POWERBAND SOLUTIONS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED
DECEMBER 31, 2022

3385 Harvester Road, Suite 225 Burlington, Ontario L7N 3N2

P 1-866-768-7653 F 289-816-1477
powerbandsolutions.com

Introduction

The following Management Discussion & Analysis ("MD&A") of PowerBand Solutions Inc. (the "Company", "PowerBand") has been prepared and written to comply with the requirements of National Instrument 51-102 - Continuous Disclosure Obligations and should be read in conjunction with the annual audited consolidated financial statements of the Company for the years ended December 31, 2022 and 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the year ended December 31, 2022, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at April 28, 2023, unless otherwise indicated.

The annual audited consolidated financial statements of the Company for the years ended December 31, 2022 and 2021, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee.

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

Caution Regarding Forward-Looking Statements

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

Forward-looking statements	Assumptions	Risk factors
The Company may be required toraise additional capital in order to meet its ongoing operating expenses and complete its planned business development activities for the twelve-month period ending December 31, 2023.	The operating and business development activities of the Company for the twelve-month period ending December 31, 2023, and the costs associated therewith, will be consistent with PowerBand's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions will be favorable to PowerBand.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; changes in revenue, interest rate and exchange rate fluctuations; changes in economic conditions.
Management's outlook regarding future trends.	Financing will be available for PowerBand's business development and operating activities on acceptable terms; the financing market will be receptive to the Company's technological cloud-based software solution.	Industry-wide deterioration of the automotive industry; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions.
Sensitivity analysis of financial instruments.	Based on management's knowledge and experience of the financial markets, the Company believes that there would be no material adverse changes to its results for the period ended December 31, 2023, as a result of a change in the foreign currency exchange ratesor interest rates.	Changes in debt and equity markets; interest rate and exchange rate fluctuations.

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

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause PowerBand actual results, performance, or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new informationor future events or otherwise, except as may be required by law. If the Company does update one ormore forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Non-IFRS Measures

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

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

COVID-19 Pandemic Disclosures

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

The Company initially benefitted from the adoption of its ecommerce platform in the used vehicle market. However, the pandemic also disrupted the supply chain in the automotive industry. With chip shortages and labour challenges, new vehicle manufacturers struggled to meet the production demands and as a result, the demand and subsequently prices for used vehicles increased significantly in response to a lack of new vehicle inventory available. This resulted in increased revenues in second and third quarter of 2021. However, in the fourth quarter of 2021 and subsequently in 2022, revenue decreased due to low inventory levels, high prices of used vehicles and supply chain constraints leading to the decrease in the lease originations for the quarters. Refer to "Outlook" section for additional discussion on COVID-19 pandemic.

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

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

Description of the Business

PowerBand Solutions Inc. (the "Company" or "PowerBand") (formerly Marquis Ventures Inc.) was incorporated under the Business Corporations Act (British Columbia) on September 29, 2009, and is domiciled in Suite 225, 3385Harvester Road, Ontario, Canada L7N 3N2. The registered office is located at 745 Thurlow Street, Suite 2400, Vancouver, B.C. V6E 0C5.

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

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

PowerBand is a technology company with all of its applications focused for the automotive industry. The software is hosted in Microsoft's Azure cloud and offers a number of distinct but interconnected product offerings to its clients. PowerBand's core products are responsive for use on any device and are complimented by mobile applications for its auction platform. All of the applications are being vertically integrated, representing a powerful technology stack for automotive retail.

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

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

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

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

Following a strategic review of PowerBand's business units, the Company made the decision to allocate all growth capital and resources to DrivrzFinancial, as management believes it represents the highest near-to-medium-term return to shareholders.

D2D Auto Auction LLC (DrivrzXchange):
In November 2018 the Company entered into a 50/50 joint venture agreement with Bryan Hunt to operate D2D Auto Auctions, LLC ("D2D"), an online auction, remarketing platform in the U.S. that has been branded as DrivrzXchange. DrivrzXchange features identity verification for all parties, payment handling and processing, transportation, inspection, financing as well as mechanical and detailing services. By combining all of these features into a single platform, private sellers are able to elect to sell their vehicle via auction, fixed price or instant cash offer with no hassle, safely and securely. Although the majority of the development work for the DrivrzXchange platform has been completed, management has made the decision to place the platform into a maintenance mode. As a result, the Company has recorded an impairment loss of $1,709,280 for all the development costs incurred.

IntellaCar Solutions LLC (DrivrzLane):

In October 2020, the Company acquired a 60% interest in IntellaCar Solutions LLC, ("IntellaCar"). On September 30, 2022, the Company entered into a Settlement Agreement and Release of Claims with John Canales and Bruce Polkes, the former Chairman and CEO, respectively, and was transferred their 30% and 10% interest in IntellaCar. The Company now has a 100% interest in IntellaCar. IntellaCar was rebranded as DrivrzLane and offered an extensive video and brochure library of vehicles, enabling users to review the vehicle details. Management reviewed the business strategy and the technology and made the decision to discontinue operations of DrivrzLane, effective February 28, 2023. As a result, during the annual period ended December 31, 2022, an impairment loss was booked for the goodwill recorded on acquisition, amounting to $2,545,566, the intangible assets acquired for $1,194,885 and for the capitalized cost of product development amounting to $1,193,484.

Drivrz Financial Inc./ Motor One Canada Inc.

In August 2022, a Certificate of Amendment was filed changing the legal name from Drivrz Financial Inc. to Motor One Canada Inc. As part of its strategic review the Company has decided not to pursue the commercialization of the Drivrz platform in Canada at the current time. On December 29, 2022, the Company executed a Share Purchase Agreement whereby it sold its 73.6% equity interest in Motor One Canada Inc. to an arm's length third party. The Company has no further financial or ownership interest in Motor One Canada Inc.

Outlook

Following a detailed review of the business units operated within the Company's corporate structure, the new management team updated its corporate strategy. The Company will allocate all growth capital and resources to its used and new vehicle leasing platform, DrivrzFinancial, as management believes it represents the highest near-to-medium-term return to shareholders.

During the business unit review, management was notified by one of the financial institutions providing lease financing to DrivrzFinancial that certain vehicle leases originated in fiscal year 2021, and in the first quarter of 2022, fell within the repurchase criteria set forth in the Forward Flow Purchase and Security Agreement entered into between DrivrzFinancial and the financial institution. As a result of these discussions DrivrzFinancial repurchased certain vehicle leases from the financial institution in the second half of 2022.

Since the beginning of Q1 2023, Drivrz Financial and the financial institution have been in negotiations on additional lease contracts that the financial institution has identified fall within the repurchase criteria of the Forward Flow Purchase and Security Agreement. While the discussions have been ongoing the financial institution has not provided additional funding to DrivrzFinancial to originate vehicle leases. DrivrzFinancial's second lease funding provider is also currently withholding financing, although the lease portfolio of the second lease funding provider is performing within guidelines. The Company's management team is working to resolve matters with both financial institutions as soon as possible and be in a position to resume originating leases.

DrivrzFinancial has implemented several measures to improve operations and prevent future repurchase obligations. The executives and employees at DrivrzFinancial responsible for operations and underwriting when the repurchased leases were funded are no longer employed with the firm. The management team at PowerBand / DrivrzFinancial has hired several new experienced executives and employees, including a VP of Compliance and a VP of Servicing and Collections, and a Senior Director of Credit, to oversee the lease origination and servicing business.

Powerband and DrivrzFinancial also adopted a revised Credit Underwriting Policy & Procedures Manual and an updated DrivrzFinancial Funding Checklist.

Additionally, DrivrzFinancial completed a comprehensive analysis of its entire lease portfolio and has identified dealers that it will no longer transact business with, thereby improving the future risk profile of the portfolio. DrivrzFinancial has filed lawsuits against four dealers to recover damages and costs and has received judgements against three of these dealers. DrivrzFinancial has also issued additional demands to other dealers to repurchase leases that do not meet certain credit or legal criteria.

PowerBand's management team continues to work diligently with the financial institution to resolve issues with the repurchasing of vehicle leases and to recommence the origination of leases through the Forward Flow Purchase and Security Agreement.

The Company has also been working on bolstering its servicing and collection efforts to better manage the lease portfolio of its credit partners, and its own self-funded leases, in a more effective and efficient manner. The new servicing and collections product is slated to be fully rolled out by the third quarter of 2023.

The Company is also continuing discussions to secure additional funding lines for DrivrzFinancial to generate lease originations in other automotive segments, such as commercial and fleet.

Operational Highlights for 2022

1. In March 2022, the Company introduced to the US market the DrivrzLane digital solution and the DrivrzXchange auction platform. Subsequently after a comprehensive evaluation of the product under the new leadership team, it was determined to recognize an impairment loss for the product development costs for the DrivrzLane digital solution that were capitalized amounting to $1,193,484.

2. On April 30, 2022, the Company repaid US$3.5 million, being the balance of loan outstanding from the acquisition of the additional 40% of Drivrz Holdings, LLC. The repayment was made using US$1 million funds held in trust and an advance of US$2.5 million from D2D Auto Auction, LLC.

3. On May 10, 2022, the Company announced plans to close on a US$20 million private placement, strategic partnerships with J. Bryan Hunt Jr. and Joe Poulin, and proposed changes to board members and the leadership team.

4. On June 22, 2022, a first tranche of a non-brokered private placement offering was closed, and 62,037,560 units were issued at a price of $0.30 per unit for gross proceeds of CAD$18,611,268. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for one common share at an exercise price of $0.40 for a period of 60 months following the closing date.

5. On June 22, 2022, the Company settled a loan received from D2D Auto Auction LLC on May 4, 2022, for $4,534,092 (US$3,519,711.36). The loan was settled through the issuance of 15,113,640 units. Each unit is comprised of one common share and one common share purchase warrants of the Company. The warrants can be exercised within a period of 60 months from the date of issuance at an exercise price of $0.40 per share.

6. On July 15, 2022, a second and final tranche of a non-brokered private placement offering was closed, and 17,316,801 units were issued at a price of $0.30 per unit for gross proceeds of CAD$5,195,040. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for one common share at an exercise price of $0.40 for a period of 60 months following the closing date.

7. On September 30, 2022, the Company entered into a Settlement Agreement and Release of Claims with John Canales and Bruce Polkes, the former Chairman and CEO of IntellaCar Solutions, LLC, respectively, and was transferred their 30% and 10% interest in IntellaCar. The Company now has a 100% interest in IntellaCar.

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

9. On December 29, 2022, the Company executed a Share Purchase Agreement and sold its entire equity interest in Motor One Canada Inc. (formerly Drivrz Financial Inc., a 73.6% controlled subsidiary of PowerBand Solutions Inc.) for an amount of $633,150.

Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company at December 31, 2022, 2021 and 2020.

	Year ended December 31, 2022	**Year ended December 31, 2021**	**Year ended December 31, 2020**
Revenue	$12,761,228	$23,936,988	$3,028,122
Net loss	$(30,538,947)	$(16,190,628)	$(12,842,613)
Net loss per share (basic and diluted)	$(0.109)	$(0.085)	$(0.11)
	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
Total assets	$17,234,821	$20,410,982	$13,839,168
Total non-current liabilities	$2,515,962	$4,812,279	$3,683,124
Distributions or cash dividends declared	-	-	-

The net loss for the year ended December 31, 2022, consisted primarily of (i) Advertising and promotion expenses of 1,808,273 (ii) Share based compensation of $4,348,268 (iii) salaries and wages of $8,846,064; (iv) professional fees of $4,053,105; (v) amortization of intangible assets of $455,808; (vi) depreciation of right of use assets of $698,008 (vii) office expenses of $1,210,174; (viii) regulatory fees of $321,768; (ix) investor relations fees of $148,203 (x) travel of $463,093; (xi) unrealized gain of $247,205; (xii) impairment of intangible assets of $6,169,574; (xiii) impairment of goodwill of $2,718,850 (xiv) impairment of tangible assets of $4,629,511 and (xv) accretion of $960,827, offset by revenue of $12,761,228.

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

The net loss for the year ended December 31, 2020, consisted primarily of (i) Advertising and promotion expenses of 281,341 (ii) Share based compensation of $1,956,767 (iii) salaries and wages of $4,685,027; (iv) professional fees of $3,701,369; (v) amortization of intangible assets of $675,138; (vi) depreciation of right of use assets of $705,824 (vii) office expenses of $473,162; (viii) regulatory fees of $225,415; (ix) investor relations fees of $69,377 (x) travel of $62,592; and (xi) accretion of $408,145, offset by revenue of $3,028,122.

Discussion of Operations

Year ended December 31, 2022, and 2021:

For the year ended December 31, 2022, PowerBand generated revenue of $12,761,228. Revenues are derived primarily from three sources: lease origination ($11,954,387), subscription revenue from using the software solution ($512,466), and Vehicle and auction sales ($169,391)

	Year ended December 31, 2022			Year ended December 31, 2021		
	Canada $	**USA** $	**Total** $	**Canada** $	**USA** $	**Total** $
Revenue						
Vehicle and auction sales	169,391	-	169,391	182,690	-	182,690
Lease vehicle income	-	124,984	124,984	-	-	-
Lease origination revenue	-	11,954,387	11,954,387	-	23,151,353	23,151,353
Subscription revenue	6,399	506,067	512,466	14,364	588,581	602,945
	175,790	12,585,438	12,761,228	197,054	23,739,934	23,936,988

The revenue of US operations from lease origination and subscription revenue decreased from $23,739,934 in 2021 to $12,585,438 in 2022. The decrease is primarily due to the decrease in lease counts, due to challenges from the availability of credit supply from the Company's funding partners. The cost of lease acquisition decreased proportionate to decrease in revenue during the year and the gross profit increased from 48% in the prior year to 51% in the current year.

The revenue of the Canadian operation decreased from $197,054 in 2021 to $175,790 in 2022. This revenue is from the sale of used vehicles which was being generated from the dealership license held by the Companies subsidiary Drivrz Financial Inc. The total revenue during the year ended December 31, 2022, is $1,643,856. The Companies interest in Drivrz Financial was disposed off during the year and therefore the revenue was reported as revenue from discontinued operations.

For the year ended December 31, 2022, PowerBand incurred a loss of $30,538,947 with basic and diluted loss per share of $0.109 as compared to loss of $16,190,628 and basic and diluted loss per share of $0.085 for the year ended December 31, 2021, an increase of $14,348,319 as described below. The primary expenses that comprised the loss include:

	Twelve months ended		
	December 31, 2022	**December 31, 2021**	**Increase/ (Decrease)**
	$	$	$
Net loss	30,538,947	16,190,628	14,348,319
Expenses			
Salaries and wages	8,846,064	7,759,475	1,086,589
Professional fees	4,053,105	5,153,199	(1,100,094)
Share based compensation	4,348,268	2,469,810	1,878,458
Investor relations	148,203	459,133	(310,930)
Advertising and promotion	1,808,273	2,127,265	(318,992)
Provision for expected credit loss	506,574	1,445,073	(938,499)
Accretion	960,827	631,632	329,195
Discount on debt	(500,994)	-	(500,994)
Unrealized gain on settlement of debt	(164,907)	-	(164,907)
Impairment of intangible assets	6,169,574	-	6,169,574
Impairment of tangible assets	4,629,511	-	4,629,511
Impairment of goodwill	2,718,850	-	2,718,850

- Salaries and wages of $8,846,064 and Professional Fees of $4,053,105 totaling $12,899,169 for the year ended December 31, 2022, representing a decrease of $13,505 from total cost of $12,912,674 for the year ended December 31, 2021. This decrease is from the decrease in head counts. The total expenses for the current year also included one-time severance cost of $722,000. The headcounts for the US operations decreased by the end of the year. The salaries, wages and professional fees include expenses related to sales, operations and finance-related management consulting fees, legal fees, accounting and audit fees. Most of these costs were incurred in the US operation. During the year, the Company received confirmation that it has complied with the relevant provisions of the United States Paycheck Protection Program and the full amount of $583,635 (US$458,400) has been forgiven. The Company also claimed Employee Retention Credit of $751,888 (US$593,065). These amounts are reported as a reduction of Salaries and wages for the year ended December 31, 2021.

- Share based compensation increased from $2,469,810 for the year ended December 31, 2021, to $4,348,268 for the year ended December 31, 2022, for expenses related to stock option grants, representing the amortization of fair market value of incentive stock options granted using the Black-Scholes valuation model and expenses related to restricted share units. The current year expense has been decreased by $559,096 representing share-based compensation recorded in the prior year expense for employees who were terminated, and their stock options were forfeited.

- Investor Relations expenses of $148,203 for the year ended December 31, 2022, decreased by $310,930 from $459,133 for the year ended December 31, 2021, due to the decreased investor relations activities in the US and Canada, representing costs associated from working with Investor Relations Firms.

- Advertising and promotion expenses totaled $1,808,273 for the year ended December 31, 2022, as compared to $2,127,265 for the year ended December 31, 2021, a decrease of $318,992. This is directly related to the decrease in lease origination revenue for the marketing of the PowerBand online platform.

- Accretion expense of $960,827 for the year ended December 31, 2022, as compared to $631,632 for the year ended December 31, 2021. The increase was due to the new loan that is amortized over the period of the borrowing costs using the effective interest method.

- Discount on debt of $500,994 resulted from the amount recorded on initial recognition of fair value of long-term debt using an effective interest rate of 13.80%, which will be amortized over a period of 18 months. Refer to note 21(c) of the consolidated financial statements.

- Unrealized gain on settlement of debt in the amount of $164,907 represents the excess of fair value of units issued for settlement of debt. Refer to note 19(c) of the consolidated financial statements.

- Amortization expense of $455,808 representing the amortization expense of the intangible assets, for year ended December 31, 2022 as compared to $740,656 for the year ended December 31, 2021, principally made up of the amortization of the web platform, intellectual property, Trademarks and other development costs to develop its software applications and to sell its various services. The decrease is due to the impairment of the intangible assets during the year ended December 31, 2022.

- Depreciation expense of tangible assets of $192,505 for the year ended December 31, 2022, as compared to $168,910 for the year ended December 31, 2021, representing the depreciation expense of tangible assets, which is comprised of Property, and equipment.

- Depreciation expense of right of use assets of $698,008 for the year ended December 31, 2022, as compared to $670,960 for the year ended December 31, 2021, for PowerBand's office locations in Burlington, Ontario and Drivrz Holdings, LLC's head office location in Addison, Texas and vehicle lease.

- Unrealized loss of $3,676,881 from fair value assessment of investments in CB Auto Group and Rego Payment Architecture. The Company's investment is CB Auto Group, a private company was measured at fair value at December 31, 2021, using valuation technique where no active market exists. This resulted in an unrealized loss of $3,618,775, which includes the fair value of 750,000 warrants for $449,275. The adjustment to the fair market value of convertible notes in Rego Payment Architecture resulted in an unrealized loss of $247,205 (December 31, 2021 - $58,106) as disclosed in note 12 of the consolidated financial statements.

- Impairment of intangible assets of $6,169,574 and impairment of goodwill of $2,718,850 represents the impairment loss recognized on the intangible assets acquired and goodwill recognized from IntellaCar Solutions LLC., product development costs for DrivrzLane, DrivrzFinancial and DrivrzXchange projects. During the period management evaluated the business strategy and the potential for subscription revenue generation from the software and determined that the fair value of the reporting unit is less than the carrying value, thereby recognizing impairment losses.

<u>Three-month period ended December 31, 2022 and 2021:</u>

For the three-month period ended December 31, 2022, PowerBand generated total revenue of $2,054,728 (includes revenue reported as discontinued operation of $862,351) as compared to $8,148,893 for the three months period ended December 31, 2021.

Revenues are derived from lease origination for $1,069,971 for the three months ended December 31, 2022, compared to $8,022,404 for the three months ended December 31, 2021. Lease origination revenue for the three months period ended December 31, 2021, was adjusted for claw back provision to accommodate any customer being in a payment default.

Subscription revenue of $(17,791) for three months ended December 31, 2022, as compared to $128,634 for three months ended December 31, 2021, from using the software solution.

The total revenues decreased by $6,094,165 or 75% from the revenue for the three-month period ended December 31, 2021, of $8,148,893.

For the three-month period ended December 31, 2022, PowerBand incurred a net loss of $9,844,576 with basic and diluted loss per share of $0.039. The total operating expenses for the three-month period ended December 31, 2022, are $10,738,629 as compared to $9,613,744 for the three-month period ended December 31, 2021. The increase of $1,124,885 is primarily due to impairment losses that was offset by the cost savings measures initiated by the management. The operating expenses for the three months period ended December 31, 2022, included salaries and wages of $1,573,540, professional fees of $1,237,366, and decrease in share-based compensation by $534,452 due to reversal of prior year expenses for terminated employees.

Other expense (income) consisted of impairment of intangible assets of $2,060,779, tangible assets for $4,629,511 and provision for expected credit loss for $506,574.

The primary expenses that comprised the operating loss include:

- Salaries and Wages of $1,573,540 and professional fees of $1,237,366 totaling $2,810,906 for the three months ended December 31, 2022, representing a decrease of $1,480,670 from total cost of $4,291,576 for the three months ended December 31, 2021. The decrease is the result of cost savings measures initiated by the management. During the period ended December 31, 2021, the Company claimed Employee Retention Credit of $751,888 (US$593,065) as a refundable payroll tax credit under the CARES Act. This amount is reported as a reduction of Salaries and wages for the three months ended December 31, 2021.

- Advertising and promotion expenses totaled $92,724. This amount mainly related to the marketing of the PowerBand online platform, lease origination and servicing expenses decreased by $701,240 from $793,964 for the three months ended December 31, 2021.

- Accretion expense of $257,860 was accrued using the effective interest method and capitalized to the lease liability on the Company's lease of office space in Canada and USA and on the long-term loan, decrease by $192,204 from $450,064 for the three months ended December 31, 2021.

- Depreciation expense of right of use assets of $159,616 for PowerBand's head office location in Burlington, Ontario and Drivrz Financial Holdings, LLC's head office location in Addison, Texas decreased by $18,164 from $177,780 for the three months ended December 31, 2021.

- Share-based compensation of ($534,452) representing the amortization of fair market value of incentive stock options granted using the Black-Scholes valuation model and the Restricted share units, decreased by $2,247,903 from $1,713,451 for the three months ended December 31, 2021, primarily due to stock options that were forfeited for terminated employees and the related share-based compensation reversed.

- Investor relations of $34,581 as compared to $43,355 for three months ended December 31, 2021, represents the cost of building receptive capital markets for future financing, representing the Company to investors by observing the rules of securities commission and stock exchanges.

- Travel expenses of $44,345 in relation to management, sales and business development meetings in Canada and the United States, decreased by $40,973 from $85,318 for the three months ended December 31, 2021.

- Impairment of tangible assets for $4,629,511, represents the vehicle lease contracts that were repurchased during the quarter ended December 31, 2022, and impaired as they were non-performing leases.

Summary of Quarterly Results

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

	2022			
	Q4	Q3	Q2	Q1
Revenue ($)	2,054,728	2,066,250	4,135,066	6,149,037
Net Loss ($)	9,844,576	3,676,859	10,737,296	6,280,216
Net Loss per share (basic and diluted)	0.039	0.01	0.03	0.03
	2021			
	Q4	Q3	Q2	Q1
Revenue ($)	8,148,893	8,864,394	4,405,191	2,518,510
Net Loss ($)	9,312,157	2,275,075	1,855,087	2,748,309
Net Loss per share (basic and diluted)	0.035	0.01	0.02	0.02

Revenue for the year 2022 includes revenue from discontinued operations of $1,643,853 and included in the Q4 2022 in the above table.

Most of the Company's revenue is generated from the DrivrzFinancial lease origination platform. The Company's quarterly revenue generally trended upwards in the three quarters from Q1 2021 to Q3 2021 since the launch of the lease origination platform in the US from and the increase in the number of lease originations. The decrease in revenue in Q4/2021 to Q4/2022 is a result of the impact of low inventory levels, higher prices of used vehicle, supply chain constraints and challenges from the availability of credit supply from the Company's funding partners. The highest revenue was recorded in Q3 2021, due to the increase in volume of lease origination counts.

The net loss for Q2/2021 was the lowest compared to other quarters. During that quarter DrivrzFinancial applied the US Paycheck Protection Program subsidiary of $583,635 to salaries and wages, hence the net loss was comparatively low. The Net loss has decreased from Q4 2020 to Q2 2021, primarily due to the increase in revenues. The Net loss for Q4/2021 was high due to the recognition of unrealized loss on the fair value adjustment to the investment in CB Auto for $3,676,881 and the provision for expected credit loss of $1,445,073. The net loss for Q2/2022 included the loss on impairment of goodwill and intangible assets. See section "Discussion of Operation"-Three months ended December 31, 2022, and 2021, for discussion on Q4 2022 net loss.

Liquidity and Capital Resources

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

The Company had $10,299,414 in cash and cash equivalents on hand at December 31, 2022, compared to $6,367,533 as at December 31, 2021.

Cash used in operating activities was $10,739,812 for the year ended December 31, 2022, as compared to $7,604,611 for the year ended December 31, 2021. Operating activities for the year ended December 31, 2022, were affected by the net loss from continuing operations of $30,655,823 offset by non-cash items of $676,382 for amortization and depreciation of the tangible and intangible assets, $698,008 for depreciation of right of use assets, $960,827 in accretion expense for leases and loan, $4,348,268 in share-based compensation, impairment loss from tangible assets, intangible assets and goodwill of $13,517,935, and unrealized gain from change in fair value of investments by $247,205.

Net cash used in investing activities totaled $8,562,474 for the year ended December 31, 2022, as compared to $7,405,598 for the year ended December 31, 2021. For the year ended December 31, 2022, cash used for product development reported as addition to intangible assets comprised of $411,086 for the DrivrzLane application, $841,697 for developing a modern alternative platform for lenders to both loan and lease vehicle, and $898,626 for the DrivrzXchange auction platform, all of which were impaired during the year ended December 31, 2022. The Company incurred $6,387,403 for repurchase of lease units from the financial institution during the year ended December 31, 2022. For the year ended December 31, 2021, $5,047,280 was used for an equity investment in CB Auto Group and Drivrz Financial Holdings LLC.

Net cash provided by financing activities was $22,323,081 for the year ended December 31, 2022, as compared to $20,070,077 for the year ended December 31, 2021. For the year ended December 31, 2022, funds were received from private placements, a related party and from the exercise of warrants and options totalled $30,912,353 as compared to $27,658,845 for the year ended December 31, 2021. Repayment of debt to related parties and third-parties amounted to $7,711,857 for the year ended December 31, 2022, compared to $6,773,555 for the year ended December 31, 2021.

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

The Company's principal contractual obligation is the lease commitments in the aggregate of $3,635,207, primarily for office premises for DrivrzFinancial expiring in March 2027. The capital expenditures on product development for the DrivrzLane application and the DrivrzFinancial loan-lease portal projects have been suspended. Management is focused on increasing the lease originations at DrivrzFinancial.

As of December 31, 2022, the Company had 298,765,462 common shares issued and outstanding.

As of December 31, 2022, the Company's current liabilities comprised of the following:

- accounts payable and accrued liabilities in the amount of $4,904,938,
- seller reserve provision of $32,404,
- current portion of lease liability of $702,906 (discounted),
- government assistance of $60,000, and
- current portion of debt amount of $1,648,389 (discounted).

In addition, at December 31, 2022 the Company had a long-term lease liability of $2,515,962 (discounted).

As of December 31, 2022, the Company had net current assets of $4,675,529 and net current assets deficit of $2,000,832 at December 31, 2021 (current assets less current liabilities). The working capital balance has improved for the year ended December 31, 2022, because of the private placement offerings of $23,195,291, net of share issuance costs.

Reconciliation and Definition of Non-IFRS Measures

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

Gross revenue

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

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

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

The following chart reflects the calculation of EBITDA:

	Three months ended		Years ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	$	$	$	$
Net (loss) income	(9,844,576)	(9,312,157)	(30,538,947)	(16,190,628)
Add: Interest	3,089	50,921	147,698	193,469
Add: Depreciation and amortization	196,378	420,315	1,346,321	1,632,624
Add: Accretion	257,860	450,064	960,827	633,544
EBITDA	(9,387,249)	(8,390,857)	(28,084,101)	(13,730,991)

EBITDA loss for the three months ended December 31, 2022, is relatively comparable to the three months ended December 31, 2021, due to the cost savings measures initiated.

Adjusted EBITDA

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

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

The adjusted EBITDA loss for the three-month period ended December 31, 2022, increased by 29% or $518,380 compared to the three-month period ended December 31, 2021. Management believes adjusted EBITDA is a more appropriate key performance indicator to measure as the two major items that flow through the income statement are human capital costs and amortization and depreciation (non-cash), and therefore better reflects the Company's performance.

	Three months ended		Years ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	$	$	$	$
EBITDA as above	(9,387,249)	(8,390,857)	(28,084,101)	(13,730,991)
Add: Share based compensation	(534,452)	1,713,451	4,348,268	2,469,810
Add: Foreign exchange loss (gain)	76,676	(66,760)	70,185	15,631
Add: Provision for expected credit loss	506,574	1,445,073	506,574	1,445,073
Add: Impairment of goodwill	209,088	-	2,718,850	-
Add: Impairment of intangible assets	2,060,779	-	6,169,574	-
Add: Impairment of tangible assets	4,629,511	-	4,629,511	-
Add: (Gain) on debt settlement	-	(152,000)	(164,907)	(152,000)
Add: Unrealized loss (gain)	(16,159)	3,676,881	(247,205)	3,676,881
Add: Project development cost expensed	-	-	-	436,810
Add: Severance cost	-	-	721,730	-
Adjusted EBITDA	**(2,455,232)**	**(1,774,212)**	**(9,331,521)**	**(5,838,786)**

Off-Balance-Sheet Arrangements

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

New Accounting Standards and recent pronouncements

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

IAS 1 – Presentation of Financial Statements

In February 2021, the IASB issued an amendment to IAS 1 to defer the effective date of the January 2020 Classification of Liabilities as Current or Non-current (Amendments to IAS 1) by one year to annual reporting periods beginning on or after January 1, 2023. Earlier application of the January 2020 amendments continues to be permitted. In June 2021, the IASB issued an amendment to IAS 1 to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are to be applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

IAS 8 – Accounting Policies, Change in Accounting Estimates and Errors

In February 2021, the IASB issued an amendment to IAS 8 to introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual period beginning on or after January 1, 2023, and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

IAS 12 – Income Taxes

In May 2021, the IASB issued an amendment to IAS 12 to narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

IFRS 10 Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28")

In September 2014, IFRS 10 and IAS 28 were amended to address a conflict between the requirements of the standards and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

Capital risk management

The Company manages and adjusts its capital structure based on available funds in order to support its business development efforts, completing and implementing its strategic partnerships, developing a customer support infrastructure, enhancing its software development efforts, and for general and administrative expenditures. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. As of December 31, 2022, the capital structure of the Company consisted of common shares, common share purchase warrants, stock options and restricted share units.

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

Financial Instruments

The 50% ownership of D2D Auto Auction LLC (D2DAA) and the controlling interests in Drivrz Financial Holdings, LLC (formerly MUSA Holdings, LLC) and IntellaCar Solutions LLC in the United States exposes the Company to risks associated with fluctuations in foreign currency exchange rates. To date, the Company has not used derivative financial instruments to manage this risk.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company is not successful in generating revenue through the addition of customers to the PowerBand Platform, or the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. In the future,the Company expects to generate cash flow primarily from operating activities.

As of December 31, 2022, the Company had net current assets of $4,675,529 (current assets less current liabilities).

Credit risk

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

Market risk

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

Currency risk

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

Fair value hierarchy

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

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

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

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

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

Related Party Transactions

(a) Compensation of key management personnel of the Company

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

Key management personnel compensation for the years ended December 31, 2022, and 2021 was as follows:

i.	Chief Executive Officer (previously COO)	$234,899 (2021 - $539,031)
ii.	Chief Technology Officer	$174,960 (2021 - $181,548)
iii.	Chief Financial Officer	$150,000 (2021 - $150,000)
iv.	Chief Executive Officer (former)	$40,000 (2021 - $196,970)
v.	President (former)	$150,259 (2021 - $713,099)
vi.	Share based compensation	$1,797,049 (2021 - $369,505)

The above amounts in i to v totaling $575,158 (2021 - $1,599,100) are included in Professional fees and $174,960 (2021 - $181,548) is included in Salaries and wages in the Statement of loss. The Company incurred professional fees of $162,638 (2021 - $nil) for services rendered by an entity controlled by a shareholder. At December 31, 2022, the total amount payable to key management personnel of the Company and an entity controlled by a shareholder amounted to $169,300 (December 31, 2021 - $742,554) and recorded in Accounts payable and accrued liabilities.

(b) Loans from Shareholders, Officers and Directors

(i) As at December 31, 2022, the due to related parties loan balance of $33,860 (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 December 31, 2022, two shareholders advanced $216,765 for working capital and the Company repaid loan balance at the beginning of the year. Also, refer to note (ii) below.

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

An additional advance of $328,106 (US$254,622) was provided by D2D Auto Auction, LLC for operating expenses. This amount was repaid in full during the year ended December 31, 2022.

(iii) The Company and a shareholder (former CEO) entered into loan agreements for total amount of $4,324,013 advanced to the Company, that is due on demand and at an interest rate of 2.25% per annum. During the year ended December 31, 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 paid the shareholder $2,000,000 as per the agreement and 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 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. In December 2022, an amount of $633,150 was adjusted to this loan balance being the consideration for sale of a business unit. The present value of the debt at December 31, 2022 is $1,614,529, and interest accretion of $289,209 and discount on debt of $500,994 was recorded for the year ended December 31, 2022 in the consolidated statements of loss.

(c) Transactions with Related Parties

During the year ended December 31, 2022, the Company paid for expenses $28,841 (2021 - $32,654) and charged subscription fee of $5,390 (2021 - $13,951) to companies controlled by the former CEO. The expenses are in connection with the cost of generating the subscription revenue for the use of the auction platform.

The Company and its joint venture partner D2DAA are developing a consumer-focused platform called DrivrzXchange that is an inclusive multi-sided marketplace that allows buyers and sellers of all types to list and/or find vehicles. The Company has capitalized total cost of $1,709,280 (December 31, 2021 - $808,523) on this project as of December 31, 2022. The total capitalized cost was recorded as impairment loss for the year ended December 31, 2022. As at December 31, 2022, the accounts receivable from D2DAA are $355,493 (December 31, 2021 - $192,566).

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

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares. As at December 31, 2022 the Company had 298,765,462 (December 31, 2021 – 198,227,060) common shares issued and outstanding. As at December 31, 2022 there were 107,916,455 (December 31, 2021 – 15,526,730) warrants outstanding which entitle the holders to purchase one common share of the Company. Stock options outstanding as of December 31, 2022, were 12,160,693 (December 31, 2021 – 21,321,750) which entitle the holders to purchase one common share of the Company. The number of exercisable stock options as at December 31, 2022 was 9,158,597.

As of the date of this MD&A, the capital structure of the Company representing the total issued and outstanding common shares at April 28, 2023, on a fully diluted basis is as follows:

Common shares at December 31, 2022	298,765,462
Shares issued from vesting of RSUs	516,667
Common shares at April 28, 2023	299,282,129
Warrants outstanding at December 31, 2022	107,916,455
Warrants expired	(11,615,337)
Warrants outstanding at April 28, 2023	96,301,118
Stock options outstanding at December 31, 2022	10,937,193
Stock options cancelled and forfeited	(900,081)
Stock options expired	(841,000)
Stock options outstanding at April 28, 2023	9,196,112
Restricted share units at December 31, 2022	1,223,500
Shares issued from vesting of RSUs	(516,667)
RSUs granted	4,116,667
Restricted share units at April 28, 2023	4,823,500
Total Issued and outstanding common shares at April 28, 2023	409,602,859

Disclosure of Internal Controls

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

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

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

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

Risks and Uncertainties

The operations of the Company are speculative due to the high-risk nature of its business, which is the development and implementation of automotive industry-related software. These risk factors, although not exhaustive, could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward–looking information relating to the Company.

Liquidity Concerns and Future Financings

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

Dilution Risk

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

Profitability

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

Foreign Exchange

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

Competition

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

Conflicts of Interest

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

Principal Shareholder with Controlling Interest

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

Dividends

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

Litigation

In August 2018 the Company was served a Notice of Civil Claim in the Superior Court of British Columbia by Advanced Media Solutions Limited ("AMSL"), a Company incorporated pursuant to the laws of the British Virgin Islands. AMSL is seeking payment of USD$450,000. The Company disputes the facts setout in the Civil Claim and has filed a Response to Civil Claim, as well as a Counterclaim to the Plaintiff and other individuals and entities involved for damages. The Company believes the claim is without merit. The Company has assessed the claims totaling $450,000 as highly unlikely to be successful. A trial date has been scheduled from June 17 to June 28, 2024.

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

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

Jeff Schagren v. Drivrz Financial LLC, 116th Judicial District Court, Dallas County, Texas, Case # DC-21-14150:
Mr. 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. The case has been dismissed.

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

Foreign Operations

As of December 31, 2022, the Company only had operations that were located in Canada and the United States.

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

Contingent liability

During the year ended December 31, 2022, one of the financial institutions to whom the lease contracts are sold has requested that the Company repurchase additional lease contracts that the financial institution has identified that fall within the repurchase clause of the Forward Flow Purchase and Security Agreement. The Company is reviewing these lease contracts and is in negotiations with the financial institution. At December 31, 2022 the amount of additional lease contracts under negotiation has been estimated at $6,926,644 and this amount has been accounted for as a contingent liability. The Company believes that the maximum exposure is not representative of the actual potential loss exposure, however, it is not possible at this stage to predict the outcome or provide a reasonable estimate of the amount of potential losses, therefore, no provision was recognized at December 31, 2022.

Subsequent Events

Subsequent to the year ended December 31, 2022, the following corporate activities occurred:

1. On February 9, 2023, the Company announced it had further optimized its cost structure through the reduction of personnel across all of its business units. The Company also announced it will be implementing additional cost-saving initiatives, including moving its head office operations from Burlington, Ontario to its DrivrzFinancial office in Addison, Texas. The annualized reduction in expenses is expected to be approximately CAD $3 million. This is in addition to previously disclosed annualized expense reductions of approximately CAD $8 million announced in 2022.

2. On February 16, 2023, Cinde Perales, the Company's former Chief Compliance Officer, filed a Charge of Discrimination with the Dallas office of the Equal Employment Opportunity Commission, alleging discrimination on the basis of sex and age. Ms. Perales was terminated for cause in April 2022. She alleges that the "cause" was fabricated, that she was denied severance, compensation, benefits, and equity to which she was contractually entitled. The Company intends to vigorously defend against the claim asserted.

3. On February 28, 2023, the Company discontinued operations of its wholly-owned IntellaCar Solutions, LLC. (re-branded as DrivrzLane) business unit. Management had reviewed the business strategy and the technology of DrivrzLane and made the decision that its product offering did not fit in with the future strategic direction of PowerBand's e-commerce platform to lease and finance new and used vehicles.

4. On March 6, 2023, and March 8, 2023, the Company issued restricted share units totaling 4,116,667 to employees and directors at a price of $0.045 and $0.06 per common share respectively, 166,667 restricted share units vested immediately and the remaining 3,950,000 restricted share units vest over a period of three years.

Additional Information

For additional information, please see www.powerbandsolutions.com and the Company's profile on SEDAR at www.sedar.com.