,956,472) in 2020 from acquisition of IntellaCar Solutions LLC. (see note 5) For impairment testing purposes, the goodwill is allocated to the respective cash-generating unit ("CGU"). The Company assessed goodwill for impairment based on its value in use. To determine value in use, the Company used the 2022 budget and 2023 to 2026 forecasts for each of the CGU's, using an estimated long-term revenue and variable cost growth rate of 10% to 50% and taking into account the working capital and capital investments to maintain the condition of the assets of each CGU. The resulting forecasted cash flows were discounted using pretax rates of 15% to 25% which reflects the time value of money and risk associated with the business. Based on this assessment, the goodwill attributed to each CGU was not impaired at December 31, 2021.

During the period ended September 30, 2022, management evaluated the IntellaCar business strategy and the recoverability of goodwill recognized on acquisition (See Note 5). When considering the business trends and the revenue generation from subscription management concluded that the fair value of the reporting unit is less than the carrying value, thereby recognizing an impairment amounting to $2,509,762, with $1,003,905 attributable to non-controlling interest.

(Unaudited - Expressed in Canadian dollars)

14. INTANGIBLE ASSETS AND GOODWILL (continued)

	DRIVRZ	IntellaCar	TOTAL
	$	$	$
Balance at December 31, 2020	169,569	2,490,980	2,660,549
Currency translation adjustment	(720)	(10,565)	(11,285)
Balance at December 31, 2021	168,849	2,480,415	2,649,264
Impairment of goodwill	-	(2,509,762)	(2,509,762)
Currency translation adjustment	13,705	29,347	43,052
Balance at September 30, 2022	182,554	-	182,554

15. RIGHT OF USE ASSETS

	Canada	**USA**	**Total**
Cost	$	$	$
Balance as at December 31, 2020	355,380	4,581,382	4,936,762
Additions	108,340	-	108,340
Currency translation adjustment	-	(19,431)	(19,431)
Balance as at December 31, 2021	463,720	4,561,951	5,025,671
Additions	-	-	-
Currency translation adjustment	-	370,268	370,268
Balance as at September 30, 2022	463,720	4,932,219	5,395,939
Accumulated depreciation			
Balance as at December 31, 2020	(157,948)	(866,192)	(1,024,140)
Depreciation	(92,825)	(585,233)	(678,058)
Currency translation adjustment	-	(3,004)	(3,004)
Balance as at December 31, 2021	(250,773)	(1,454,429)	(1,705,202)
Depreciation	(89,208)	(449,184)	(538,392)
Currency translation adjustment	-	(148,827)	(148,827)
Balance as at September 30, 2022	(339,981)	(2,052,440)	(2,392,421)
Net carrying amount			
At December 31, 2021	212,947	3,107,522	3,320,469
At September 30, 2022	123,739	2,879,779	3,003,518

The Company leases property for its offices in Canada and the USA, which has been capitalized as a right-of-use asset under IFRS 16. See Note 16 for associated lease liability. In 2021 a leased vehicle and office space was capitalized as a right-of-use asset.

(Unaudited - Expressed in Canadian dollars)

16. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	September 30, 2022	December 31, 2021
	$	$
Trade payables	1,335,381	2,419,651
Accrued liabilities	6,135,254	2,685,134
	7,470,635	5,104,785

17. LEASES

The Company leases its office space in Canada, and the office space in USA. On adoption of IFRS 16, the Company recognized lease liabilities. The term of the Canadian leases is for 5 years with an option to renew, and the USA lease has a term of 9 years with an option to renew.

Leases are recognized as a right-to-use asset with a corresponding liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the consolidated statements of loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The liability pertaining to the lease of the facilities was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 15% for Canadian leases 5.75% for USA leases and. the associated right-of-use asset was measured at the value of the lease liability plus the estimated cost of restoring the facility.

In 2021 the Company leased a vehicle for a term of 2 years and office space in Canada for 3 years and the liability is discounted using an incremental borrowing rate of 5% and 15% respectively, the associated right-of-use asset was measured at the value of lease liability.

The maturity analysis of contractual undiscounted cash flows, excluding likely lease term extensions, of the lease liabilities are disclosed in note 22 in the table under liquidity risk.

(Unaudited - Expressed in Canadian dollars)

17. LEASES (continued)

Company's lease liability for the facilities is as follows:

	Canada	USA	Total
	$	$	$
Balance as at December 31, 2020	224,461	4,055,480	4,279,941
Additions	108,338	-	108,338
Repayment of lease liability	(121,627)	(722,225)	(843,852)
Accretion expense	28,864	213,899	242,763
Currency translation adjustment	-	(23,004)	(23,004)
Balance as at December 31, 2021	240,036	3,524,150	3,764,186
Additions			
Repayment of lease liability	(115,245)	(563,335)	(678,580)
Accretion expense	20,042	144,056	164,098
Currency translation adjustment		257,292	257,292
Balance as at September 30, 2022	144,833	3,362,162	3,506,995
Current portion			
Balance as at December 31, 2021	129,267	560,176	689,443
Balance as at September 30, 2022	117,666	644,784	762,450
Long-term portion			
Balance as at December 31, 2021	110,769	2,963,974	3,590,498
Balance as at September 30, 2022	27,167	2,717,378	2,744,545

18. GOVERNMENT STIMULUS SUBSIDIES

The Company has participated in available stimulus subsidies offered by the Federal Governments of Canada and the United States to help offset the negative impact of the COVID-19 pandemic.

Canada Emergency Wage Subsidy ("CEWS")
The CEWS provides qualifying companies with a monthly financial support grant based on payroll, subject to certain caps. Eligibility is triggered by and scaled according to the reduction in year-over-year Canadian revenue on a month-by-month basis. The Company recognized government stimulus subsidy income as reductions of $35,600 (2020 - $352,985) to Salaries and wages expenses for the year ended December 31, 2021, and $nil amount recognized for the three and nine months ended September 30, 2022.

Canada Emergency Rent Subsidy ("CERS")
The CERS provides qualifying companies with a monthly financial support grant based on eligible expenses, subject to certain caps. Eligibility is triggered by and scaled according to the reduction in year-over-year Canadian revenue on a month-by-month basis. The Company recognized government stimulus subsidy income as reductions of $5,246 (2020 - $15,952) to Rent expenses for the year ended December 31, 2021, and $nil amount recognized for the three and nine months ended September 30, 2022.

18. GOVERNMENT STIMULUS SUBSIDIES (continued)

Canada Emergency Business Account ("CEBA")

The Company received on April 22, 2020, an amount of $40,000 towards CEBA which is an interest-free loan to cover operating costs. The Company received an additional amount of $20,000 on June 28, 2021, and the total loan balance on September 30, 2022, is $60,000. Repaying the balance of the loan on or before December 31, 2022, will result in a loan forgiveness of $20,000.

United States Paycheck Protection Program ("PPP")

On April 17, 2020, the Company's subsidiary Drivrz Holdings, LLC received a loan totaling US$458,400 ($583,635 CAD) under the U.S. Small Business Administration Paycheck Protection Program. Proceeds from this program have been used to assist U.S. small businesses during the COVID-19 pandemic to keep employees on the payroll and to contribute to utilities, rent and mortgage costs. The loan has a maturity of two years and an interest rate of 1% per annum, payable monthly, but only if the application for loan forgiveness is denied by the government. The loan will be fully forgiven if the funds are used for payroll and utilities costs if at least 60% of the forgiven amount is used for payroll and full-time equivalent employees remain on payroll during the eight-week period following the receipt of the funds. Loan payments will also be deferred for six months. No collateral or personal guarantees are required. The Company has submitted the application for forgiveness and received confirmation on June 13, 2021 that it had complied with the relevant provisions of the program and the full amount of US$458,400 ($583,635 CAD) has been forgiven. This amount was reported as a reduction of Salaries and wages in the consolidated statements of Loss for the year ended December 31, 2021.

Employee Retention Credit ("ERC")

The Employee Retention Credit was established by the CARES Act. It was intended to help businesses retain their workforces and avoid layoffs during the coronavirus pandemic. It provides a per employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid to employees. It works as a refundable payroll tax credit claimed quarterly, and it can provide reductions to payroll taxes or cash refunds.

The CARES Act provides an employee retention credit ("CARES Employee Retention credit"), which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to $10,000 of qualified wages per quarter. The Company qualifies for the tax credit under the CARES Act and expects to continue to receive additional tax credits under the additional relief provisions for qualified wages through December 31, 2021. The American Rescue Plan Act, provided that the ERC would go through December 31, 2021; however, the ERC was terminated a quarter early by the enactment of the Infrastructure Investment and Jobs Act, at the end of the third calendar quarter of 2021

During the year ended December 31, 2021, the Company claimed ERCs of US$593,065 ($741,094 CAD), and was reported as a reduction of Salaries and wages in the consolidated statement of Loss. The amount is expected to be settled shortly and are disclosed within Other current assets in the Statement of Financial Position. Refer to Note 10. During the period ended September 30, 2022, the Company received US$301,445 ($365,312 CAD) and the balance remaining is US$291,620 ($399,724 CAD).

19. SHARE CAPITAL AND RESERVES

(a) Authorized:

The Company is authorized to issue:

- an unlimited number of Common Shares with no stated par value

In April 2018, the Company consolidated the Company's issued share capital on a ratio of four (4) old common shares for each one (1) new post-consolidated common share (the "Share Consolidation"). All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation, unless otherwise noted.

(b) Shares issued on Private Placements:

On February 10, 2021, the Company closed on $5,300,000 of a Private Placement financing, representing 18,275,862 units at a price of $0.29 per unit. Each unit consists of one common share in the capital of the Company and one common share purchase warrant, and each warrant shall entitle the holder thereof to acquire one common share at an exercise price of $0.49 per warrant share for a period of two years following the date of issuance. The share issuance costs amounted to $92,294. The compensation warrants of 318,258 were valued using Black-Scholes calculator with risk free interest rate of 0.19%, volatility of 115%, expected life of 2 years, for a value of $43,622.

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 at $0.68 per warrant share 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 warrants were valued using Black-Scholes calculator with risk free interest rate of 0.48%, volatility of 115% and was valued at $617,399. The total share issuance costs for the private placement offering amounted to $1,504,071, which includes cash commission of $741,554. The Offered Shares were subject to a four-month and one day hold period under applicable securities laws in Canada.

On June 22, 2022, the Company closed on $18,611,268 of the first tranche of a Private Placement financing, representing 62,037,560 units at a price of $0.30 per unit. Each unit consists of one common share in the capital of the Company and one common share purchase warrant, and each warrant shall entitle the holder thereof to acquire one common share at an exercise price of $0.40 per warrant share for a period of five years following the date of issuance. The share issuance costs amounted to $611,017.

On July 15, 2022, the Company closed on $5,195,040 of the second and final tranche of a Private Placement financing, representing 17,316,801 units at a price of $0.30 per unit. Each unit consists of one common share in the capital of the Company and one common share purchase warrant, and each warrant shall entitle the holder thereof to acquire one common share at an exercise of $0.40 per warrant share for a period of five years following the date of issuance.

(Unaudited - Expressed in Canadian dollars)

19. SHARE CAPITAL AND RESERVES (continued)

(c) Shares for Debt and services:

On April 1, 2021, the Company settled an outstanding debt of $1,000,000 owed to the former CEO of the Company and a significant shareholder of the Company through the issuance of 800,000 common shares of the Company, at a deemed price of $1.25 per Common Share. The fair value of the 800,000 common shares on the date of settlement was $848,000 ($1.06 per share) thereby recognizing a gain of $152,000 from the settlement of the debt.

On June 22, 2022, the Company settled a loan received from D2D Auto Auction LLC on May 4, 2022, for $4,534,092 (US$3,519,711.36). The loan was settled through the issuance of 15,113,640 units. Each unit is comprised of one common share and one common share purchase warrants of the Company. The warrants can be exercised within a period of 60 months from the date of issuance at an exercise price of $0.40 per share. The fair value of the 15,113,640 common shares on the date of settlement was $2,871,592 ($0.19 per share). The warrants were valued using the Black-Scholes calculator with risk free interest rate of 3.31%, volatility of 117.04% and expected life of 2.5 years, with a value of $1,497,593. The total value of the units was determined to be $4,369,185, thereby recognizing a gain of $164,907 from the settlement of the debt.

(d) Share Purchase Warrants

Share purchase warrant transactions are summarized as follows:

	September 30, 2022		December 31, 2021	
	Number of share purchase warrants	Weighted average exercise price ($)	Number of share purchase warrants	Weighted average exercise price ($)
Balance, beginning of period	15,526,730	0.48	23,179,246	0.49
Warrants granted	94,468,001	0.40	20,427,287	0.49
Warrants exercised	(578,276)	(0.49)	(12,779,002)	(0.39)
Warrants cancelled	-	-	(75,000)	(0.30)
Warrants expired	(1,500,000)	(0.30)	(15,225,801)	(0.60)
Balance, end of period	**107,916,455**	**0.41**	**15,526,730**	**0.48**

A summary of the Company’s share purchase warrants outstanding as at September 30, 2022 is presented below:

Number of share purchase warrants (#)	Exercise Price ($)	Expiry Date
11,615,287	0.49	February 10, 2023
1,083,167	0.68	July 8, 2023
750,000	0.30	July 16, 2024
77,151,200	0.40	June 22, 2027
17,316,801	0.40	July 15, 2022

The weighted average remaining contractual life of the share purchase warrants is 4.21 years.

19. SHARE CAPITAL AND RESERVES (continued)

(e) Share-based compensation

(i) Stock option plan

The Company has adopted a stock option plan (the "Option Plan") for directors, officers, employees, and consultants of the Company. At the Company's Annual General Meeting held on September 14, 2022, the shareholders approved the 2022 Incentive Stock Option Plan (20% Fixed Plan), reserving for issuance up to 59,443,717 common shares of the Company.

In July 2019, the Company granted 6,800,000 stock options to consultants, directors, officers, and employees of the Company which vest over a two-year period. The stock options were issued with an exercise price of $0.10 and an expiry date five years from the date of issuance. The fair value of share-based compensation in connection with this stock option grant was $ 488,737, to be recognized over the three-year vesting period. During the three and nine months period ended September 30, 2022, included in the share-based compensation is $nil (2021 - $nil) and $nil (2021 - $23,639), respectively related to the vested portion of these options.

In October 2019, the Company granted 500,000 stock options to consultants, directors, officers, and employees of the Company which vest over a two-year period. The stock options were issued with an exercise price of $0.10 and an expiry date five years from the date of issuance. The fair value of share-based compensation in connection with this stock option grant was $ 27,046 to be recognized over the three-year vesting period. During the three and nine months period ended September 30, 2022, included in the share-based compensation is $nil (2021 - $851) and $nil (2021 - $3,811), respectively related to the vested portion of these options.

In October 2020, the Company granted 250,000 stock options to consultants, which vested over a period of two years and 3,750,000 stock options to officers, employees and consultants which vest immediately. The stock options were issued with an exercise price of $0.220 and an expiry date five years from the date of issuance. The fair value of share-based compensation in connection with this stock option grant was $688,615. During the three and nine months period ended September 30, 2022, included in the share-based compensation is $1,354 (2021 - $5,810) and $5,810 (2021 - $22,770), respectively related to the vested portion of these options.

In November 2020, the Company granted 50,000 stock options to consultants, officers, and employees, which vested immediately and 250,000 which vest over a period one year. The stock options were issued with an exercise price of $0.21 and $0.26 respectively and an expiry date five years from the date of issuance. The fair value of share-based compensation in connection with this stock option grant was $62,239. During the three and nine months period ended September 30, 2022, included in the share-based compensation is $nil (2021 - $nil) and $nil (2021 - $22,093), respectively related to the vested portion of these options.

In December 2020, the Company granted 475,000 stock options to employees, 350,000 vests immediately and 125,000 vests over a period of one year. The stock options were issued with an exercise price of $0.205 and $0.25, respectively and an expiry date five years from the date of issuance. The fair value of share-based compensation in connection with this stock option grant was $85,937. During the three and nine months period ended September 30, 2022, included in the share-based compensation is $nil (2021 - $3,139) and $nil (2021 - $21,466), respectively related to the vested portion of these options.

In January 2021, the Company granted 200,000 stock options to consultants, 68,000 vests immediately and 66,000 each vest over a period of one year and two year respectively. The stock options were issued with an exercise price of $0.29 and an expiry date five years from the date of issuance. The fair value of share-based compensation in connection with this stock option grant was $46,597. During the three and nine months period ended September 30, 2022, included in the share-based compensation is $1,927 (2021 - $5,761) and $6,053 (2021 - $32,688), respectively related to these vested portion of these options.

19. SHARE CAPITAL AND RESERVES (continued)

(e) Share-based compensation (continued)

(i) Stock option plan (continued)

In April 2021, the Company granted 400,000 stock options to consultants, 200,000 vests on October 16, 2021 and 200,000 vests on April 16, 2022. The stock options were issued with an exercise price of $0.72 and an expiry date five years from the date of issuance. The fair value of share-based compensation in connection with this stock option grant was $232,170. During the three and nine months period ended September 30, 2022, included in the share-based compensation is $nil (2021 - $87,619) and $33,713 (2021 - $159,048), respectively related to the vested portion of these options.

In June 2021, the Company granted 1,325,000 stock options to employees and consultants, 250,000 vests immediately, 300,000 vests on January 1, 2022 and January 1, 2023, respectively, 125,000 vests on June 30, 2022 and 350,000 vests on January 1, 2024. The stock options were issued with an exercise price of $0.76 and $0.79 and an expiry date five years from the date of issuance. The fair value of share-based compensation in connection with this stock option grant was $804,275. During the three and nine months period ended September 30, 2022, included in the share-based compensation is $50,354 (2021 - $153,475) and $150,324 (2021 - $327,608), respectively related to the vested portion of these options.

In July 2021, the Company granted 225,000 stock options to employees, all of which vests after one year on July 16, 2022. The stock options were issued with an exercise price of $0.76 and an expiry date five years from the date of issuance. The fair value of share-based compensation in connection with this stock option grant was $137,784. During the three and nine months ended September 30, 2022, included in share-based compensation is $nil (2021 - $28,689) and $nil (2021 - $28,689) respectively related to the vested portion of these options.

In October 2021, the Company granted 8,492,500 stock options to directors, consultants and employees, 1,675,000 of which vests in two tranches on April 24, 2022, and October 26, 2022, and 6,817,500 vests in two tranches on October 26, 2022 and October 26, 2023. The stock options were issued with an exercise price of $0.89 and an expiry date five years from the date of issuance. The fair value of share-based compensation in connection with this stock option grant was $6,089,198. During the three and nine months period ended September 30, 2022, included in the share-based compensation is $617,984 (2021 - $nil) and $1,801,974 (2021 - $nil), respectively related to the vested portion of these options.

In February 2022, the Company granted 300,000 stock options to consultants, 25% vests immediately, 25% on May 1, 2022, 25% on August 1, 2022, and balance 25% on November 1, 2022. The stock options were issued with an exercise price of $0.71 and an expiry date five years from the date of issuance. The fair value of share-based compensation in connection with this stock option grant was $187,259. During the three and nine months period ended September 30, 2022, included in the share-based compensation is $nil (2021 - $nil) and $102,271 (2021 - $nil), respectively related to the vested portion of these options.

The total share-based compensation (for both stock options and Restricted share units) for the three and nine months period ended September 30, 2022, is $932,927 (2021 - $317,232) and $4,882,720 (2021 - $756,359), respectively related to the vested portion of the stock options.

(Unaudited - Expressed in Canadian dollars)

19. SHARE CAPITAL AND RESERVES (continued)

(e) Share-based compensation (continued)

(i) Stock option plan (continued)

In determining the amount of share-based compensation, the Company used the Black-Scholes option pricing model to establish the fair value of options granted by applying the following:

	2022	2021	2020
Grant date share price	\$0.71 - \$0.76	\$0.29 - \$0.89	\$0.16 - \$0.26
Risk-free interest rate	1.24% - 1.28%	0.39% – 0.97%	0.22% – 1.39%
Expected life of options	5 years	5 years	5 years
Expected annualized volatility	117%	115%	115%
Expected dividend yield	-	-	-
Black-Scholes value of each option	\$0.5826 - \$0.6242	\$0.233 - \$0.717	\$0.13 - \$0.21

Information with respect to the Company's stock options is presented below:

		September 30, 2022		December 31, 2021
	Number of stock options	Weighted average exercise price (\$)	Number of stock options	Weighted average exercise price (\$)
Balance, beginning of period	21,321,750	0.5200	19,928,500	0.1740
Options issued	400,000	0.7000	10,642,500	0.8540
Options exercised	(2,100,000)	0.1720	(8,624,250)	0.1650
Options cancelled/forfeited	(7,133,420)	0.8870	(625,000)	0.1000
Balance, end of period	12,488,330	0.4970	21,321,750	0.5200

(Unaudited - Expressed in Canadian dollars)

19. SHARE CAPITAL AND RESERVES (continued)

(e) Share-based compensation (continued)

(i) Stock option plan (continued)

A summary of the Company's stock options outstanding and exercisable as at September 30, 2022 is presented below:

	Options Outstanding			Options Exercisable	
Expiry date	**Number of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
		years	$		$
February 1, 2023	852,250	0.34	0.30	852,250	0.30
July 10, 2024	2,000,000	1.78	0.10	2,000,000	0.10
February 12, 2025	500,000	2.37	0.22	500,000	0.22
February 25, 2025	400,000	2.40	0.16	400,000	0.16
February 27, 2025	300,000	2.41	0.21	300,000	0.21
August 10, 2025	112,500	2.86	0.23	112,500	0.23
October 1, 2025	250,000	3.00	0.22	187,500	0.22
October 20, 2025	500,000	3.06	0.22	500,000	0.22
October 27, 2025	1,410,000	3.08	0.22	1,410,000	0.22
November 2, 2025	250,000	3.09	0.26	250,000	0.26
November 26, 2025	50,000	3.16	0.21	50,000	0.21
January 4, 2026	132,000	3.26	0.29	68,000	0.29
April 16, 2026	400,000	3.54	0.72	400,000	0.72
June 15, 2026	950,000	3.71	0.76	300,000	0.76
October 26, 2026	4,381,580	4.07	0.89	712,500	0.89
	12,488,330	**3.03**	**0.50**	**8,042,750**	**0.30**

(Unaudited - Expressed in Canadian dollars)

19. SHARE CAPITAL AND RESERVES (continued)

(e) Share-based compensation (continued)

(i) Stock option plan (continued)

A summary of the Company's stock options outstanding and exercisable as at December 31, 2021 is presented below:

	Options Outstanding			Options Exercisable	
Expiry date	**Number of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
		years	$		$
February 1, 2023	852,250	1.09	0.30	852,250	0.30
July 10, 2024	2,500,000	2.53	0.10	2,500,000	0.10
October 17, 2024	950,000	2.80	0.10	950,000	0.10
February 12, 2025	500,000	3.12	0.22	500,000	0.22
February 25, 2025	400,000	3.15	0.16	400,000	0.16
February 27, 2025	300,000	3.16	0.21	300,000	0.21
July 30, 2025	500,000	3.58	0.23	500,000	0.23
August 10, 2025	1,310,000	3.61	0.23	1,310,000	0.23
October 1, 2025	250,000	3.75	0.22	125,000	0.22
October 20, 2025	500,000	3.81	0.22	500,000	0.22
October 27, 2025	2,260,000	3.83	0.22	2,260,000	0.22
November 2, 2025	250,000	3.84	0.26	250,000	0.26
November 26, 2025	50,000	3.91	0.21	50,000	0.21
December 28, 2025	125,000	3.99	0.25	125,000	0.25
January 4, 2026	132,000	4.01	0.29	68,000	0.29
April 16, 2026	400,000	4.29	0.72	200,000	0.72
June 14, 2026	250,000	4.46	0.79	250,000	0.79
June 15, 2026	950,000	4.46	0.76	-	0.76
June 30, 2026	125,000	4.50	0.76	-	0.76
July 16, 2026	225,000	4.54	0.76	-	0.76
October 26, 2026	8,492,500	4.82	0.89	-	0.89
	21,321,750	**3.91**	**0.52**	**11,140,250**	**0.21**

(ii) Restricted share unit plan

At the Company's Annual General Meeting held on September 14, 2022, the shareholder approved the 2022 Restricted Share Unit Plan, reserving for issuance a maximum of 15,000,000 common shares of the Company. The 15,000,000 Restricted Share Units are included in the 59,443,717 common shares of the Incentive Stock Option Plan (20% Fixed Plan). As at September 30, 2022, 2,723,500 RSUs remain available to be granted.

(Unaudited - Expressed in Canadian dollars)

19. SHARE CAPITAL AND RESERVES (continued)

(e) Share-based compensation (continued)

(ii) Restricted share unit plan (continued)

RSUs outstanding as at September 30, 2022:

	Number of RSUs
Balance as at December 31, 2019	-
Granted	2,000,000
Vested	(950,000)
Balance as at December 31, 2020	1,050,000
Granted	3,000,000
Vested	(525,000)
Balance as at December 31, 2021	3,525,000
Granted	2,250,000
Vested	(1,892,125)
Cancelled / forfeited	(1,159,375)
Balance as at September 30, 2022	**2,723,500**

On August 13, 2020, the Company issued 700,000 restricted share units to consultants of the Company at a price of $0.22 per common share for service rendered. 50% of these restricted share units vest on August 13, 2021, and remaining 50% will vest on August 13, 2022. During the three and nine months ended September 30, 2022, included in the share-based compensation is $4,641 (2021 - $18,986) and $23,733 (2021 - $76,261), respectively related to the vested portion of these units.

On October 14, 2020, the Company issued 350,000 restricted share units to consultants of the Company at a price of $0.195 per common share for service rendered. 50% of these restricted share units will vest on October 14, 2021 and remaining 50% will vest on October 14, 2022. During the three and nine months ended September 30, 2022, included in the share-based compensation is $4,955 (2021 - $12,902) and $13,416 (2021 - $38,286), respectively related to the vested portion of these units.

On June 30, 2021, the Company issued 150,000 restricted share units to a consultant at a price of $0.78 per common share and these will vest upon completion of the terms of the service agreement. The Company recognized $nil (September 30, 2021 - $nil) as share-based compensation for the three and nine months ended September 30, 2022.

On October 26, 2021, the Company issued 2,850,000 restricted share units to directors, consultants and employees at a price of $0.89 per common share and they vested over a two-year period. During the three and nine months period ended September 30, 2022, included in the share-based compensation is $235,720 (2021 - $nil) and $1,352,381 (2021 - $nil), respectively related to the vested portion of these units.

On January 18, 2022, the Company issued 1,000,000 restricted share units to certain employees at a price of $0.72 per common share for service rendered and they vested immediately. During the three and nine months period ended September 30, 2022, included in the share-based compensation is $nil (2021 - $nil) and $720,000 (2021 - $nil), respectively related to the vested portion of these units.

(Unaudited - Expressed in Canadian dollars)

19. SHARE CAPITAL AND RESERVES (continued)

(e) Share-based compensation (continued)

(ii) Restricted share unit plan (continued)

On February 9, 2022, the Company issued 1,250,000 restricted share units to consultants at a price of $0.68 per common share, 750,000 restricted share units vested immediately with the balance to vest on January 1, 2023. During the three and nine months ended September 30, 2022, included in the share-based compensation is $15,992 (2021 - $nil) and $673,047 (2021 - $nil), respectively related to the vested portion of these units.

20. NON-CONTROLLING INTERESTS

	Drivrz Holdings LLC	IntellaCar Solutions LLC	Drivrz Financial Inc.	2744915 Ontario Inc.	Total
NCI in subsidiary at September 30, 2022	5.40%	0.00%	26.38%	49.00%	
	$	$	$	$	$
At December 31, 2020	362,847	1,214,616	-	-	1,577,463
Capital contribution	485,882	-	-	-	485,882
Change in NCI	(122,075)	-	-	-	(122,075)
Foreign currency translation	(14,701)	(43,276)	-	-	(57,977)
Share of loss	(589,468)	(572,389)	(42,786)	(27,052)	(1,231,695)
At December 31, 2021	122,485	598,951	(42,786)	(27,052)	651,598
At December 31, 2021	122,485	598,951	(42,786)	(27,052)	651,598
Change in NCI	-	1,763,268	-	-	1,763,268
Foreign currency translation	12,846	(36,903)	-	-	(24,057)
Share of loss	(356,476)	(2,325,316)	(60,628)	(22,201)	(2,764,621)
At September 30, 2022	(221,145)	-	(103,414)	(49,253)	(373,812)

21. RELATED PARTY TRANSACTIONS

During the nine months period ended September 30, 2022, the Company paid for expenses $22,770 (2021 - $24,788) and charged subscription fee of $5,390 (2021 - $10,582) to companies controlled by the former CEO.

The Company and its joint venture partner D2DAA are developing a consumer-focused platform named 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 $1,709,280 (December 31, 2021 - $808,523) on this project as of September 30, 2022. See Note 14. As at September 30, 2022, accounts receivable from D2DAA is $285,827 (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.

(Unaudited - Expressed in Canadian dollars)

21. RELATED PARTY TRANSACTIONS (continued)

Shareholder loans and transactions

a) As at September 30, 2022, the due to related parties loan balance of $234,267 (December 31, 2021 - $348,645), consisted of funds received from two (2021 – two) shareholders for working capital. This loan was interest bearing at 9% per annum due on demand. During the period ended September 30, 2022, two shareholders advanced $216,530 for working capital and the Company repaid loan balance to shareholders for $330,908. Also, refer to Note (b).

b) On May 4, 2022, a loan agreement was executed between the Company and D2D Auto Auction LLC for total amount of $4,534,092 (US$3,519,711.36) at an interest rate of 3.75% per annum. On June 22, 2022, the principal amount of the loan was repaid in full by issue of 15,113,640 units in the Company. See Note 19(c).

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

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

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

Compensation of key management personnel of the Company

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

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

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

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

(Unaudited - Expressed in Canadian dollars)

22. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The main types of risks are credit risk, liquidity risk and market risk. These risks arise from the normal course of operations and all transactions are undertaken as a going concern. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its accounts receivable and other receivables. The nature of the Company's diverse customer base ensures that there is no concentration of credit risk. The aging of the accounts receivable is as follows:

	September 30, 2022	December 31, 2021
	$	$
Current to 30 days past due	792,999	1,541,519
Past due (31-60 days)	56,525	-
Past due (> 61 days)	443,520	5,692
	1,293,044	1,547,211

The Company maintains minimal cash reserves on hand. Adequate liquidity to meet all current payment obligations and future planned capital expenditures are provided by investments from the shareholder.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.
The Company's approach to managing liquidity risk to is ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. This is provided through cash injections by the shareholder when needed. The Company also manages liquidity risk by continuously monitoring actual and budgeted expenses.

At September 30, 2022, all the Company's accounts payables and accrued liabilities had contractual terms of less than one year.

	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	After 5 years
	$	$	$	$	$
Accounts payable and accrued liabilities	7,470,635	7,470,635	-	-	-
Due to related parties	446,213	446,213	-	-	-
Lease payments (undiscounted)	4,016,286	971,060	2,600,170	445,055	-
Government assistance	60,000	60,000	-	-	-
Debt - current and long term (undiscounted)	2,324,014	-	2,324,014	-	-
	14,317,148	8,947,908	4,924,184	445,055	-

22. FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The Company has limited exposure to any market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company believes that interest rate risk is low as it holds no investments in market instruments. The Company does not have interest rate risk related to its credit facilities, since all credit is made through shareholder loans and short-term loans with set interest rates.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company is exposed to the currency risk because of components of revenue and costs being denominated in currencies other than Canadian dollar, primarily the United States dollar. The Company holds cash and accounts receivable, accounts payable and accrued liabilities in currencies other than the Canadian dollar, primarily the United States dollar.

For the nine months ended September 30, 2022, if the Canadian dollar had strengthened 5% against the United States dollar, with all other variables held constant, net loss for the period would have been $620,735 lower (2021 - $70,467). Conversely, if the Canadian dollar had weakened 5% against the United States dollar with all other variables held constant, there would be an equal, and opposite impact, on net loss.

Fair value

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 and accounts receivable are measured at amortized cost using Level 1 and Level 2 inputs, respectively. The accounts payable and accrued liabilities, loan, current and long-term lease obligation, and due to related parties’ balances are measured at amortized cost and classified as Level 2. Investments are measured as Level 3.

23. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and continue to develop and market its software applications. The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital and deficit. The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, and controlling the capital expenditures program. The Company is not subject to externally imposed capital requirements. The Company is dependent on financing from shareholders to develop its technology and fund its activities. There were no changes in the Company's approach to capital management during the period ended September 30, 2022.

24. LEGAL CLAIMS

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

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

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

Jeff Schagren v. Drivrz Financial LLC, 116th Judicial District Court, Dallas County, Texas, Case # DC-21-14150:
Mr. Schagren filed suit against Drivrz Financial LLC asserting a claim for breach of contract. Mr. Schagren alleges that Drivrz Financial LLC failed to pay certain severance obligations allegedly owed to him. He is seeking recovery of approximately $200,000. Drivrz Financial LLC denies the allegations. The case was set for trial on December 5, 2022. On May 13, 2022, the parties reached an out of court settlement, which resulted in full and complete mutual releases of all claims asserted or that could have been asserted between the parties.

(Unaudited - Expressed in Canadian dollars)

24. LEGAL CLAIMS (continued)

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.

Management considers the above claims to be unjustified and probability that they require settlement to be remote. No amounts have been accrued as a result of these claims since a reliable estimate cannot currently be made.

25. SEGMENTED REPORTING

Operating segments are components of an entity that engage in business activities from which they earned revenues and incur expenses related to the operations for which can be clearly distinguished and for which the operating results are regularly reviewed by a chief operating decision maker to make resource allocation decisions and to assess performance. During the nine months ended September 30, 2022, the Chief Financial Officer served in the function of the Chief Operating Decision Maker (CODM). The Chief Financial Officer is responsible for allocating resources and assessing the performance of the following segments: Canadian operations and US operations.

Transactions between reportable segments are accounted for in accordance with the accounting policies described in the summary of significant accounting policies.

The Company's CODM measures the performance of each operating segment based on operating profit (loss). The segmented information is set out in the following tables:

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

	Nine months ended September 30, 2022			Nine months ended September 30, 2021		
	Canada	**USA**	**Total**	**Canada**	**USA**	**Total**
	$	$	$	$	$	$
Operating loss before other income	8,902,416	6,004,178	14,906,594	5,099,237	1,779,234	6,878,471
Other (income) expense	(622,751)	6,410,528	5,787,777	-	-	-
	8,279,665	12,414,706	20,694,371	5,099,237	1,779,234	6,878,471

	As At September 30, 2022			As At December 31, 2021		
	Canada	**USA**	**Total**	**Canada**	**USA**	**Total**
	$	$	$	$	$	$
Segment assets	16,006,176	14,513,584	30,519,760	5,396,568	15,014,414	20,410,982
Segment liabilities	3,210,270	10,268,183	13,478,453	8,225,080	7,651,531	15,876,611

26. SUBSEQUENT EVENTS

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

1. On October 14, 2022, the Company received $163,017 (US$118,930) from the dealer, being the full amount of one of the lease units repurchased from the financial institution based on the terms of the contract with the financial institution. See Note 11.

2. On October 21, 2022, the Company's subsidiary, Drivrz Financial paid $1,956,270 (US$1,426,580) for additional repurchase of lease units sold to a financial institution, based on the terms of the contract with the financial institution, as part of the overall strategic review of the operations. See Note 11.

3. On November 14, 2022, the Company signed a one-year extension on the 10% secured convertible notes payable in Rego Payment Architectures Inc., which will now mature on October 31, 2023. Refer to Note 12.