

## PowerBand is in Negotiations to Acquire MUSA Auto Finance for US\$15 million – A Leading FinTech Auto Lease Finance Company in the United States

Vancouver, British Columbia -- (Accesswire – January 23, 2019) - PowerBand Solutions Inc. (TSXV: PBX) (OTCQB: PWWBF) (Frankfurt: 1ZVA) ("**PowerBand**", "**PBX**" or the "**Company**"), a leading online automotive auction, remarketing and sales platform in North America, announced today it is negotiating a definitive Unit Purchase Agreement with MUSA Holdings, LLC to acquire 75% of MUSA Holdings, LLC, and its subsidiaries, including MUSA Auto Finance, LLC ("**MUSA**"), in a transaction valued at US\$15 million. The acquisition will transform PBX into an industry leading FinTech company in the areas of vehicle acquisition, leasing, lending, and auction services. The acquisition is subject to financing and the approval of the TSX Venture Exchange.

### MUSA Auto Finance

Founded in 2016, MUSA, based in Dallas, Texas, has quickly become the FinTech leader in the auto leasing market in the United States. Its innovative technology platform modernizes the new and pre-owned vehicle leasing experience. As a result of its proprietary technology, MUSA was awarded a contract by Tesla Motors to become its national leasing partner in 2018. With the Tesla contract and 450 dealer partners, MUSA originated over US\$24.5 million in 2017 and US\$157.5 million in 2018 in vehicle leases with an average FICO Score of 765. MUSA's product offering streamlines the vehicle sales process for dealers across the United States leveraging its innovative technology to navigate underwriting, funding, and the physical delivery process. The platform allows consumers and dealers to complete the entire customer leasing experience in minutes.

PBX's acquisition of MUSA will bring together two leading edge companies with the vision to become a one-stop SaaS platform for the entire vehicle purchase lifecycle. Franchised, independent dealers, and consumers will be able to:

- Use MUSA's real-time lease and loan origination platform to buy new and used vehicles from Tesla and over 8,000 dealers through the PBX-DealerSocket partnership
- Acquire pre-owned vehicles for MUSA consumers through PBX's online auction platform
- Retain customers through new lease options using the PBX-RouteOne partnership
- Resell off-lease vehicles to D2D Automotive Auctions ("**D2D**") through the PBX auction platform. D2D is a joint venture partnership owned equally by PowerBand and Hunt Automotive Group in the U.S. (see PBX news release dated November 19, 2018)

Mike Moen, President/COO of PowerBand, commented, "We are excited to work with MUSA's management team to accelerate MUSA's ability to service its existing lease portfolio and originate new leases in 2019. We will work closely with our partners to raise new equity capital and warehouse facilities to position MUSA to be able write an increased volume of new leases in 2019, targeting over 10,000 leases. The combination of MUSA's lease platform with PBX's financial experience, and automotive partnerships with RouteOne and DealerSocket, will accelerate PBX's growth in the United States."

Jeff Morgan, CEO of MUSA, stated, "We are joining forces with a dynamic company which shares MUSA's passion to disrupt and modernize vehicle lease and auction services. The partnership with PBX will enable the continued growth of our core leasing business, as well as

the addition of multiple related auto lease and finance services. With PBX as a partner, we intend to significantly grow our lease originations in 2019 and add over 50,000 pre-owned and trade-in vehicles to the PBX auction platform.”

MUSA’s lease portfolio consists of new and pre-owned vehicles leased through Tesla and non-Tesla franchised and independent dealers across 33 states. A snapshot of MUSA’s auto lease portfolio is outlined below (numbers in US\$):

**Core Portfolio**

Value of lease originations = \$94 million  
 Number of leases originated = 2,071  
 Average FICO score = 700  
 Average vehicle lease value = \$44,000

**Tesla Portfolio**

Value of lease originations = \$88 million  
 Number of leases originated = 897  
 Average FICO score = 806  
 Average vehicle lease value = \$98,000

**Total Portfolio**

Origination value = \$182.5 million  
 Leases originated = 2,968  
 Total Portfolio Book Value, as at December 31, 2018, = \$161 million  
 Total Portfolio Warehouse Facility, as at December 31, 2018 = \$141 million  
 Average Portfolio FICO = 765  
 Average Lease Value = \$60,600  
 Average Delinquency Rate = 0.6%  
 Effective Portfolio Lease Rate = 7.1%  
 Total Tesla and non-Tesla Dealers = 450

With total originations of US\$182 million, MUSA generated US\$21 million in lease and service related revenue in 2018. With its leading position in the auto lease finance space, combined with its Tesla and non-Tesla dealer partnerships, MUSA anticipates lease originations will increase significantly in 2019.

In addition to expanding its lease origination portfolio, PBX and MUSA have plans to pursue:

- Direct-to-consumer lending platform
- Online consumer-to-consumer marketplace - connecting individual sellers with buyers who use MUSA for loan or lease financing
- Aggressive expansion toward nationwide operations by adding at least 15 states, bringing the company’s total number of states to 48.

Financial metrics for MUSA include:

	<b>2017 Actual</b>	<b>2018 Estimated</b>
Revenue	\$17,286,970	\$21,355,109
EBITDA	-\$1,734,677	\$4,315,223
Net Income	-\$7,094,611	-\$10,262,963
Assets	\$63,930,558	\$186,297,940
Liabilities	\$60,737,675	\$184,586,619

To finance the acquisition of MUSA, PBX is negotiating a US\$15 million Bridge Loan facility from multiple funding sources to acquire 75% of the equity in MUSA Holdings, LLC, and to fund PBX and its subsidiary Companies. MUSA Holdings, LLC will be a majority controlled subsidiary of PBX. MUSA's leadership team will remain in place and continue to operate under the leadership of PowerBand's management team. PBX and MUSA will work together to restructure and grow the business in 2019. Kelly Jennings and Mike Moen will join the Board of Directors of MUSA Holdings, LLC. Kelly Jennings will assume the role of Chairman, Mike Moen will assume the role of Vice Chairman and Managing Director, and Jeff Morgan will continue in his role as Chief Executive Officer. The acquisition of MUSA Holdings, LLC is an arm's length transaction. There are no finder's fees payable as a result of the transaction.

#### **About MUSA Auto Finance**

MUSA Auto Finance is a technology innovator in the new and pre-owned vehicle leasing industry and originates its leases from franchised and select independent dealers. In addition, in 2018 MUSA was chosen by Tesla Motors to be a national finance partner. The company is licensed in 33 states and is planning to be doing business in 48 states within the next two years. MUSA maintains its corporate offices in Dallas, Texas.

#### **About PowerBand Solutions, Inc.**

PowerBand Solutions Inc. is a technology provider listed on the TSX Venture Exchange that is developing solutions for automotive and other industries that drive efficiency and transparency in the marketplace. PowerBand has developed and commercialized a leading-edge online auction platform that increases revenues and profit margins for its automotive dealership, Original Equipment Manufacturer, commercial fleet and rental company customers. PowerBand's remarketing platform, the PowerBand Exchange, incorporates the industry's latest auction technologies, inventory management, market intelligence, and appraisal processes. For more information, visit [www.powerbandsolutions.com](http://www.powerbandsolutions.com).

For further information, please contact:

Richard Goldman, VP Corporate Development  
P: 1-866-768-7653

#### **FORWARD-LOOKING STATEMENTS**

*This news release contains forward-looking statements relating to the Company and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding future plans and objectives of the Company, are forward looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.*

*The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. As a*

*result, we cannot guarantee that any forward-looking statement will materialize and the reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.*

*Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as at the date of this news release, and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by Canadian securities law.*

*Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this news release.*