POWERBAND SOLUTIONS INC.
Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

1100 Burloak Drive, Suite 300 Burlington, Ontario L7N 6B2

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

206-5250 Solar Drive, Mississauga, ON, L4W 0G4
Phone: (647) 793-8100 | Fax: (905) 497-1190
Web: www.hdcpa.ca

Independent Auditors' Report

To the Shareholders of Powerband Solutions Inc.

Opinion

We have audited the consolidated financial statements of Powerband Solutions Inc. and its subsidiaries (the "Group" or the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows, and consolidated statements of changes in shareholders' equity (deficiency) for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements of Powerband Solutions Inc. for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified audit opinion on those statements on April 28, 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern,* we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

1. *Provision for potential loss on lease contracts*

<u>Description of the key audit matter</u>

We draw attention to Note 26 in the consolidated financial statements. One of the financial institutions to whom the lease contracts were 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. Management completed a further review of certain additional lease contracts, and has recorded an estimated provision for potential loss with respect to lease contracts identified by both the financial institution and management.

<u>Why the matter is a key audit matter</u>

We considered this a key audit matter due to the significant judgement made by management in recording the provision for potential loss on lease contracts that may arise from the repurchase. This resulted in a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to management's estimates.

<u>How our audit addressed the key audit matter</u>

We responded to this matter by performing procedures over the provision for potential loss on lease contracts. Our audit work in relation to this included, but was not limited to, the following:

- Gained an understanding of management's methodology, process and calculations in estimating the provision for potential loss.
- Assessed the completeness of the provision recorded by profiling all leases based on risk of default, and on a sample basis, tested if those leases could potentially fall within the repurchase clause of the Forward Flow Purchase and Security Agreement.
- Assessed the valuation of the provision recorded by comparing it to the estimated loss on the lease contracts.
- Interviewed members of senior management and those charged with governance.
- Assessed the appropriateness of the disclosures as presented in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises:

- The information included in the Management's Discussion and Analysis of Financial Conditions and Results of Operations for the year ended December 31, 2023.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis of Financial Conditions and Results of Operations for the year ended December 31, 2023 prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, base on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Harpreet Dhawan.

"*Harpreet Dhawan" (signed)*
HDCPA Professional Corporation
Chartered Professional Accountants,
Authorized to practice public accounting by CPA Ontario

Mississauga, ON
June 14, 2024

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

	Note	As at, December 31, 2023	As at, December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents	6	$ **1,937,182**	$ 10,299,414
Accounts receivable, net	7	**411,242**	890,889
Other current assets	8	**218,151**	833,863
Total current assets		**2,566,575**	12,024,166
Non-current assets			
Property and equipment, net	9, 11	**1,726,537**	1,967,764
Right-of-use asset	13	**2,006,855**	2,726,938
Investment	10	**564,888**	442,660
Other non-current assets		**-**	73,293
Total non-current assets		**4,298,280**	5,210,655
Total assets		$ **6,864,855**	$ 17,234,821
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities	14, 19	$ **3,004,251**	$ 4,904,938
Provision for potential loss on lease contracts	26	**12,217,512**	-
Seller reserve provision		**31,709**	32,404
Lease obligation - current portion	15	**688,524**	702,906
Government assistance	16	**60,000**	60,000
Debt - current portion	9, 19	**2,499,466**	1,648,389
Total current liabilities		**18,501,462**	7,348,637
Non-current liabilities			
Lease obligation - long term portion	15	**1,768,367**	2,515,962
Long-term debt	9	**186,822**	-
Total non-current liabilities		**1,955,189**	2,515,962
Total liabilities		**20,456,651**	9,864,599
Shareholders' Equity (Deficiency)			
Share capital	17	**65,785,071**	65,699,571
Reserves	17	**16,992,919**	16,570,059
Other comprehensive income		**1,210,623**	948,816
Deficit		**(96,010,564)**	(75,252,483)
Total shareholders' equity (deficiency) attributed to owners		**(12,021,951)**	7,965,963
Non-controlling interest	18	**(1,569,845)**	(595,741)
Total shareholders' equity (deficit)		**(13,591,796)**	7,370,222
Total liabilities and shareholders' equity (deficiency)		$ **6,864,855**	$ 17,234,821

Nature of operations and going concern (note 1); Subsequent events (note 27)
Approved on behalf of the Board of Directors:

"Jeff Morgan" (signed) — **Director**

"Bryan Hunt" (signed) — **Director**

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

Years Ended December 31,	2023	2022
Continuing operations		
Revenue		
Vehicle sales	$ -	$ 169,391
Lease vehicle income	**367,480**	124,984
Lease originations and servicing revenue	**2,499,871**	11,954,387
Subscription revenue	-	6,399
	2,867,351	12,255,161
Cost of goods sold		
Vehicle acquisition	-	157,962
Lease vehicle depreciation (note 11)	**123,306**	28,069
Lease acquisition and servicing costs	**1,275,415**	5,851,325
	1,398,721	6,037,356
Gross Profit	**1,468,630**	6,217,805
Expenses		
Salaries and wages (note 19)	**4,781,940**	8,035,307
Professional fees (note 19)	**3,226,579**	4,037,869
Cost of finance	-	22,500
Share based compensation (note 16(e))	**508,360**	4,348,268
Investor relations	-	148,203
Regulatory fees	**145,961**	321,768
Insurance	**451,846**	283,497
Advertising and promotion	**222,928**	1,681,991
Utilities	**103,119**	96,190
Office and sundry expenses	**415,038**	1,074,454
Travel expense	**40,112**	410,445
Telephone	**113,690**	56,397
Interest and bank charges	**98,786**	132,544
Amortization of intangible assets	-	279,613
Depreciation of tangible assets (note 11)	**120,085**	184,344
Depreciation of right of use assets (note 13)	**669,633**	698,008
Accretion (note 15, 19)	**375,561**	960,827
Provision for expected loss on receivables (note 7, 19)	**490,629**	506,574
Write-off of uncollectable sales tax and other amounts (note 8)	**367,278**	-
Foreign exchange loss	**4,109**	70,185
	12,135,654	23,348,984
Loss from operations	**(10,667,024)**	(17,131,179)
Other income (expense)		
Discount on debt	-	500,994
Other income (note 11)	**663,336**	-
Provision for potential loss on lease contracts (note 26)	**(11,892,406)**	-
Unrealized gain on fair value adjustment (note 10(a))	**122,229**	247,205
Unrealized gain on settlement of debt (note 17 (c))	-	164,907
Impairment of intangible assets	-	(3,781,205)
Impairment of goodwill (note 12)	-	(173,284)
Impairment of tangible assets (note 11)	-	(4,629,511)
	(11,106,841)	(7,670,894)
Loss before taxes	**(21,773,865)**	(24,802,073)
Income taxes		
Net loss from continuing operations	**$ (21,773,865)**	$ (24,802,073)

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

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

Years Ended December 31,		2023		2022
Discontinued operations				
Income (loss) for the year from discontinued operations (note 24)		**54,595**		(5,736,874)
Net loss for the year		**(21,719,270)**		(30,538,947)
Net loss attributable to:				
Equity holders of PowerBand Solutions Inc.	**$**	**(20,758,081)**	$	(27,304,598)
Non-controlling interest (note 18)	**$**	**(961,189)**	$	(3,234,349)
Basic and diluted net loss per share-Equity holders of PowerBand Solutions Inc. from continuing and discontiuing operations	**$**	**(0.069)**	**$**	**(0.109)**
From continuing operations	**$**	**(0.070)**		**(0.086)**
Weighted average number of common shares outstanding - basic and diluted		**299,348,796**		250,160,064

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

POWERBAND SOLUTIONS INC.

Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

Years Ended December 31,	2023	2022
Net loss	**$ (21,719,270)**	$ (30,538,947)
Other comprehensive income		
Gain on foreign currency translation	**248,892**	853,589
Total comprehensive loss	**$ (21,470,378)**	$ (29,685,358)
Total comprehensive loss attributable to:		
Equity holders of PowerBand Solutions Inc	**$ (20,496,274)**	$ (26,458,473)
Non-controlling interest	**$ (974,104)**	$ (3,226,885)

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

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

Years Ended December 31,	2023	2022
Cash flows provided by (used in) operating activities		
Net loss for the year	**$ (21,719,270)**	$ (30,538,947)
Net (Income) loss from discontinued operations	**(54,595)**	5,736,874
Net loss from continuing operations	**(21,773,865)**	(24,802,073)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Accretion on lease liability (note 15)	**165,920**	206,270
Accretion on loan (note 19(c))	**209,641**	754,557
Amortization of intangible assets	**-**	279,613
Depreciation of tangible assets (note 11)	**243,391**	212,413
Depreciation of right of use assets (note 13)	**669,633**	698,008
Interest expense	**40,972**	-
Impairment of goodwill	**-**	173,284
Provision for expected loss (note 7)	**490,629**	506,574
Foreign exchange loss	**4,109**	70,185
Discount on debt (note 19(c))	**-**	(500,994)
Gain on settlement of debt (note 17(c))	**-**	(164,907)
Impairment of intangible assets	**-**	3,781,205
Impairment of tangible assets	**-**	4,629,511
Unrealized gain on fair value adjustment (note 10(a))	**(122,229)**	(247,205)
Provision for potential loss on lease contracts (note 26)	**11,892,406**	-
Provision for uncollectable sales tax (note 8)	**367,278**	-
Loss on disposition of leased vehicle asset	**74,310**	-
Share based compensation (note 17e))	**508,360**	4,348,268
	(7,229,445)	(10,055,291)
(Increase) Decrease in:		
Accounts receivable	**128,651**	199,524
Inventory	**-**	7,000
Other current assets	**446,001**	301,897
Increase (Decrease) in:		
Accounts payable and accrued liabilities	**(247,173)**	(508,916)
Seller reserve provision	**67**	(55,492)
Net cash provided by (used in) operating activities	**(6,901,899)**	(10,111,278)
Cash flows provided by (used in) investing activities		
Purchase of property and equipment (note 11)	**(463,819)**	(6,396,157)
Addition to intangible asset	**-**	(1,740,323)
Proceeds from disposition of Leased vehicle asset	**345,114**	-
Net cash used in investing activities	**(118,705)**	(8,136,480)

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

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

Years Ended December 31,	2023	2022
Cash flows provided by (used in) financing activities		
Private placements, net	-	23,195,291
Exercise of warrants and options	-	608,466
Payment of debt (note 11)	(463,399)	(4,423,607)
Payment of lease liability, net of deposits received (note 15	(866,568)	(877,415)
Proceeds from related parties (note 19)	88,571	6,142,596
Payments to related parties (note 19)	-	(3,271,721)
Net cash (used in) provided by financing activities	(1,241,396)	21,373,610
Net change in cash	(8,262,000)	3,125,852
Effect of exchange rate changes on cash held in foreign currencies	(45,476)	895,949
Cash, beginning of year	10,244,658	6,222,857
Cash, end of year	$ 1,937,182	$ 10,244,658

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

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

	Number of issued and outstanding shares #	Share Capital $	Reserves $	Other comprehensive income $	Non-controlling interest $	Deficit $	Total Shareholders equity (deficiency) $
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	16,034,682	7,771,626	-	-	-	23,806,308
Share issue costs	-	(611,017)	-	-	-	-	(611,017)
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
Restricted share units issued	3,392,125	2,705,299	(2,705,299)	-	-	-	-
Share-based compensation	-	-	4,348,268	-	-	-	4,348,268
Acquisition of equity interest in subsidiary	-	-	-	176,480	1,763,268	(1,939,748)	-
Disposition of equity interest in subsidiary	-	-	-	-	216,278	(216,278)	-
Foreign currency translation	-	-	-	846,125	7,464	-	853,589
Loss for the year	-	-	-	-	(3,234,349)	(27,304,598)	(30,538,947)
Balance, December 31, 2022	298,765,462	65,699,571	16,570,059	948,816	(595,741)	(75,252,483)	7,370,222
Balance December 31, 2022	**298,765,462**	**65,699,571**	**16,570,059**	**948,816**	**(595,741)**	**(75,252,483)**	**7,370,222**
Restricted share units issued	583,334	85,500	(85,500)	-	-	-	-
Share-based compensation	-	-	508,360	-	-	-	508,360
Foreign currency translation	-	-	-	261,807	(12,915)	-	248,892
Loss for the year	-	-	-	-	(961,189)	(20,758,081)	(21,719,270)
Balance, December 31, 2023	299,348,796	65,785,071	16,992,919	1,210,623	(1,569,845)	(96,010,564)	(13,591,796)

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

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 at Suite 300, 1100 Burloak Drive, Burlington, Ontario, L7N 6B2. The registered office is located at 745 Thurlow Street, Suite 2400, Vancouver, BC, Canada V6E 0C5. The Company develops, markets and sells access to cloud-based transaction platforms to finance and lease new and used vehicles.

These 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 discharge its 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. The Company incurred a loss of $21,719,270 (December 31, 2022 - $30,538,947), of which $961,189 (December 31, 2022 - $3,234,349) was attributed to the non-controlling interest during the year ended December 31, 2023, and as of that date, the Company had a deficit of $96,010,564 (December 31, 2022 - $75,252,483). During the year ended December 31, 2022, and 2023, the Company repurchased certain lease contracts from a financial institution as a result of the repurchase clause of the Forward Flow Purchase and Security Agreement. Refer to note 9 and note 26. As at December 31, 2023, the Company has a working capital deficit of $15,934,887.

The continuity of the Company's operations is dependent on raising future financing for working capital and obtaining profitable operations. Management anticipates that such financing will be required in the next three months. While management believes that it will be able to secure the necessary financing through shareholders loans and the issuance of new equity or debt instruments, 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 material, could be required to the carrying values of the assets and liabilities. These financial statements do not reflect any adjustments to the carrying values of the assets or liabilities or any impact on the consolidated statements of loss and comprehensive loss, and consolidated statement of financial position classifications that would be necessary should the going concern assumption not be appropriate.

These consolidated financial statements were approved by the Board of Directors for issuance on June 13, 2024.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements, including comparatives have been prepared in accordance with International Financial Reporting Standard ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), incorporating interpretations issued by the IFRS Interpretations Committee ("IFRICs") and effective for the year ended December 31, 2023.

2. BASIS OF PREPARATION (continued)

b) Basis of consolidation

The consolidated financial statements of Powerband Solutions Inc. include the accounts of the Company and its subsidiaries made up to 31 December each year.

Legal Entity	Location	Ownership-2023	Ownership-2022
Powerband Solutions Global Dealer Services Inc.	Canada	100%	100%
Powerband Solutions Inc.	Canada	100%	100%
Powerband Solutions US Inc.	USA	91%	91%
(1) Drivrz Financial Holdings, LLC (formerly MUSA Holdings LLC)	USA	94.60%	94.60%
DRIVRZ US LLC	USA	65.52%	65.52%
(2) IntellaCar Solutions LLC (discontinued on February 28, 2023)	USA	100%	100%

(1) Effective April 28, 2021, increased to 94.6% from 54.60%
(2) Effective October 1, 2022 increased to 100% from 60%

The above subsidiaries are directly controlled by the Company and are fully consolidated. All intercompany balances, transactions and income are eliminated.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair value at the acquisition date. The results of acquired operations are included in the consolidated statement of loss and statement of comprehensive loss from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

c) Basis of measurement

These consolidated financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting. All amounts presented have been rounded to the nearest dollar.

d) Foreign currency

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than the Company’s functional currency are recognized in the consolidated statements of loss.

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The functional currencies of the Company and its subsidiaries are as follows:

2. BASIS OF PREPARATION (continued)

d) Foreign currency (continued)

Legal Entity	Functional currency
Powerband Solutions Global Dealer Services Inc.	Canadian dollar
Powerband Solutions Inc.	Canadian dollar
Powerband Solutions US Inc.	US dollar
Drivrz Financial Holdings LLC (formerly MUSA Holdings LLC)	US dollar
DRIVRZ US LLC	US dollar
IntellaCar Solutions LLC (discontinued on February 28, 2023)	US dollar

Foreign operation

The results and financial position of the Company's foreign operation in the Unites States are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rate at the date of the consolidated statements of financial position.
(ii) Income and expenses for the consolidated statements of loss and the consolidated statements of comprehensive loss are translated at average exchange rates.
(iii) All resulting exchange differences are recognized in other comprehensive loss.

3. MATERIAL ACCOUNTING POLICIES

The material accounting polices applied in the preparation of these consolidated financial statements are set out below:

Revenue recognition

The Company applies IFRS 15 to revenue streams. The Company recognizes revenue in a manner that depicts the transfer of promised goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for transferring those goods and services, applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognize revenue when, or as, the Company satisfies a performance obligation.

Specific revenue items are as follows:

(a) Vehicle sales - The Company sold used vehicles to customers in Canada. The transaction price for a vehicle sale is determined with the customer at the time of sale. When a vehicle is sold, control is transferred at a point in time upon delivery of the vehicle to the customer and transfer of ownership title, which is generally at time of sale. This revenue stream has been discontinued.

(b) Lease vehicle income – The Company recognizes payments received or receivable from lessor under an operating lease agreement as lease vehicle income. The performance obligation is fulfilled monthly, and the revenue is recognized over the term of the lease.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(c) Subscription revenue - The Company generates sales from monthly subscriptions for access to its software platform, which allows customers to use hosted software over the contract period without taking possession of the software. The performance obligation is fulfilled monthly for the usage of the platform, commencing on the date an executed contract exists and the customer has the right-to-use and access to the platform. Dealers use this access to facilitate the purchase of vehicles. Non-customised software is supplied under licences with fixed terms from three months to one year with renewal options which convey a right to use software as it exists at the start of the license period. This revenue stream has been discontinued.

(d) Lease origination and servicing revenue - The Company, through the flow lease arrangement, leases vehicles to customers primarily through dealer relationships. The leases are sold to financial institutions within three business days and the ownership is transferred to the financial institutions. The Company is considered as an agent at the time of the lease origination as the Company obtains legal title to the lease only momentarily, through flow lease arrangement, before legal title is transferred to the financial institution. The Company earns a lease acquisition fee as stated in the lease contract with the customer.

The Company is considered as a principal on the sale of the lease to the financial institution as the Company has the discretion to select the financial institution and establish the price at which the lease will be sold to the financial institution and therefore has the ability to obtain substantially all the remaining benefits of the lease contract entered into with the customer. The Company earns a gain on the sale of the lease and recognizes revenue in the gross amount of consideration when the lease is transferred to the financial institution and the performance obligation is satisfied.

The revenue from lease acquisition fee income and gain on sale is recognized as lease origination revenue upon sale of the lease when control and ownership is transferred to the financial institutions. The Company performs an assessment of the probability that the gain on sale revenue earned may be reversed in the subsequent period. The estimate is based on the probability that a customer entering into the leasing arrangement will not make the required payments which results in the customer being in default and therefore triggers a claw back on the gain on sale revenue earned.

The Company also executes a service relationship with financial institutions. The service fees from the service contracts entered into with the financial institutions are recorded as revenue as the performance of the service is completed. The performance obligation is to collect monthly lease payments on behalf of the financial institution from the customers over the lease term. The Company records the loan servicing fees based on the average net book value of the leased vehicle, at a point in time, on a monthly basis as the performance obligation is met.

The Company applies the practical expedient available under IFRS 15.63 and does not capitalize incremental costs of obtaining contracts if the amortization period is one year or less. In obtaining these contracts, the Company incurs a number of incremental costs, such as commissions paid to vehicle dealership. As the amortization period of these costs, if capitalized, would be less than one year, the Company makes use of the practical expedient in IFRS 15.94 and expenses them as they incur.

When payments received from customers exceed revenue recognized to date on a particular contract, any excess (a contract liability) is reported in the consolidated statements of financial position under other liabilities.

Cost of sales

Cost of sales primarily includes the cost to acquire used vehicles, lease acquisition costs paid to dealers and the cost of providing subscriptions.

3. MATERIAL ACCOUNTING POLICIES (continued)

Seller reserve provision

Seller reserve provision relates to payments received on account of services rendered, in the event a customer were to default on a lease payment and recourse action need to be taken or deposits received from customers for vehicles that still need to be delivered.

Earnings (loss) per common share

Basic earnings (loss) per common share is computed using the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share reflects the potential dilution of common shares equivalents, such as outstanding stock options, warrants and restricted share units ("RSU"), in the weighted average number of common shares outstanding during the year, if dilutive. For this purpose, the treasury stock method is used for the assumed proceeds upon the exercise of outstanding stock options for purchase of common shares at the average market price during the period. For the periods recording a loss, basic and dilutive figures are the same, as the exercise of all stock options, warrants and RSUs would be anti-dilutive.

Government grants

A government grant is recognized if there is reasonable assurance that it will be received and that the Company will comply with the conditions associated with the grant. If the conditions are met, the Company recognizes the grant in the consolidated statements of loss on a systematic basis in line with its recognition of the expenses the grant is intended to compensate. For grants related to income, a company can elect to either offset the grant against the related expenditure or include it in other income. Government grants received by the Company during the period which are accounted for as government grants related to income are offset against the related expenditures the grant is intended to compensate.

For grants related to assets, a company can elect to either recognize the grant as deferred income or deduct the amount from the carrying value of the assets. Government grants received by the Company during the period which are accounted for as government grants related to assets are recorded as a reduction of the cost of the related asset.

Financial instruments

Financial assets
On initial recognition, financial assets are recognized at fair value and are subsequently reclassified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Cash and cash equivalents, accounts receivable and investments are measured at amortized cost with subsequent impairments recognized in the consolidated statements of loss.

Impairment of financial assets
An 'expected credit loss' ("ECL") impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in the consolidated statements of loss for the period.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets carried at amortized cost are assessed at each reporting date on whether they are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company applies the expected credit loss approach in determining provisions for financial assets carried at amortized cost. The approach that the Company has taken for accounts receivable is a provision matrix approach whereby expected credit losses are recognized based on aging characterization and credit worthiness of the customer. Specific provisions may be used where there is information that a specific customer's expected credit losses have increased. The specific accounts are only written off once all collection avenues have been explored or when legal bankruptcy has occurred. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. The credit risk on a financial asset is considered to have increased significantly if it is uninsured and if it is more than 90 days past due. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and expensed in the consolidated statements of loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through the consolidated statements of loss to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortized cost would have been had the impairment had not been recognized.

<u>Financial liabilities</u>
Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities, loan, lease obligation and due to related parties are classified as other financial liabilities and carried on the consolidated statements of financial position at amortized cost. As at December 31, 2023, and 2022, the Company does not have any derivative financial liabilities.

Cash and cash equivalents

Cash includes cash on deposit in Canadian and US chartered banks and are subject to negligible risk of changes in value, cash held in trust with the legal council and restricted cash to secure a repurchase amount and a security interest in any other deposit accounts with investor. Cash equivalents consist of short-term deposits with original maturities of three months or less from the date of acquisition.

Property and equipment

Upon initial acquisition, property and equipment are valued at cost, being the purchase price and the directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management. In subsequent periods, property and equipment are stated at cost less accumulated depreciation and any impairment in value.

Each component or part of property and equipment with a cost that is significant in relation to total cost of the item will be depreciated separately unless there is no difference in depreciation on the respective components.

3. MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Depreciation
Property and equipment related to operations are depreciated using the straight-line method based on their estimated useful lives. Where significant parts of an asset have differing useful lives, depreciation is calculated on each separate part. The estimated useful life of each item or part has due regard to both its own physical life limitations and the present assessment of economical recoverability, and to possible future variations in those assessments. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates which affect depreciation are accounted for prospectively. The expected useful lives are as follows:

Furniture, fixtures and equipment	5 years straight line
Computer equipment / Software	3 years straight line
Leasehold improvement	8.5 years straight line
Leased vehicles	200,000 miles straight line.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

Goodwill, intangible assets that have an indefinite useful life are not subject to amortization and intangible assets that are not ready for use are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in a joint venture is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the joint venture. When the Company's share of losses of a joint venture exceeds the Company's interest in that joint venture (which includes any long-term interests that, in substance, form part of the net investment in joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the consolidated statements of loss in the period in which the investment is acquired. The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in a joint venture.

3. MATERIAL ACCOUNTING POLICIES (continued)

Interests in joint ventures (continued)

Profits and losses resulting from upstream and downstream transactions between the Company and its investment are recognised in the Company's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated, and accounting policies of equity accounted investments have been changed where necessary to ensure consistency with the policies adopted by the Company.

Investments in equity instruments that are not held for trading are designated as FVTOCI and are measured at fair value plus transaction costs. Subsequently they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investment's revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead it is transferred to retained earnings. Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

Leases and right-of-use assets

IFRS 16 Leases sets out the principles for recognition, measurement, presentation, and disclosure of leases. It eliminates the classification of leases as either operating or finance leases required by IAS 17 and introduces a single lessee accounting model.

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in the consolidated statements of loss on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability and makes a corresponding adjustment to the related ROU asset whenever:
• the lease term has changed;
• the lease payments change due to changes in an index;
• a lease contract is modified, and the lease modification is not accounted for as a separate lease.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated amortization and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

ROU assets and the lease liability are presented separately in the consolidated statements of financial position.

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases and right-of-use assets (continued)

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statements of loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not applied this practical expedient to any of its leases and has separated out non-lease components.

Leases – Company as lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for a major part of the economic life of the asset and if at the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset.

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the lease terms and is included in the consolidated statement of loss. The leases in which the Company transfers all the risks and rewards incidental to ownership of an asset are classified as finance leases and the Company recognizes assets held under a finance lease in its consolidated statement of financial position and presents them as a receivable at an amount equal to the net investment in lease.

Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortized cost until extinguished on conversion or maturity of the bond. The conversion option classified as equity is determined as the residual amount after deducting the fair value of the liability component from the total proceeds. This is recognized and included in equity and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity. No gain or loss is recognized in the consolidated statement of loss upon conversion or expiration of the conversion option.
Transaction costs that relate to the issue of the convertible debenture are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the term of the convertible debentures using the effective interest method.

Provisions, contingent liabilities, and contingent assets

Provisions are recognised when the Company has a present or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each financial reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required, or the amount of obligation cannot be measured reliably.

3. MATERIAL ACCOUNTING POLICIES (continued)

Provisions, contingent liabilities, and contingent assets (continued)

A contingent liability is not recognised but is disclosed in the notes to the financial statements when a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Company. The Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, warrants or options are recognized as a deduction from equity, net of tax.

Valuation of equity units issued in private placements
The Company has adopted a residual value method with respect to the measurement of shares and share purchase warrants issued as private placement units. The residual method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurement component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component as they are valued at the fair value which is determined by the closing price on the issuance date. The remaining balance, if any, is allocated to the attached share purchase warrants. Any fair value attributable to the share purchase warrants is recorded to reserves.

Share-based payments
The Company issues stock options to directors, consultants and employees pursuant to its stock option plan. The compensation expense for the share-based payments is determined based on the fair value at the grant date using the Black-Scholes option-pricing model and is recorded in the statement of operations over the stock option vesting period. Management uses judgment to determine the inputs to the Black-Scholes option-pricing model including the expected award lives and underlying share price volatility. Volatility is estimated by considering the Company's historic share price volatility over similar periods to the expected life of the awards under consideration. Changes in these assumptions will impact the calculation of fair value and the amount of compensation expense recognized in the consolidated statements of loss. The resulting fair value is then adjusted for an estimated forfeiture amount. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if awards ultimately exercised are different to that estimated on vesting. When stock options are exercised, any consideration paid by directors, consultants and employees, as well as the related share-based compensation, is credited to share capital.

Agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus.

The Company issues Restricted Share Units ("RSU") to directors, consultants and employees pursuant to its RSU plan. The Company measures the cost of equity-settled share-based transactions by reference to the fair value of the equity instruments at the date at which they are granted and is recorded in the consolidated statements of loss over the vesting period.

3. MATERIAL ACCOUNTING POLICIES (continued)

Income taxes

Tax expense comprises current and deferred tax. Tax expense is recognized in income except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amount of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit or loss and are accounted for using the liability method.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

In assessing the probability of realized income tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets or liabilities and their corresponding tax bases. However, deferred tax liabilities are not recognized for taxable temporary differences arising on investments in subsidiaries where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future, or on temporary differences that arise from goodwill which is not deductible for tax purposes.

Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Non-controlling interests

When the proportion of the equity held by non-controlling interests' changes, the Company adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interest in the subsidiary. The Company recognizes directly in equity any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received and attributes it to the shareholders of the Company.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties subject to common control are also considered to be related. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

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. The Company does not expect that the adoption of the following standards will have a material impact on the consolidated financial statements in future periods. There was no significant impact of new guidance applicable for the year ended December 31, 2023.

3. MATERIAL ACCOUNTING POLICIES (continued)

New Accounting Standards and recent pronouncements (continued)

IAS 1 – Presentation of Financial Statements

As at January 1, 2023, the Company adopted amendments made to International Accounting Standard 1 *Presentation of Financial Statements* ("IAS 1"). IAS 1 provides a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date and does not impact the amount or timing of recognition. The adoption of this amendment did not have a material impact on the audited consolidated financial statements.

As at January 1, 2023, the Company adopted amendments made to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* in which guidance and examples are provided to help entities apply materiality judgements to accounting policy disclosures. The adoption of this amendment did not have a material impact on the audited consolidated financial statements.

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

As at January 1, 2023, the Company adopted amendments made to International Accounting Standard 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8") which introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify how entities use measurement techniques and inputs to develop accounting estimates. The adoption of this amendment did not have a material impact on the audited consolidated financial statements.

IAS 12 – Income Taxes

As at January 1, 2023, the Company adopted amendments made to International Accounting Standard *12 Income Taxes* ("IAS 12"). IAS 12 was amended so that it no longer applies to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The adoption of this amendment did not have a material impact on the audited consolidated financial statements.

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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these 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 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:

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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 payments
The Company provides incentives via share-based payment entitlements (Note 17). 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, based on the period during which the assets are available for use. The amounts and timing of the depreciation 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 year ended December 31, 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 $6,169,574 was determined to be impaired. The lease contracts repurchased classified as tangible assets and non-performing totaling $4,629,511 were determined to be impaired at December 31, 2022. During the year ended December 31, 2023, no impairment loss was recognized for the Company's tangible assets.

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 year ended December 31, 2022, the Company's goodwill arising from the acquisition of IntellaCar and Drivrz Financial totaling $2,718,850 was determined to be impaired.

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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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 and other contractual obligations. 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. As at December 31, 2023, the Company recorded a liability of $563,887 (December 31, 2022 - $579,435) as a provision for claw back.

Leases – company as lessor
Significant judgements are used in the determination of the economic life of a vehicle. Management estimates the economic life of the vehicle as 200,000 miles. At the inception of each lease, it is classified as finance lease, or an operating lease based on meeting the threshold of 75% or more the economic life and the present value of the lease payments amount to 90% or more of the fair value of the underlying asset.

Provision for expected credit losses
The Company performs impairment testing annually for accounts and loan receivable in accordance with IFRS 9. The Expected Credit Loss ("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.

Provision for potential loss on lease contracts
Estimating the provision for potential loss on lease contracts requires careful consideration of several significant judgments and assumptions. These judgments must be consistently reviewed and updated in light of new information and changing circumstances to ensure that the provision remains accurate and reliable.

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. A 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 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 the 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. A 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, and to 100% as of December 31, 2022, 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:

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Interest in other entities (continued)

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.

5. 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 year ending December 31, 2023, D2DAA incurred losses of $133,544 (Year Ended December 31, 2022 - $2,437,077). The Company recognized losses up to the amount of investment balance resulting in an Interest in Joint Venture in Canadian dollar equivalent of $nil at December 31, 2023 (December 31, 2022 - $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 from the fiscal year ending December 31, 2021.

D2DAA was dissolved on May 22, 2024. (Note 27).

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of funds held in Canadian and American financial institutions broken down as follows:

	December 31, 2023	December 31, 2022
	$	$
Cash at Canadian bank on hand*	570,438	6,309,428
Cash at American bank on hand**	1,366,744	3,989,986
	1,937,182	10,299,414

*Balance consists of $455,000 (December 31, 2022 - $6,225,000) held in guaranteed investment certificates (GICs) with Canadian financial institutions. The GICs mature on September 11, 2024, earning an annual interest rate of 4.60%. GICs are redeemable by the Company on demand and therefore are classified as Cash and cash equivalents.

**Includes restricted cash of $166,046 (December 31, 2022 - $169,636) based on terms of the agreement with financial institutions.

(Expressed in Canadian dollars)

7. ACCOUNTS RECEIVABLE

	December 31, 2023	December 31, 2022
	$	$
Accounts receivable	2,668,366	2,649,011
Less: Expected credit losses	(2,257,124)	(1,758,122)
	411,242	890,889

For the year ended December 31, 2023, a provision for expected credit loss of $490,632 (December 31, 2022 - $506,574) is related to one customer.

8. OTHER CURRENT ASSETS

The other current assets include prepaid expenses, HST receivable and the Employee retention credit as noted in the table.

	December 31, 2023	December 31, 2022
	$	$
Employee retention credit (note 15)	-	394,971
Prepaid expenses	168,574	295,421
HST receivable	49,577	143,471
	218,151	833,863

During the year ended December 31, 2023, a write-off for uncollectable sales tax of $79,950 (December 31, 2022 - $nil) was recorded.

9. LEASED VEHICLES

Leased vehicles represent the lease contracts repurchased by the Company's subsidiary, Drivrz Financial from the financial institution based on the terms of the Forward Flow Purchase and Security Agreement and the lease contracts that are self-funded totaling $1,682,717 at December 31, 2023 (December 31, 2022 - $1,800,688), net of depreciation. At lease inception the Company determined whether each lease is a financing, or an operating lease and they are classified accordingly. The Company recorded an impairment loss of $4,629,511 during the year ended December 31, 2022, for all leases for which the lease rental payments are in default and are considered as non-performing leases. No impairment loss was recognized for the year ended December 31, 2023. All these leases are reported as Property and equipment (see Note 11).

Lease payments received from the leased contracts are recorded as lease vehicle income on a straight-line basis. The cost of the vehicle is depreciated on a straight-line basis over the remaining estimated economic life of the vehicle, and this is recorded in the cost of goods sold as lease vehicle depreciation. For the year ended December 31, 2023, the Company recorded lease vehicle income of $367,480 (year ended December 31, 2022 - $124,984) and lease vehicle depreciation of $123,306 (year ended December 31, 2022 - $28,069).

(Expressed in Canadian dollars)

9. LEASED VEHICLES (continued)

In May 2023, the Company's subsidiary Drivrz Financial and the financial institution executed a Repurchase and Loss Reimbursement agreement for certain vehicle leases in the total amount of $1,222,547 (US$923,374.07). Upon execution of the agreement the financial institution transferred all interests in and title in each of the vehicles to Drivrz Financial. The total amount shall be paid in equal installments over a period of 24 months, plus 5% interest per annum on the outstanding balance as of the first day of the month. The fair value of the total amount of debt is determined using the effective interest rate of 5% per annum. The present value of the debt at December 31, 2023 is $791,263 and is reported as current and long term debt of $604,441 and $186,822, respectively.

10. INVESTMENT

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 initial maturity date of October 31, 2022, further extended to October 31, 2023. See note 27(1). The investment was recorded at fair value of US$426,765 ($564,888 CAD) (December 31, 2022 - US$326,831 ($442,660 CAD)) including the amount of interest accrued as of December 31, 2023. An unrealized gain of $122,229 was recorded for the year ended December 31, 2023 (December 31, 2022 – unrealized gain of $247,205).

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

11. PROPERTY AND EQUIPMENT

	Furniture fixtures and equipment	Computer equipment	Leasehold improvements	Software	Leased vehicles	Total
	$	$	$	$		$
Cost						
Balance at December 31, 2021	335,718	82,740	8,370	241,629	-	668,458
Additions	-	23,661	-	-	6,387,403	6,411,064
Impairment	-	-	-	-	(4,629,511)	(4,629,511)
Currency translation adjustment	5,742	1,824	339	4,838	70,865	83,608
Balance at December 31, 2022	341,460	108,225	8,709	246,467	1,828,757	2,533,619
Additions	-	-	-	-	463,819	463,819
Disposal	-	-	-	-	(437,246)	(437,246)
Impairment	-	-	-	-	-	-
Currency translation adjustment	(200)	(606)	(91)	(148)	(21,238)	(22,283)
Balance at December 31, 2023	341,260	107,619	8,618	246,319	1,834,092	2,537,909
Accumulated depreciation						
Balance at December 31, 2021	202,731	18,264	2,741	121,545	-	345,281
Depreciation	81,484	27,763	1,099	82,159	28,069	220,574
Balance at December 31, 2022	284,215	46,027	3,840	203,704	28,069	565,855
Depreciation	57,045	21,409	1,142	42,615	123,306	245,517
Balance at December 31, 2023	341,260	67,436	4,982	246,319	151,375	811,372
Net book value						
Balance at December 31, 2022	57,245	62,198	4,869	42,764	1,800,688	1,967,764
Balance at December 31, 2023	0	40,183	3,636	- 0	1,682,717	1,726,537

Depreciation for the year ended December 31, 2023, included $2,127 reported as discontinued operations.

The Company reported other income of $506,984 for proceeds received from leased vehicles impaired in the year ended December 31, 2022. The other income also includes interest income from cash held in guaranteed investment certificates.

12. 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 assets 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. During the year ended December 31, 2022, management reviewed the asset for indicators of impairment and recognized impairment loss of $208,030.

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 have been capitalized. See Note 5. During the year ended December 31, 2022, management reviewed the amortizing intangible assets for indicators of impairment and recognized total impairment loss of $2,388,369, which included the acquired software and the capitalized development costs noted below.

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 December 31, 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 year ended December 31, 2022, as noted above.
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 December 31, 2022. An impairment loss of $1,709,280 was recorded during the year ended December 31, 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 $1,568,044 on this project during the year ended December 31, 2022.

The following table summarizes the movements in Intangible Assets:

(Expressed in Canadian dollars)

12. INTANGIBLE ASSETS AND GOODWILL (continued)

	Web platform	Customer base	Intellectual property	Trademarks	License	Other	Development cost	Total
	$	$	$	$	$	$	$	$
Cost								
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	-	-	-	-	-	-	2,151,410	2,151,410
Impairment of intangible assets	(2,156,594)	(84,721)	(1,608,092)	(831,793)	-	(291,316)	(4,505,143)	(9,477,659)
Discontinued operations	-	-	-	-	(450,000)	-	-	(450,000)
Currency translation adjustment	-	633	46,769	21,288	-	7,456	63,804	139,950
Balance at December 31, 2022	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Currency translation adjustment	-	-	-	-	-	-	-	-
Balance at December 31, 2023	-	-	-	-	-	-	-	-
Accumulated amortization								
Balance at December 31, 2021	1,888,176	45,620	611,640	189,118	45,000	66,234	-	2,845,788
Amortization-continuing operations	76,378	8,472	258,647	83,179	-	29,132	-	455,808
Amortization-discontinued operations	-	-	-	-	89,516	-	-	89,516
Discontinued operations	-	-	-	-	(134,516)	-	-	(134,516)
Impairment of intangible assets	(1,964,554)	(54,092)	(921,776)	(272,297)	-	(95,366)	-	(3,308,085)
Currency translation adjustment	-	-	51,489	-	-	-	-	51,489
Balance at December 31, 2022	-	-	-	-	-	-	-	-
Amortization-continuing operations	-	-	-	-	-	-	-	-
Currency translation adjustment	-	-	-	-	-	-	-	-
Balance at December 31, 2023	-	-	-	-	-	-	-	-
Net book value								
Balance at December 31, 2022	-	-	-	-	-	-	-	-
Balance at December 31, 2023	-	-	-	-	-	-	-	-

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 2023 budget and 2024 to 2027 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 the CGU was impaired at December 31, 2022.

During the year ended December 31, 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 $2,545,566.

(Expressed in Canadian dollars)

12. 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	(173,284)	(2,545,566)	(2,718,850)
Currency translation adjustment	4,435	65,151	69,586
Balance at December 31, 2022 & December 31, 2023	-	-	-

13. RIGHT OF USE ASSETS

	Canada	**USA**	**Total**
Cost	$	$	$
Balance as at December 31, 2021	463,720	4,561,951	5,025,671
Additions	-	-	-
Deduction from disposal	(108,340)		(108,340)
Currency translation adjustment	-	311,615	311,615
Balance as at December 31, 2022	355,380	4,873,566	5,228,946
Additions	-	-	-
Deduction from disposal	-	-	-
Currency translation adjustment	-	(50,450)	(50,450)
Balance as at December 31, 2023	355,380	4,823,116	5,178,496
Accumulated depreciation			
Balance as at December 31, 2021	(250,773)	(1,454,429)	(1,705,202)
Depreciation	(118,944)	(607,456)	(726,400)
Deduction from disposal	53,827	-	53,827
Currency translation adjustment	-	(124,233)	(124,233)
Balance as at December 31, 2022	(315,890)	(2,186,118)	(2,502,008)
Depreciation	(39,490)	(630,143)	(669,633)
Balance as at December 31, 2023	(355,380)	(2,816,261)	(3,171,641)
Net carrying amount			
At December 31, 2022	39,490	2,687,448	2,726,938
At December 31, 2023	-	2,006,855	2,006,855

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. In the first quarter of 2024, the Company vacated the lease office in USA and are in discussion with the landlord to terminate the lease. See Note 15 for associated lease liability.

(Expressed in Canadian dollars)

14. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	December 31, 2023	December 31, 2022
	$	$
Trade payables	1,699,309	2,807,297
Accrued liabilities	1,304,942	2,097,641
	3,004,251	4,904,938

15. 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. The term of the Canadian lease expired on June 30, 2023, and was not renewed.

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. This was disposed during the year ended December 31, 2022. The amount of accretion reported as discontinued operations for the year ended December 31, 2023, amounted to $nil (December 31, 2022 - $9,607).

The maturity analysis of contractual undiscounted cash flows, excluding likely lease term extensions, of the lease liabilities are disclosed in note 20 in the table under liquidity risk.

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

(Expressed in Canadian dollars)

15. LEASES (continued)

	Canada	USA	Total
	$	$	$
Balance as at December 31, 2021	240,036	3,524,150	3,764,186
Deduction from disposal	(58,489)	-	(58,489)
Repayment of lease liability	(153,660)	(766,218)	(919,878)
Accretion expense	24,549	191,328	215,877
Currency translation adjustment	-	217,172	217,172
Balance as at December 31, 2022	52,436	3,166,432	3,218,868
Deduction from disposal	-	-	-
Repayment of lease liability	(54,541)	(812,027)	(866,568)
Accretion expense	2,105	163,815	165,920
Currency translation adjustment	-	(61,329)	(61,329)
Balance as at December 31, 2023	-	2,456,891	2,456,891
Current portion			
Balance as at December 31, 2022	52,436	650,470	702,906
Balance as at December 31, 2023	-	688,524	688,524
Long-term portion			
Balance as at December 31, 2022	-	2,515,962	2,515,962
Balance as at December 31, 2023	-	1,768,367	1,768,367

16. 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 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 December 31, 2022, is $60,000. On January 18, 2024, the loan was converted to a term loan with interest of 5% per annum and repayable by December 31, 2026.

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.

16. GOVERNMENT STIMULUS SUBSIDIES (continued)

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 statements of Loss. The amount was expected to be settled and were disclosed within Other current assets in the Statement of Financial Position. Refer to Note 8. During the year ended December 31, 2022, the Company received US$301,445 ($365,312 CAD) and the balance remaining amount of US$291,620 ($394,649 CAD) was received during the year ended December 31, 2023.

17. SHARE CAPITAL AND RESERVES

(a) <u>Authorized:</u>

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) <u>Shares issued in Private Placements:</u>

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. The share purchase warrants were allocated a value of $6,213,115 based on the residual value method.

(b) <u>Shares issued in Private Placements (continued):</u>

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. The share purchase warrants were allocated a value of $1,558,511 based on the residual value method.

(Expressed in Canadian dollars)

17. SHARE CAPITAL AND RESERVES (continued)

(c) Shares for Debt and services:

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

On June 22, 2022, in connection with a bridge loan which was settled in 2022, the Company issued 15,113,640 warrants to purchase common shares to the lender. These warrants have an exercise price of $0.40 and are exercisable for up to five years from the date of issuance. See Note 17(c).

Share purchase warrant transactions are summarized as follows:

	December 31, 2023		**December 31, 2022**	
	Number of share purchase warrants	Weighted average exercise price ($)	Number of share purchase warrants	Weighted average exercise price ($)
Balance, beginning of period	107,916,455	0.41	15,526,730	0.48
Warrants granted	-	-	94,468,001	0.40
Warrants exercised	-	-	(578,276)	(0.49)
Warrants cancelled	-	-	-	-
Warrants expired	(12,698,454)	(0.51)	(1,500,000)	(0.30)
Balance, end of period	**95,218,001**	**0.40**	**107,916,455**	**0.41**

A summary of the Company's share purchase warrants outstanding as at December 31, 2023 is presented below:

Number of share purchase warrants (#)	**Exercise Price ($)**	**Expiry Date**
750,000	0.30	July 16, 2024
77,151,200	0.40	June 22, 2027
17,316,801	0.40	July 15, 2027

The weighted average remaining contractual life of the share purchase warrants is 3.47 years.

17. 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 December 13, 2023, the shareholders approved the 2023 Incentive Stock Option Plan (20% Fixed Plan), reserving for issuance up to 59,856,425 common shares of the Company.

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 vested 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 year ended December 31, 2023, included in the share-based compensation is $nil (2022 - $5,838), related to the vested portion of these options.

In January 2021, the Company granted 200,000 stock options to consultants, 68,000 vested immediately and 66,000 each vested over a period of one year and two years 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 year ended December 31, 2023, included in the share-based compensation is $168 (2022 - $7,979), related to the vested portion of these options.

In April 2021, the Company granted 400,000 stock options to consultants, 200,000 vested on October 16, 2021, and 200,000 vested 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 year ended December 31, 2023, included in the share-based compensation is $nil (2022 - $33,713), 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 vested immediately, 300,000 vested on January 1, 2022, and January 1, 2023, respectively, 125,000 vested 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 year ended December 31, 2023, included in the share-based compensation is $320 (2022 - $160,926), related to the vested portion of these options.

In July 2021, the Company granted 225,000 stock options to employees, all 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 year ended December 31, 2023, included in share-based compensation is $nil (2022 – ($63,418) forfeitures expensed in the prior year) 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 vested in two tranches on April 24, 2022, and October 26, 2022, and 6,817,500 vested 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 year ended December 31, 2023, included in the share-based compensation is $361,268 (2022 - $1,242,328), related to the vested portion of these options.

(Expressed in Canadian dollars)

17. SHARE CAPITAL AND RESERVES (continued)

(e) Share-based compensation (continued)

(i) Stock option plan (continued)

In February 2022, the Company granted 300,000 stock options to consultants, 25% vested 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 year ended December 31, 2023, included in the share-based compensation is $nil (2022 - $80,531), related to the vested portion of these options.

The total share-based compensation (for both stock options and Restricted share units) for the year ended December 31, 2023, is $508,360 (2022 - $4,348,268), related to the vested portion of the stock options.

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	3 years	5 years	5 years
Expected annualized volatility	117%	115%	115%
Expected dividend yield	-	-	-
Black-Scholes value of each option	$0.5369 - $0.6242	$0.233 - $0.717	$0.13 - $0.21

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

		December 31, 2023		December 31, 2022
	Number of stock options	Weighted average exercise price ($)	Number of stock options	Weighted average exercise price ($)
Balance, beginning of period	10,937,193	0.4550	21,321,750	0.5200
Options issued	-	0.0000	400,000	0.7000
Options exercised	-	0.0000	(2,100,000)	0.1550
Options expired	(841,000)	0.3000	-	0.0000
Options cancelled/forfeited	(4,469,194)	0.5500	(8,684,557)	0.7000
Balance, end of period	5,627,000	0.4010	10,937,193	0.4550

(Expressed in Canadian dollars)

17. 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, 2023 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	$		$
July 10, 2024	1,100,000	0.53	0.10	1,100,000	0.10
February 12, 2025	500,000	1.12	0.22	500,000	0.22
February 25, 2025	400,000	1.15	0.16	400,000	0.16
February 27, 2025	300,000	1.16	0.21	300,000	0.21
October 20, 2025	500,000	1.81	0.22	500,000	0.22
October 27, 2025	845,000	1.83	0.22	845,000	0.22
January 4, 2026	132,000	2.01	0.29	132,000	0.29
April 16, 2026	400,000	2.29	0.72	400,000	0.72
October 26, 2026	1,450,000	2.82	0.89	1,450,000	0.89
	5,627,000	**1.72**	**0.40**	**5,627,000**	**0.40**

A summary of the Company's stock options outstanding and exercisable as at December 31, 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	841,000	0.09	0.30	841,000	0.30
July 10, 2024	2,000,000	1.53	0.10	2,000,000	0.10
February 12, 2025	500,000	2.12	0.22	500,000	0.22
February 25, 2025	400,000	2.15	0.16	400,000	0.16
February 27, 2025	300,000	2.16	0.21	300,000	0.21
October 1, 2025	250,000	2.75	0.22	250,000	0.22
October 20, 2025	500,000	2.81	0.22	500,000	0.22
October 27, 2025	1,310,000	2.83	0.22	1,310,000	0.22
November 2, 2025	250,000	2.84	0.26	250,000	0.26
November 26, 2025	50,000	2.91	0.21	50,000	0.21
January 4, 2026	132,000	3.01	0.29	68,000	0.29
April 16, 2026	400,000	3.29	0.72	400,000	0.72
June 15, 2026	950,000	3.46	0.76	300,000	0.76
October 26, 2026	3,054,193	3.82	0.89	1,989,597	0.89
	10,937,193	**2.65**	**0.46**	**9,158,597**	**0.38**

(Expressed in Canadian dollars)

17. SHARE CAPITAL AND RESERVES (continued)

(e) Share-based compensation (continued)

(ii) Restricted share unit plan

At the Company's Annual General Meeting held on December 13, 2023, the shareholders approved the 2023 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 59,856,425 common shares of the Incentive Stock Option Plan (20% Fixed Plan). As at December 31, 2023, 2,756,832 RSUs have been granted and outstanding.

RSUs outstanding as at December 31, 2023:

	Number of RSUs
Balance as at December 31, 2021	3,525,000
Granted	2,250,000
Vested	(3,392,125)
Cancelled / forfeited	(1,159,375)
Balance as at December 31, 2022	**1,223,500**
Granted	4,116,667
Vested**	(583,334)
Cancelled / forfeited	(2,000,001)
Balance as at December 31, 2023	**2,756,832**

Vested** - this does not include 1,000,000 RSU's that vested on September 14, 2023 and 50,000 RSU's that vested on November 7, 2023, but shares not issued.

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 vested on August 13, 2021, and the remaining 50% vested on August 13, 2022. During the year ended December 31, 2023, included in the share-based compensation is $nil (2022 - $12,311), 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 vested on October 14, 2021, and the remaining 50% vested on October 14, 2022. During the year ended December 31, 2023, included in the share-based compensation is $nil (2022 - $13,416), related to the vested portion of these units.

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 year ended December 31, 2023, included in the share-based compensation is $nil (2022 - $1,567,977), 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 year ended December 31, 2023, included in the share-based compensation is $nil (2022 - $720,000), related to the vested portion of these units.

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 vested on January 1, 2023. During the year ended December 31, 2023, included in the share-based compensation is $nil (2022 - $566,667), related to the vested portion of these units.

(Expressed in Canadian dollars)

17. SHARE CAPITAL AND RESERVES (continued)

(e) <u>Share-based compensation</u> (continued)

(ii) Restricted share unit plan (continued)

On March 6, 2023, the Company issued 516,667 restricted share units to employees at a price of $0.045 per common share, 166,667 restricted share units vested immediately with the balance to vest over a period of three years. During the year ended December 31, 2023, included in the share-based compensation is $17,034 (2022 - $nil), related to the vested portion of these units.

On March 8, 2023, the Company issued 3,600,000 restricted share units to directors and employees at a price of $0.06 per common share, that vest over a period of three years. During the year ended December 31, 2023, included in the share-based compensation is $129,570 (2022 - $nil), related to the vested portion of these units.

18. NON-CONTROLLING INTERESTS

	Drivrz Holdings LLC	IntellaCar Solutions LLC	DrivrzFinancial Inc.	2744915 Ontario Inc.	Total
NCI in subsidiary at December 31, 2023	5.40%	0.00%	0.00%	0.00%	
	$	$	$	$	$
At December 31, 2021	122,485	598,951	(42,786)	(27,052)	651,598
Change in NCI	-	1,763,268	167,025	49,253	1,979,546
Foreign currency translation	44,367	(36,903)	-	-	7,464
Share of loss	(762,593)	(2,325,316)	(124,239)	(22,201)	(3,234,349)
At December 31, 2022	(595,741)	-	-	-	(595,741)
At December 31, 2022	(595,741)	-	-	-	(595,741)
Foreign currency translation	(12,289)	-	-	-	(12,289)
Share of loss	(930,009)	-	-	-	(930,009)
At December 31, 2023	(1,538,039)	-	-	-	(1,538,039)

19. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2023, the Company paid expenses $nil (2022 - $28,841) and charged subscription fee of $nil (2022 - $5,390) to companies controlled by the former CEO.

The Company and its joint venture partner D2DAA were 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 $nil (December 31, 2022 - $1,709,280) on this project as of December 31, 2023. The total capitalized cost of $1,709,280 was recorded as impairment loss for the year ended December 31, 2022. As at December 31, 2023, accounts receivable from D2DAA are $490,629 (December 31, 2022 - $355,493) and a provision for expected credit loss is recorded in the consolidated statements of loss.

Shareholder loans and transactions

a) As at December 31, 2023, the due to related parties loan balance of $33,065 (December 31, 2022 - $33,860), consisted of funds received from shareholders for working capital. This loan was interest bearing at 9% per annum due on demand.

(Expressed in Canadian dollars)

19. RELATED PARTY TRANSACTIONS (continued)

b) On May 4, 2022, a loan agreement was executed between the Company and D2D Auto Auction LLC for a 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 17(c). An additional advance of $328,106 (US$254,622) was provided by D2D Auto Auction LLC for operating expenses. This was repaid in full during the year ended December 31, 2022.

c) On June 2, 2022, the Company and a shareholder (former CEO) entered into loan agreements for total amount of $4,324,013 advanced to the Company. 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 after a period of 18 months from the closing of the private placement. The loan 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. See Note 24. The present value of the debt at December 31, 2023 is $1,861,960 (December 31, 2022 is $1,614,529), and interest accretion of $209,641 for the year ended December 31, 2023 is recorded in the consolidated statements of loss.

Compensation of key management personnel of the Company

Key management personnel include those people who have 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 year ended December 31, 2023, and 2022 was as follows:

i.	Chief Executive Officer (previously COO)	$243,150 (2022 -$234,899)
ii.	Chief Technology Officer	$174,960 (2022 - $174,960)
iii.	Chief Financial Officer	$150,000 (2022- $150,000)
iv.	Chief Executive Officer (former)	$nil (2022- $40,000)
v.	President (former)	$nil (2022 - $150,259)
vi.	Share based compensation	$166,304 (2022 - $1,797,049)

The above amounts in i to v totaling $393,150 (2022 - $575,158) are included in Professional fees and $174,960 (2022 - $174,960) is included in Salaries and wages in the Statement of loss. The Company incurred professional fees of $202,455 (2022 - $162,638) for services rendered by an entity controlled by a shareholder. At December 31, 2023, the total amount payable to key management personnel of the Company and an entity controlled by a shareholder amounted to $363,715 (December 31, 2022 - $169,300) and recorded in Accounts payable and accrued liabilities.

20. 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:

(Expressed in Canadian dollars)

20. FINANCIAL INSTRUMENTS (continued)

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 customer base minimizes the risk exposure by limiting the counterparties with which financial transactions are entered.

The aging of the accounts receivable is as follows:

	December 31, 2023	December 31, 2022
	$	$
Current to 30 days past due	355,736	586,801
Past due (31-60 days)	1,339	66,086
Past due (> 61 days)	54,166	238,002
	411,242	890,889

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 shareholders.

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 December 31, 2023, 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	3,004,251	3,004,251	-	-	-
Provision for potential loss on lease contracts	12,217,512	12,217,512	-	-	-
Lease payments (undiscounted)	2,702,929	812,562	1,675,648	214,719	-
Government assistance	60,000	60,000	-	-	-
Debt - current & noncurrent (undiscounted)	2,663,379	2,485,351	178,027	-	-
	20,648,071	18,579,676	1,853,675	214,719	-

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.

20. FINANCIAL INSTRUMENTS (continued)

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 has no investments in market instruments. The Company does not have interest rate risk related to its credit facilities, since all credit is done through shareholder loans and short-term loans with set interest rates. The Company's leasing activity is subject to the interest rate risk from the swift movement in interest rates that can affect the funding partners and the availability of credit.

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 year ended December 31, 2023, 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 $886,306 lower (December 31, 2022 - $1,036,039). 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 receivable, 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, are measured at amortized cost and classified as Level 2. Investments are measured as Level 3.

21. 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 year ended December 31, 2023.

22. 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. A trial date has been scheduled from June 17 to June 28, 2024. To date there has been no communication from AMSL regarding the matter going to trial.

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 submitted to non-binding arbitration and the arbitrator found that Frunzi's conduct was grounds to terminate him under common law but that there was not "cause" to terminate Frunzi under the employment agreement. The arbitrator found that Frunzi is entitled to USD $427,500 in back compensation and $102,539 in attorneys' fees. The arbitrator declined to award Frunzi any amount under the now terminated profits interest plan. The Company believes that arbitrator's decision is erroneous, and that the arbitrator exceeded his authority in rendering the decision as stated. The Company intends to seek a de novo review of the arbitrator's decision in State court.

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. On June 6, 2024, a Settlement and Release Agreement was executed by the parties and the lawsuit has been withdrawn.

On February 16, 2023, the Company's former Chief Compliance Officer, filed a charge of discrimination with the Dallas office of the Equal Employment Opportunity Commission ("EEOC"), alleging discrimination on the basis of sex and age and is claiming severance, compensation, benefits and equity that is contractually entitled. The Chief Compliance Officer was terminated for cause in April 2022. The EEOC rejected the charge of discrimination. Subsequently the Chief Compliance Officer filed for arbitration, seeking severance benefits alleged are due under the employment agreement. The Company intends to vigorously defend the claim asserted.

In November 2020, the Company was served a Notice of Civil Claim in the Superior Court of British Columbia by Miller Thomson LLP. Miller Thomson is seeking payment of $69,127.29 for legal fees. The Company disputes the facts set out in the Civil Claim.

In June 2023, PowerBand Solutions and a third party were served with a Statement of Claim in the amount of $495,392 from Denton's Canada LLP., relating to outstanding professional fees for the period of approximately 2012 through 2015. PowerBand Solutions did not retain the claimant during this period, denies that it is obligated to pay these fees, and intends to defend the claim.

Management considers the above claims to be unjustified and the 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.

(Expressed in Canadian dollars)

23. 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 year ended December 31, 2023, 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:

	Year ended December 31, 2023			Year ended December 31, 2022		
	Canada	USA	Total	Canada	USA	Total
	$	$	$	$	$	$
Revenue						
Vehicle and auction sales	-	-	-	169,391	-	169,391
Lease vehicle income	-	367,480	367,480	-	124,984	124,984
Lease originations and servicing revenue	-	2,499,871	2,499,871	-	11,954,387	11,954,387
Subscription revenue	-	-	-	6,399	-	6,399
	-	2,867,351	2,867,351	175,790	12,079,371	12,255,161

	Year ended December 31, 2023			Year ended December 31, 2022		
	Canada	USA	Total	Canada	USA	Total
	$	$	$	$	$	$
Continuing operations						
Operating loss before other income	4,185,887	6,481,137	10,667,024	9,793,940	7,337,239	17,131,179
Other (income) expense	(252,814)	11,359,655	11,106,841	1,004,204	6,666,690	7,670,894
Discontinued operations (income) loss	-	(54,595)	(54,595)	(116,876)	5,853,750	5,736,874
	3,933,073	17,786,197	21,719,270	10,681,268	19,857,679	30,538,947

	As At December 31, 2023			As At December 31, 2022		
	Canada	USA	Total	Canada	USA	Total
	$	$	$	$	$	$
Segment assets	1,277,255	5,587,600	6,864,855	7,437,974	9,796,847	17,234,821
Segment liabilities	2,609,454	17,847,197	20,456,651	2,556,076	7,308,523	9,864,599

24. DISCONTINUED OPERATIONS

On December 21, 2022, the Company's 51% owned subsidiary 2744915 Ontario Inc. and the 49% owned shareholder Geodan Investments Ltd, executed an agreement to dissolve the operations. The results of the discontinued operations, which have been included in the consolidated statement of loss for the year ended December 31, 2023, were as follows:

	December 31, 2023	December 31, 2022
Expenses	-	45,310
Loss on discontinued operations	**-**	**(45,310)**

(Expressed in Canadian dollars)

24. DISCONTINUED OPERATIONS (continued)

During the year ended December 31, 2023, 2744915 Ontario Inc., contributed $nil (December 31, 2022 - $48,303) to the Company's net operating cash flows, and received $nil (December 31, 2022 - $37,683) in respect of financing activities.

On December 29, 2022, the Company executed a share purchase agreement to sell its 73.62% shareholdings in DRIVRZ Financial Inc. for purchase consideration of $633,150. The purchase consideration was adjusted against debt due to shareholders. See Note 19. The results of the discontinued operations, which have been included in the consolidated statement of loss for the year ended December 31, 2023, were as follows:

	December 31, 2023	December 31, 2022
Revenue	-	1,643,856
Cost of goods sold	-	1,585,757
Gross profit	-	58,099
Expenses	-	351,438
Other Income		(455,525)
Income on discontinued operations	**-**	**162,186**

During the year ended December 31, 2023, DRIVRZ Financial Inc., contributed $nil (December 31, 2022 - $276,435) to the Company's net operating cash flows, and paid $nil (December 31, 2022 - $276,435) in respect of financing activities.

A gain of $455,525 arose on the disposal of DRIVRZ Financial Inc., being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets and was reported as at December 31, 2022.

On February 28, 2023, the Company discontinued the operations of its wholly owned subsidiary, IntellaCar Solutions LLC (re-branded as DrivrzLane). 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. The results of the discontinued operations, which have been included in the consolidated statement of loss for the year ended December 31, 2023, were as follows:

	December 31, 2023	December 31, 2022
Revenue	46,345	506,067
Cost of goods sold	6,915	80,547
Gross profit	39,430	425,520
Expenses	(15,165)	6,279,270
Income (Loss) on discontinued operations	**54,595**	**(5,853,750)**

(Expressed in Canadian dollars)

24. DISCONTINUED OPERATIONS (continued)

During the year ended December 31, 2023, IntellaCar Solutions LLC, contributed $29,596 (December 31, 2022 - $627,363) to the Company's net operating cash flows, paid $nil (December 31, 2022 - $425,993) in respect of investing activities, and received $88,528 (December 31, 2022 - $949,472) in respect of financing activities.

25. INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of loss and comprehensive loss for the years ended December 31, 2023, and 2022:

	Year ended December 31, 2023 ($)	Year ended December 31, 2022 ($)
Loss before income taxes	(21,719,270)	(30,538,947)
Canadian statutory income tax rates	26.5%	26.5%
Expected income tax recovery	(5,755,607)	(8,092,820)
Non-deductible items	458,647	2,174,633
Change in estimate	72,098	1,267,780
Share issuance cost	-	(161,920)
Foreign tax rate difference	214,452	159,842
Tax effect of foreign exchange	-	(247,178)
Change in deferred tax asset not recognized	5,010,410	4,899,663
Income tax expense (recovery)	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) as at December 31, 2023 and 2022 are as follows:

	December 31, 2023 ($)	December 31, 2022 ($)
Non-capital loss carryforwards	608,806	962,491
Intangible and fixed assts	-	-
Investments	(97,900)	(32,755)
Right of use assets and leases	(510,906)	(694,635)
Long term debt	-	(131,864)
Non-controlling interest	-	(103,237)
	-	-

(Expressed in Canadian dollars)

25. INCOME TAXES (continued)

The unrecognized deductible temporary differences as at December 31, 2023 and 2022 are comprised of the following:

	December 31, 2023	December 31, 2022
	$	$
Non-capital losses	24,378,400	20,918,668
Net operating losses	29,075,361	8,652,020
Lease liability	2,456,891	3,218,869
Intangible and fixed assets	1,841,400	10,085,181
Accounts receivable	1,251,548	1,251,548
Financing costs	658,974	967,355
CEBA loan	20,000	20,000
Investments	3,740,010	3,740,010
Investment tax credits	34,194	34,194
	63,456,778	48,887,845

The Company has non-capital loss carryforwards of approximately $24,378,400 (2022 $20,918,667) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	Canadian	United States	Total
	$	$	$
2038	1,029,873	-	1,029,873
2039	5,027,186	-	5,027,186
2040	3,902,279	-	3,902,279
2041	6,450,946	-	6,450,946
2042	4,253,789	-	4,253,789
2043	3,714,327	-	3,714,327
No expiry	-	29,075,361	29,075,361
Total	24,378,400	29,075,361	53,453,761

26. CONTINGENT LIABILITY AND PROVISION

One of the financial institutions to whom the lease contracts were 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. At December 31, 2022, an amount of $6,926,644 was reported as contingent liability. It was not possible at that 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. Management has completed a review of these lease contracts and booked an estimated provision for potential loss for the year ended December 31, 2023, in the Consolidated Statements of loss.

26. CONTINGENT LIABILITY AND PROVISION (continued)

During the year ended December 31, 2023, management completed a review of certain additional lease contracts and has increased the estimated provision for potential loss, the total amount of estimated provision for potential loss for the year ended December 31, 2023, amounted to $11,892,406. At December 31, 2023, the total estimated amount of provision for potential loss on lease contracts is $12,217,512, which includes a provision for claw back for the amount of $563,887.

The Company believes that the estimated loss provision may not be representative of the actual potential loss exposure. Subsequent to year-end, the Company received a communication from the financial institution verifying that there are no current legal actions by the financial institution against the Company and agreeing to coordinate with the Company to enforce claims against dealers, as applicable. The Company believes that since the total estimated amount of potential loss is an accounting estimate, the actual loss could differ based on future occurrences. Revisions to this accounting estimate will be recognized in the period in which the estimate is revised.

27. SUBSEQUENT EVENTS

Subsequent to the period ended December 31, 2023, the following corporate activities occurred:

1. The Company’s investment in convertible note payable in Rego Payment Architectures Inc. matured on October 31, 2023. Management is in discussion with Rego Payment Architectures to receive the amount of deposit and interest therein. See note 10(a).

2. On March 22, 2024, the Company’s subsidiary, Drivrz Financial sold six lease vehicles that were capitalized and included in Property and Equipment for gross proceeds of US$ 381,406 to a Missouri limited liability company, in which one of the board members of the Company has substantial interest.

3. On April 26, 2024, the Company closed on $1,040,000 of the first tranche of a Private Placement financing, representing 69,333,332 shares at a price of $0.015 per share.

4. The Company dissolved D2DAA on May 22, 2024. D2DAA was established as a Joint Venture in Arkansas, United States. The Joint Venture has incurred losses over the past years. See Note 5.