

## **POWERBAND TO BEGIN LEASING VEHICLES TO U.S. CONSUMERS WITH INITIAL \$USD-300 MILLION FINANCING AGREEMENT FROM U.S. FINANCIAL INSTITUTION**

### **MUSA, PowerBand's U.S. leasing division, reaches agreement with U.S. Financial Institution to Advance Strategy to Offer Multibillion-dollar Consumer Financing on PowerBand's Virtual Transaction Platform**

**VANCOUVER, British Columbia** (July 13, 2020) — PowerBand Solutions Inc. (TSXV: PBX) (OTCQB: PWWBF) (Frankfurt: 1ZVA) ("**PowerBand**", "**PBX**" or the "**Company**") is pleased to announce its U.S. leasing division, MUSA Auto Finance, LLC ("**MUSA**"), has obtained lease financing from a federally chartered U.S. depository financial institution ("**National Funder**") to begin leasing vehicles to U.S. consumers.

Lease originations will begin today.

"This is the right solution at the right time, when the automotive industry and consumers are looking for innovations to overcome the challenges of the COVID-19 pandemic," said PowerBand CEO Kelly Jennings. "Consumers and dealers will be able to buy, lease and finance their vehicles on PowerBand, as easily as they purchase a product on Amazon. Our strategy is to aggregate further funding facilities in the weeks and months ahead, to offer multi-billion-dollar financing opportunities to consumers and dealers using our platform in the United States and Canada."

MUSA, which is 60-per-cent owned by PowerBand, will begin originating leases in Texas and Florida — the second and third largest states in the U.S. with a population exceeding 50 million people, under the Forward Flow Purchase and Security Agreement (the "**Agreement**") with the National Funder. PowerBand expects to enter the California market, with a population of 40 million, soon after.

Added MUSA's CEO Jeff Morgan: "We are thrilled to continue MUSA's and PowerBand's growth through what we believe is a first-of-its-kind funding arrangement. I'd like to thank the MUSA team for their support in helping us reach this pivotal moment."

Under the Agreement, an initial USD \$300 million in financing will be available for vehicle leasing through MUSA.

"The MUSA platform has been upgraded and is once again operational with the most innovative funding solution in the industry," said Jennings. "MUSA will be scaled up to operate across the United States, dramatically changing the funding landscape for dealers and consumers, which will ultimately result in a rapid increase in loan originations as we expand across the country."

It is the Company's expectation that when fully operational, MUSA will far exceed its past peak performance as the Company adds finance and dealer partners. Before it was temporarily furloughed, MUSA leased approximately 900 to 1,200 vehicles a month, with each lease having an average value of USD \$60,000 per vehicle.

Under the unique Forward Flow Purchase and Security Agreement with the National Funder, the USD \$300 million will be rolled out in three phases: Phase One, which begins immediately, is USD \$5 million, Phase Two USD \$50 million, Phase Three USD \$250 million. The funding agreement includes conditions and guidelines that must be followed to move through the various phases. Once the credit facility has been utilized it will be securitized, resulting in the replenishing of the original USD \$300 million.

As the MUSA platform is gradually made available to our national network of auto-dealer partners, it is the Company's expectation that the securitization of the USD \$300-million Agreement will occur a number of times a year. PowerBand is also in discussions with other financial institutions to further expand extensive funding facilities as the PowerBand virtual transaction platform is rolled out across the United States and Canada.

Founded in 2016, MUSA is leading the modernization of the new- and pre-owned vehicle leasing experience, providing dealers and consumers with the most advanced on-line leasing options in the industry. The technology takes an application, calculates a lease, auto-decisions the application, provides an approval back to dealer partners and prefills a lease contract accurately. Approvals can occur in less than eight seconds. As a result of its proprietary technology, MUSA was awarded a contract by Tesla Motors to become a national leasing partner in 2018.

"Jeff Morgan and the MUSA team have helped prepare PowerBand for success in the United States," said Jennings. "I'd like to thank Jeff and his team for their hard work, and also thank our investors and shareholders for their support to help make our innovative solutions a reality. We are looking forward to finally offering our products to our many partners in the automotive sector and millions of consumers in the coming months across North America."

This innovative funding Agreement with the National Funder is seen by the Company as a financing model that provides PowerBand the ability to expand its future lending facilities, with more speed and efficiency than ever before. The Company anticipates similar agreements to be structured with other lenders, to expand funding facilities with our auto-dealer partners, who are expected to bring their financial institutions into what we believe is the most consumer-friendly and dealer-ready lending process in the retail automotive sector.

**Further details of the Agreement:**

The Agreement between MUSA and the National Funder is being executed by MAF Leasing, LLC, a newly created wholly owned subsidiary of MUSA. Under the Agreement, MUSA will use its nationwide network of dealer relationships to originate new and used consumer vehicle leases.

As part of the transaction, MUSA will earn customer fees and expects to record a gain on the sale of the lease contracts. The National Funder has also executed a Servicing Agreement with MUSA, under which MUSA will provide customary collections and servicing activities on behalf of the National Funder. MUSA will earn a market rate for providing its servicing and remarketing services to the National Funder.

MUSA will also provide end-of-term remarketing assistance to help with the resale and disposition of vehicles not purchased at lease maturity. As part of PowerBand's comprehensive strategy to transform the automotive industry, many of the end-of-term vehicles will also be remarketed on the D2D Auto Auctions LLC ("D2D") online platform. D2D is co-owned by PowerBand and Arkansas-based financier Bryan Hunt, Director of J.B Hunt Transport, and PowerBand, in a fifty-fifty partnership.

**About PowerBand Solutions Inc.**

PowerBand Solutions Inc., listed on the TSX Venture Exchange and the OTCQB markets, is a fintech provider disrupting the automotive industry. PowerBand's integrated, cloud-based transaction platform facilitates transactions amongst consumers, dealers, funders and manufacturers (OEMs). It enables them to buy, sell, trade, finance, and lease new and used, electric- and non-electric vehicles, on smart phones or any other online digital devices, from any location. PowerBand's transaction platform — being trademarked under DRIVRZ — is being made available across North American and global markets.

**For further information, please contact:**

Richard Goldman, VP Corporate Development  
P: 1-866-768-7653  
rgoldman@powerbandsolutions.com

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