POWERBAND SOLUTIONS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND SIX MONTHS ENDED
JUNE 30, 2024

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

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

Introduction

The following Management Discussion & Analysis ("MD&A") of PowerBand Solutions Inc. (the "Company", "PowerBand") has been prepared and written to comply with the requirements of National Instrument 51-102 - Continuous Disclosure Obligations and should be read in conjunction with the annual audited consolidated financial statements of the Company for the years ended December 31, 2023 and 2022, and the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2024, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and six months ended June 30, 2024, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at August 19, 2024, unless otherwise indicated.

The unaudited condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2024, and 2023, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

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

Caution Regarding Forward-Looking Statements

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

Forward-looking statements	Assumptions	Risk factors
The Company will be required to raise additional capital in order to meet its ongoing operating expenses and complete its planned business development activities for the twelve-month period ending June 30, 2025.	The operating and business development activities of the Company for the twelve-month period ending June 30, 2025, and the costs associated therewith, will be consistent with PowerBand's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions will be favorable to PowerBand.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; reductions in revenue, interest rate and exchange rate fluctuations; changes in economic conditions.
Management's outlook regarding future trends.	Financing will be available for PowerBand's business development and operating activities; the financing market will be receptive to the Company's technological cloud-based software solution.	Industry-wide deterioration of the automotive industry; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions.
Sensitivity analysis of financial instruments.	Based on management's knowledge and experience of the financial markets, the Company believes that there would be no material adverse changes to its results for the period ended June 30, 2025 as a result of a change in the foreign currency exchange rates or interest rates.	Changes in debt and equity markets; interest rate and exchange rate fluctuations.

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

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

Non-IFRS Measures

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

Our definition of EBITDA and Adjusted EBITDA described in the section "Reconciliation and Definition of Non-IFRS Measures" will likely differ from that used by other companies and therefore comparability may be limited. These non-IFRS measures should be read in conjunction with our annual audited consolidated financial statements and the related notes thereto as at and for the year ended December 31, 2023, and the unaudited condensed interim consolidated financial statements for the three and six months period ended June 30, 2024. Readers should not place undue reliance on non-IFRS measures and should instead view them in conjunction with the most comparable IFRS financial measures.

Description of Business

PowerBand Solutions Inc. (the "Company" or "PowerBand") (formerly Marquis Ventures Inc.) was incorporated under the Business Corporations Act (British Columbia) on September 29, 2009, and is domiciled in Suite 300, 1100, Burloak Drive, Burlington, Ontario, Canada L7L 6B2. The registered office is located at 745 Thurlow Street, Suite 2400, Vancouver, B.C. V6E 0C5.

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

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

PowerBand has commercialized a Fintech automotive-based software platform that specializes in auto leasing and is the operator of Drivrz Financial, a financing marketplace enabling lenders and consumers to finance vehicles in the United States. The distinctive competitive advantage of the Drivrz Financial platform is that it offers a unique leasing alternative for used vehicles through its exclusive technology and innovative lease structure.

Following a comprehensive review of the business strategy, operations, and product lines in the second half of 2022, the Company focused its operations on the lease origination and servicing business of Drivrz Financial.

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

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

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

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

D2D Auto Auction LLC (DrivrzXchange):
In November 2018 the Company entered into a 50/50 joint venture agreement with Bryan Hunt to operate D2D Auto Auctions, LLC ("D2D"), an online auction, remarketing platform in the U.S. that had been branded as DrivrzXchange. DrivrzXchange features identity verification for all parties, payment handling and processing, transportation, inspection, financing as well as mechanical and detailing services. By combining all of these features into a single platform, private sellers are able to elect to sell their vehicle via auction, fixed price or instant cash offer with no hassle, safely and securely. Although the majority of the development work for the DrivrzXchange platform has been completed, management has made the decision to place the platform into a maintenance mode. As a result, the Company has recorded an impairment loss of $1,709,280 for all the development costs incurred. D2D was dissolved on May 22, 2024.

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

Outlook

In the first half of 2024, the Company made several management and Board changes. The Company also took steps to recapitalize the Company. These events will have an impact on the outlook for the Company.

On April 4, 2024, the Company announced the return of its former MUSA Auto Finance founder and CEO Jeff A. Morgan, as CEO and Director of the Company. Subsequent changes to the Board of Directors included the resignation of Darrin Swenson and the appointment of Steven Lee, a former Director, and Kris Gaerlan as Directors of the Company. In addition, Bryan Hunt stepped down as Chairman of the Board and remained as a Director. Jeff Morgan was appointed Chairman of the Board. Additional management changes were announced with Xia Zhang, the original software architect of the used vehicle leasing and loan origination platform for MUSA Auto Finance, appointed as Chief Technology Officer, Blake Kirk as Chief Operating Officer and Sean Severin as Chief Information Officer.

From a financial perspective, on April 26, 2024, the Company closed the first tranche of CAD $1,040,000 and on June 21, 2024, closed the second and final tranche of CAD $1,157,000 of a private placement financing.

Management is focused on re-establishing the Company as a leader in the used vehicle leasing industry in the United States. Discussions are continuing with the Financial Institution that provided the majority of the Company's historical funding lines. The Company is also meeting with other financial companies to secure funding lines to generate lease originations. In addition, the Company is looking to expand the portfolio of leases that it provides servicing for and is exploring the establishment of a "Lender Remarketing" division that will provide banks, credit unions and lenders nationwide with a more profitable solution to remarketing repossessions and end-of-term leases. The Company recently announced that it signed a contract with the Financial Institution to implement the new remarketing program. The Company is also developing innovative hybrid finance alternatives that it intends to introduce to the leasing market in the future.

Operational Highlights for 2024

a) 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 a substantial interest.

b) On April 4, 2024, the Company announced the return of its former MUSA Auto Finance founder and CEO Jeff Morgan, as CEO of the Company and will also be serving on the Board of Directors of the Company. Previous director and long-term investor Steven Lee also agreed to return to the Board of Directors.

c) On April 26, 2024, the Company closed the first tranche of CAD $1,040,000 of a $2,200,000 private placement financing and issued 69,333,333 common shares of the Company.

d) On May 1, 2024, the Company announced that its principal regulator, the Ontario Securities Commission, granted the Company its request for a management cease trade order (the "**MCTO**"). The Company applied for the MCTO due to a delay in the filing of the audited consolidated financial statements for the year ended December 31, 2023, annual management's discussion and analysis for the same period and management certifications of annual filings (collectively, the "**Filings**"). The Filings were filed on June 17, 2024, and the MCTO was lifted on June 26, 2024.

e) On May 14, 2024, the Company announced the appointment of Kris Gaerlan to the Company's Board of Directors. The Company also announced that Darrin Swenson had resigned from the Board and that Bryan Hunt stepped down as Chairman of the Board and will remain as a director. Jeff Morgan was appointed Chairman.

f) 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.

g) On June 21, 2024, closed the second and final tranche of CAD $1,157,000 of the private placement financing and issued 77,133,333 common shares of the Company.

Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company at December 31, 2023, 2022 and 2021 for continuing operations.

	Year ended December 31, 2023	**Year ended December 31, 2022**	**Year ended December 31, 2021**
Revenue	$2,867,351	$12,255,161	$23,936,988
Net loss from continuing operations	$(21,773,865)	$(24,802,073)	$(16,190,628)
Net loss per share (basic and diluted)	$(0.070)	$(0.086)	$(0.085)
	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021
Total assets	$6,864,855	$17,234,821	$20,410,982
Total non-current liabilities	$1,955,189	$2,515,962	$4,812,279
Distributions or cash dividends declared	-	-	-

The net loss for the year ended December 31, 2023, consisted primarily of (i) Advertising and promotion expenses of 222,928 (ii) Share based compensation of $508,360 (iii) salaries and wages of $4,781,940; (iv) professional fees of $3,226,579; (v) depreciation of right of use assets of $669,633 (vi) office expenses of $415,038; (vii) regulatory fees of $145,961; (viii) travel of $40,112; (ix) unrealized gain of $122,229; (x) provision for potential loss on lease contracts of $11,892,406; and (xi) accretion of $375,561, offset by revenue of $2,867,351.

The net loss for the year ended December 31, 2022, consisted primarily of (i) Advertising and promotion expenses of 1,681,991 (ii) Share based compensation of $4,348,268 (iii) salaries and wages of $8,035,307; (iv) professional fees of $4,037,869; (v) amortization of intangible assets of $279,613; (vi) depreciation of right of use assets of $698,008 (vii) office expenses of $1,074,454; (viii) regulatory fees of $321,768; (ix) investor relations fees of $148,203 (x) travel of $410,445; (xi) unrealized gain of $247,205; (xii) impairment of intangible assets of $3,781,205; (xiii) impairment of goodwill of $173,284 (xiv) impairment of tangible assets of $4,629,511 and (xv) accretion of $960,827, offset by revenue of $12,255,161.

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

Discussion of Operations

Three-month period ended June 30, 2024, and 2023:

For the three-month period ended June 30, 2024, PowerBand generated total revenue of $542,166. Revenues were derived primarily from servicing income of the lease portfolio ($500,878), and monthly rental income from leased vehicles ($41,288).

	Three months ended June 30, 2024			Three months ended June 30, 2023		
	Canada	**USA**	**Total**	**Canada**	**USA**	**Total**
	$	$	$	$	$	$
Revenue						
Lease vehicle income		41,288	41,288		108,524	108,524
Lease origination and servicing revenue	-	500,878	500,878	-	389,025	389,025
	-	542,166	542,166	-	497,549	497,549

The revenue from US operations is primarily from the servicing of the lease portfolio. There have been no lease originations during the period due to challenges from the availability of credit supply from the Company's funding partners. The servicing revenue that is based on the average net book value for each month has been decreasing due to a decrease in the value of the portfolio. The servicing revenue also includes fees related to the repossession of vehicles, as well as late fee and early termination income, which has been relatively consistent month-to-month. The US operations also derive revenue from the monthly lease rental payment on the self-funded and repurchased vehicle leases. The cost of the lease revenue represents the depreciation on these leased vehicles calculated on a straight-line basis over the estimated economic life of the vehicle.

There was no revenue from the Canadian operations for the three-month periods ended June 30, 2024, and 2023.

For the three-month period ended June 30, 2024, PowerBand incurred a net income from continuing operations of $650,767 with basic and diluted loss per share of $0.002, as compared to a net loss of $11,034,604 and basic and diluted loss per share of $0.035 for the three-month period ended June 30, 2023, a decrease in net loss of $10,383,837 as described below. The primary expenses that contributed to the net loss are included in the table below:

	Three months ended		
	June 30, 2024	**June 30, 2023**	**Increase/ (Decrease)**
	$	$	$
Net income (loss) from continuing operations	650,767	(11,034,604)	(10,383,837)
Expenses			
Salaries and wages	1,616,625	973,559	643,066
Professional fees	152,301	717,063	(564,762)
Share based compensation	461,371	163,317	298,054
Advertising and promotion	22,667	34,675	(12,008)
Office and sundry expenses	77,470	164,637	(87,167)
Travel expense	3,254	21,702	(18,448)
Accretion	-	95,946	(95,946)
Depreciation of right of use assets	-	176,474	(176,474)
Deferred rent adjustment for cancellation of lease	(462,285)	-	(462,285)
Provision for expected loss	(2,507,205)	8,785,772	(11,292,977)

- Salaries and wages increased by $643,066 from $973,559 for the three-month period ended June 30, 2023, to $1,616,625 for the three-months period ended June 30, 2024. Most of these costs were incurred in the US operations and the increase is related to an accrual of $725,544 for an arbitration decision against the Company relating to a claim for breach of employment contract. The headcounts have decreased for the three-month period ended June 30, 2024 as compared to the three-month period ended June 30, 2023.

- Professional fees decreased by $564,762 from $717,063 for the three-month period ended June 30, 2023, to $152,301 for the three-month period ended June 30, 2024. Professional fees include consulting fees, legal fees, accounting, and audit fees. The decrease is due to the decrease in consulting fees.

- Share based compensation increased from $163,317 for the three-month period ended June 30, 2023, to $461,371 for the three-month period ended June 30, 2024, an increase of $298,054 for expenses related to stock option grants, representing the amortization of fair market value of incentive stock options granted using the Black-Scholes valuation model and expenses related to restricted share units. For the three-month period ended June 30, 2024, the Company issued 6,300,000 restricted share units to employees and consultants that vest over a period of time and the increase in the share based compensation relates to the expense related to the vested portion of these units.

- Advertising and promotion expenses totaled $22,667 for the three-month period ended June 30, 2024, as compared to $34,675 for the three-month period ended June 30, 2023, a decrease of $12,008. The decrease is directly related to the decrease in lease origination revenue and the market awareness program.

- Office and sundry expenses decreased from $164,637 for the three-month period ended June 30, 2023, to $77,470 for the three-month period ended June 30, 2024, a decrease of $87,167 resulting from efficient cost management.

- Travel expenses decreased from $21,702 for the three-month period ended June 30, 2023, to $3,254 for the three-month period ended June 30, 2024, a decrease of $18,448 in relation to client visits, management, sales and business development meetings in the United States.

- Accretion expense primarily relates to the amortization of interest expense on long-term debt. The accretion expense decreased by $95,946 for the three-month period ended June 30, 2024.

- Depreciation of right of use assets was $nil for the three-month period ended June 30, 2024, as compared to $176,474 for the three-month period ended June 30, 2023. This is due to the cancellation of the lease agreement for the office space in the United States, thereby removing the right of use assets.

- The deferred rent adjustment for the cancellation of lease amounting to $462,285 for the three-month period ended June 30, 2024, related to the lease liability that was accounting under IFRS 16 for the term of the lease was reversed upon cancellation of the lease agreement for the office space in the United States.

- Provision for expected loss relates to the estimated provision for potential loss from contractual obligation within the repurchase clause of the Forward Flow Purchase and Security Agreement with the financial institutions to whom lease contracts were sold. The provision was adjusted downward by $2,507,205 for the three-month period ended June 30, 2024, based on management's review of the lease contracts considering the maturing terms of each of the lease contracts.

Six-month period ended June 30, 2024, and June 30, 2023:

For the six-month period ended June 30, 2024, PowerBand generated total revenue of $1,169,498. Revenues were derived primarily from lease originations and servicing ($1,052,362), and monthly income from leased vehicles ($117,136).

	Six months ended June 30, 2024			Six months ended June 30, 2023		
	Canada	**USA**	**Total**	**Canada**	**USA**	**Total**
Revenue	$	$	$	$	$	$
Lease vehicle income	-	117,136	117,136	-	220,893	220,893
Lease originations and servicing revenue	-	1,052,362	1,052,362	-	1,115,349	1,115,349
	-	1,169,498	1,169,498	-	1,336,242	1,336,242

The revenue from US operations is from lease originations and servicing and consists primarily of the servicing of the lease portfolio that also includes late payment fees and early termination fees from the repossession of vehicles. The Company did not have any new lease originations during the six months ended June 30, 2024, and June 30, 2023, due to challenges from the availability of credit supply from the Company's funding partners. The US operations also derive revenue from the monthly lease rental payment on the self-funded and repurchased vehicle leases. The cost of the lease revenue represents the depreciation on these leased vehicles calculated on a straight-line basis over the estimated economic life of the vehicle.

There was no revenue from the Canadian operations for the six month period ended June 30, 2024 and June 30, 2023.

The gross profit margin increased from 42% for the six-month period ended June 30, 2023, to 48.6% for the six-month period ended June 30, 2024.

For the six-month period ended June 30, 2024, PowerBand incurred a net loss from continuing operations of $853,881 with basic and diluted loss per share of $0.003 as compared to net loss of $14,293,965 and basic and diluted loss per share of $0.046 for the six-month period ended June 30, 2023, a decrease in net loss of $13,440,084 as described below. The primary expenses that contributed to the net loss are included in the table below:

	Six months ended		
	June 30, 2024	**June 30, 2023**	**Increase/ (Decrease)**
	$	$	$
Net loss from continuing operations	853,881	14,293,965	(13,440,084)
Expenses			
Salaries and wages	2,502,758	2,982,590	(479,832)
Professional fees	772,155	1,514,490	(742,335)
Share based compensation	467,342	293,610	173,732
Advertising and promotion	41,249	184,227	(142,978)
Office and sundry expenses	125,360	294,155	(168,795)
Travel expenses	11,472	51,464	(39,992)
Accretion	-	189,668	(189,668)
Depreciation of right of use assets	-	354,092	(354,092)
Deferred rent adjustment for cancellation of lease	(462,285)	-	(462,285)
Provision for expected loss	(2,507,205)	8,785,772	(11,292,977)

- Salaries and wages decreased by $479,832 from $2,982,590 for the six-month ended June 30, 2023, to $2,502,758 for the six-month ended June 30, 2024. Most of these costs were incurred in the US operations and the decrease is related to the decrease in headcounts. Salaries and wages for the six-month period ended June 30, 2024, included an accrual of $725,544 for an arbitration decision against the Company relating to a claim for breach of employment contract and for the six month period ended June 30, 2023, included one-time termination costs of $484,995.

- Professional fees decreased by $742,335 from $1,514,490 for the six-month ended June 30, 2023, to $772,155 for the six-month ended June 30, 2024. Professional fees include consulting fees, legal fees, accounting, and audit fees. The decrease is due to the decrease in consulting fees.

- Share based compensation increased from $296,610 for the six-month period ended June 30, 2023, to $467,342 for the six-month period ended June 30, 2024, an increase of $173,732 for expenses related to stock option grants, representing the amortization of fair market value of incentive stock options granted using the Black-Scholes valuation model and expenses related to restricted share units. For the six-month period ended June 30, 2024, the Company issued 6,300,000 restricted share units to employees and consultants that vest over a period of time and the increase in the share-based compensation relates to the expense related to the vested portion of these units.

- Advertising and promotion expenses totaled $41,249 for the six-month period ended June 30, 2024, as compared to $184,227 for the six-month period ended June 30, 2023, a decrease of $142,978. The decrease is directly related to the decrease in lease origination revenue and the market awareness program.

- Office and sundry expenses decreased from $294,155 for the six-month period ended June 30, 2023, to $125,360 for the six-month period ended June 30, 2024, a decrease of $168,795 resulting from efficient cost management.

- Travel expenses decreased from $51,464 for the six-month period ended June 30, 2023, to $11,472 for the six-month period ended June 30, 2024, a decrease of $39,992 in relation to client visits, management, sales and business development meetings in the United States.

- Accretion expense primarily relates to the amortization of interest expense on long-term debt. The accretion expense decreased by $189,668 for the six-month period ended June 30, 2024.

- Depreciation of right of use assets was $nil for the six-month period ended June 30, 2024, as compared to $354,092 for the six-month period ended June 30, 2023. This is due to the cancellation of the lease agreement for the office space in the United States, thereby removing the right of use assets.

- The deferred rent adjustment for the cancellation of lease amounting to $462,285 for the six-month period ended June 30, 2024, related to the lease liability that was accounting under IFRS 16 for the term of the lease was reversed upon cancellation of the lease agreement for the office space in the United States.

- Provision for expected loss relates to the estimated provision for potential loss from contractual obligation within the repurchase clause of the Forward Flow Purchase and Security Agreement with the financial institutions to whom lease contracts were sold. The provision was adjusted downward by $2,507,205 for the six-month period ended June 30, 2024, based on management's review of the lease contracts considering the maturing terms of each of the lease contracts.

Summary of Quarterly Results

The summary of financial results for the second quarter of 2024 and for the seven preceding quarters are noted below.

	2024/2023			
	Q2	Q1	Q4	Q3
Revenue ($)	542,166	627,332	975,711	555,398
Net Loss (income)($)	(650,767)	1,504,648	5,632,811	1,847,089
Net Loss per share (basic and diluted)	0.002	0.005	0.016	0.009

	2023/2022			
	Q2	Q1	Q4	Q3
Revenue ($)	497,549	838,693	2,054,728	2,066,250
Net Loss ($)	11,034,604	3,259,361	9,844,576	3,676,859
Net Loss per share (basic and diluted)	0.035	0.01	0.039	0.01

Revenue from the second quarter of 2024 is primarily from servicing income of the lease portfolio, together with the repossession fees from early termination and late fee charges.

Most of the Company's revenue is generated from the Drivrz Financial lease origination and servicing platform. The Company's quarterly revenue has generally trended downwards over the past several quarters due to a decrease in the number of lease originations. The decrease in revenue from Q1 2023 is from the impact of availability of credit facility, thereby reducing lease counts.

The net loss for each of the last eight quarters has varied and the lowest being from Q2/2024, which reported a net income due to adjustment to provision for expected loss on lease contracts as the Company did not have any new lease origination for the last 18 months and the total value of the lease portfolio has decreased from payoff and repossessions, combined with the Company's efforts to reduce costs. See section "Discussion of Operations"- Three months ended June 30, 2024, and 2023, for discussion on Q2 2024 net loss.

Liquidity and Capital Resources

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

The Company had $2,220,567 in cash and cash equivalents on hand, at June 30, 2024, compared to $1,937,182 as at December 31, 2023.

Cash used in operating activities was $2,129,705 for the six-month period ended June 30, 2024, as compared to cash used in operating activity of $12,950,729 for the six-month period ended June 30, 2023. Operating activities for the six-month period ended June 30, 2024, were affected by the decrease in net loss for the quarter, the change in provision for potential loss on lease contracts, and the deferred rent adjustment for the cancellation of the lease liability, as compared to the quarter ended June 30, 2023.

Net cash provided by investing activities totaled $629,959 for the six-month period ended June 30, 2024, as compared to cash used in investing activities of $262,488 for the six-month period ended June 30, 2023. For the six-month period ended June 30, 2024, cash was provided by proceeds from the disposition of leased vehicle assets. For the six-month period ended June 30, 2023, cash was used for the purchase of leased vehicle assets.

Net cash provided by financing activities was $1,742,182 for the six-month period ended June 30, 2024, as compared to cash used in financing activity of $560,174 for the six-month period ended June 30, 2023. For the six-month period ended June 30, 2024, the Company raised funds from private placements, net of $2,105,694 and for the six-month period ended June 30, 2023, for the payment of debt and lease liability.

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

The Company's contractual obligation is the lease commitment primarily for office premises for Drivrz Financial expiring in March 2027 that was terminated in the first quarter of 2024. The capital expenditure for the development projects has been terminated and funds are being conserved for operating capital and to meet the Company's planned growth.

As of June 30, 2024, the Company had 445,865,458 common shares issued and outstanding.

As of June 30, 2024, the Company had current liabilities comprised of the following:

- accounts payable and accrued liabilities in the amount of $3,756,332,
- provision for potential loss on lease contracts of $10,117,516,
- seller reserve provision of $32,815,
- current portion of debt of $2,353,516 and
- government assistance of $60,000

At June 30, 2024, the Company had no long-term liabilities.

As of June 30, 2024, and December 31, 2023, the Company had net current assets of (deficit) ($13,745,233) (current assets less current liabilities) and ($15,934,887) respectively. The working capital deficit has decreased for the six-month period ended June 30, 2024, due to a decrease in the provision for potential loss on lease contracts for the period.

Reconciliation and Definition of Non-IFRS Measures

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

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

The following chart reflects the calculation of EBITDA:

	Three months ended		**Three months ended**	
	June 30, 2024	**June 30, 2023**	**March 31, 2024**	**March 31, 2023**
	$	$	$	$
Net (loss) income	650,767	(11,034,604)	(1,504,648)	(3,259,361)
Add: Interest	15,393	19,757	15,715	10,538
Add: Depreciation and amortization	7,972	223,937	4,803	225,472
Add: Accretion	-	95,946	-	93,722
EBITDA	674,132	(10,694,964)	(1,484,130)	(2,929,629)

EBITDA for the three-month period ended June 30, 2024, is lower as compared to the three-month period ended June 30, 2023, and the total operating expenses has decreased for the three-month period ended June 30, 2024, compared to three-month period ended June 30, 2023 which are mostly described above in the comparison of operating results for the three-month period ended June 30, 2024, and June 30, 2023.

Adjusted EBITDA

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

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

	Three months ended		Three months ended	
	June 30, 2024	June 30, 2023	March 31, 2024	March 31, 2023
	$	$	$	$
EBITDA as above	674,132	(10,694,964)	(1,484,130)	(2,929,629)
Add: Share based compensation	461,371	163,317	5,971	130,293
Add: Foreign exchange loss (gain)	(620)	2,062	(68,943)	352
Add: Provision for expected loss	(2,507,205)	8,785,772	-	-
Add: Unrealized loss (gain)	72,107	(40,142)	151,951	3,716
Add: Severance cost	-	-	-	484,995
Adjusted EBITDA	**(1,300,215)**	**(1,783,955)**	**(1,395,151)**	**(2,310,273)**

The adjusted EBITDA is relatively consistent for the three months ended June 30, 2024, and for the three-month period ended March 31, 2024. There were no lease originations for the three month period ended March 31, 2024. Management believes adjusted EBITDA is a more appropriate key performance indicator to measure as the two major items that flow through the income statement are human capital costs and amortization and depreciation (non-cash), and therefore better reflects the Company's performance.

Off-Balance-Sheet Arrangements

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

New Accounting Standards and recent pronouncements

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

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.

The Company is currently assessing the impact of adopting these pronouncements.

Capital risk management

The Company manages and adjusts its capital structure based on available funds in order to support its business development efforts, completing and implementing its strategic partnerships, developing a customer support infrastructure, enhancing its software development efforts, and for general and administrative expenditures. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. As of June 30, 2024, the capital structure of the Company consisted of common shares, common share purchase warrants, stock options and restricted share units.

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

Financial Instruments

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

Liquidity risk

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

As of June 30, 2024, the Company had a net current assets deficit of $13,745,234 (current assets less current liabilities).

Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to accounts receivable from customers that utilize its PowerBand Platform service offering. The Company has agreements with financial institutions for credit facilities and is dependent on these credit facilities for lease originations. The availability of the credit facilities can have a significant effect on the lease origination operations and negatively impact the cash flow of the Company.

Market risk

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

Currency risk

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

Fair value hierarchy

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

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

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

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

The fair value of cash, accounts receivables, accounts payables and accrued liabilities all approximate their carrying values due to their short-term nature. Cash 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 obligations are measured at amortized cost and classified as Level 2. Investments are measured as Level 3.

Related Party Transactions

(a) 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 six-months ended June 30, 2024, and 2023 was as follows:

i.	Chief Executive Officer (previously COO)	$60,840 (2023 - $121,677)
ii.	Chief Operating Officer	$64,795 (2023 - $nil)
iii	Chief Technology Officer	$91,395 (2023 - $87,480)
iv.	Chief Financial Officer	$75,000 (2023 - $75,000)
v.	Share based compensation	$4,505 (2023 - $87,554)

The above amounts in i and iv totaling $135,840 (2023 - $196,677) are included in Professional fees and ii and iii totaling $156,190 (2023 - $87,480) are included in Salaries and wages in the Statement of loss. The Company incurred professional fees of $nil (2023 - $202,890) for services rendered by an entity controlled by a shareholder. The Company has also incurred rent expenses of $20,163 for office space rented from an entity that is controlled by key management personnel.

At June 30, 2024, the total amount payable to key management personnel of the Company and an entity controlled by a shareholder amounted to $396,923 (December 31, 2023 - $363,715) and recorded in accounts payable and accrued liabilities.

(b) Loans from Shareholders, Officers and Directors

(i) As at June 30, 2024, the due to related parties loan balance of $34,217 (December 31, 2023 - $33,065), consisted of funds received from shareholders for working capital. This loan was interest bearing at 9% per annum due on demand.

(ii) 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 16(c) of the financial statements.

(iii) On June 2, 2022, the Company and a shareholder (former CEO) entered into loan agreements for a 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. 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. The value of the debt at June 30, 2024 is $1,866,671 (December 31, 2023 is $1,861,960), and interest accretion of $nil (year ended December 31, 2023 - $209,641) for the three and six months ended June 30, 2024, respectively is recorded in the consolidated statements of loss. The Company is in discussion with the shareholder for the repayment of this debt.

(c) Transactions with Related Parties

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 (CD$514,364) to a Missouri limited liability company, in which one of the board members of the Company has substantial interest.

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, and June 30, 2024. The total capitalized cost of $1,709,280 was recorded as impairment loss for the year ended December 31, 2022. As at June 30, 2024, accounts receivable from D2DAA are $nil (December 31, 2023 - $490,629) and a provision for expected credit loss is recorded in the statements of loss.

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. Certain key management personnel of the Company subscribed for 26,666,666 common shares for gross proceeds of $400,000.

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares. As at June 30, 2024 the Company had 445,865,458 (December 31, 2023 – 299,348,796) common shares issued and outstanding. As at June 30, 2024 there were 95,218,001 (December 31, 2023 – 95,218,001) warrants outstanding which entitle the holders to purchase one common share of the Company. Stock options outstanding as of June 30, 2024, were 11,627,000 (December 31, 2023 – 5,627,000) which entitle the holders to purchase one common share of the Company. The number of exercisable stock options as at June 30, 2024 was 11,627,000.

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

Common shares at June 30, 2024	445,865,458
Shares issued from vesting of RSUs	3,800,000
Common shares at August 19, 2024	449,665,458
Warrants outstanding at June 30, 2024	95,218,001
Warrants expired	(750,000)
Warrants outstanding at August 19, 2024	94,468,001
Stock options outstanding at June 30, 2024	11,627,000
Stock options cancelled and forfeited	(1,350,000)
Stock options outstanding at August 19, 2024	10,277,000
Restricted share units at June 30, 2024	9,406,832
Shares issued from vesting of RSUs	(3,800,000)
Restricted share units at August 19, 2024	5,606,832
Total Issued and outstanding common shares at August 19, 2024	560,017,291

Disclosure of Internal Controls

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

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

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

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

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

Risks and Uncertainties

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

Liquidity Concerns and Future Financings

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

Dilution Risk

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

Profitability

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

Foreign Exchange

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

Competition

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

Conflicts of Interest

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

Principal Shareholder with Controlling Interest

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

Dividends

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

Litigation

In August 2018, the Company was served a Notice of Civil Claim in the Superior Court of British Columbia by Advanced Media Solutions Limited ("AMSL"), a Company incorporated pursuant to the laws of the British Virgin Islands. AMSL is seeking payment of USD$450,000. The Company disputes the facts 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 was scheduled from June 17 to June 28, 2024, but the trail date lapsed because of inaction from AMSL. No new trial date has been set.

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 recorded an accrued liability for USD $534,038 (CAD $725,544) for the period ended June 30, 2024. This amount is included in salaries and wages in the statement of loss.

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.

Foreign Operations

As of June 30, 2024, the Company only had operations that were located in Canada and the United States.

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

Contingent liability 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.

During the year ended December 31, 2023, management completed a review of certain additional lease contracts and has recorded an 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. Management performs a review of the provision at each reporting period and adjusted the provision by $2,507,205 for the period ended June 30, 2024. At June 30, 2024, the total estimated amount of provision for potential loss on lease contracts reported on the statement of financial position is $10,117,516 (December 31, 2023 - $12,217,512), which includes a provision for claw back for the amount of $502,267 (December 31, 2023 - $563,887).

The Company believes that the estimated loss provision may not be representative of the actual potential loss exposure. Subsequent to year-end December 31, 2023, the Company received communication from the financial institution verifying that there are no current legal actions by the financial institution against the Company and agreed 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.

Subsequent Events

Subsequent to the period ended June 30, 2024, the following corporate activities occurred:

1. The Company's has an investment in a convertible note payable in Rego Payment Architectures Inc. that had an extended maturity date of June 30, 2024. Rego Payment has requested a further extension by six months to December 31, 2024. Management is reviewing the extension document and considering the options available. See note 10 of the consolidated financial statements.

Additional Information

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