

ARMADA MERCANTILE LTD.
MANAGEMENT DISCUSSION & ANALYSIS
SIX MONTHS ENDED AUGUST 31, 2025

1.1 Date of Report: November 3, 2025

1.2 Overall Performance

Nature of business and Overall Performance

Armada Mercantile Ltd. (“Armada” or the “Company”) has been a publicly-traded company in Canada since 1987. Armada is a financial services, trade finance and FINRA broker dealer, off road electric vehicle and ice cream company through its subsidiary companies. Armada's shares are listed for trading on the Canadian Stock Exchange (symbol: ARM) and in the United States (symbol: AAMTF). Additionally, Armada provides specialized merchant banking, broker-dealer, venture lending and corporate finance services internationally, as well as advising clients on corporate structure, strategy, mergers and acquisitions and raising capital.

Current Capital Markets and Commercial Finance Business Operations

Armada has four sources of business generated by operating subsidiaries and affiliates: (i) Armada Group USA, Inc. (ArmadaUSA), (ii) RichGrandDad USA, Inc. (Ace Foods), , (iii) ANOS Holdings, LLC (ANOS Capital), and (iv) Oxygen Funding, Inc.

1. ArmadaUSA is engaged in the financial services business and utilizes two complementary approaches to achieve its goals. These approaches are advisory services and the merchant banking marketplace for publicly-traded and privately held companies. ArmadaUSA’s advisory services complement its capital formation, commercial finance and relational broker-dealer divisions. ArmadaUSA provides advisory services to client companies seeking to raise capital. These advisory services are performed by an in- house staff of professionals and include corporate structure evaluation and strategy, business planning, private and public capital raise advice, such as how to properly raise capital, preparation of proper offering documentation as a service and follow on corporate consulting services. ArmadaUSA’s primary focus is centered on established companies that possess some or all of the following characteristics: capable and experienced management, steady customer base, recurring revenue, ability to repay debt, exponential growth potential, contracts, assets or other collateral, fragmented industries, disruptive technology and proprietary or a patented product. Companies possessing these criteria can then serve as potential broker dealer, advisory and factoring clients. ArmadaUSA endeavors to bring its clients the widest possible range of ideas and services. These include public and private equity, developing innovative products and strategies that broaden capital formation opportunities including factoring, equipment leasing, private placements, corporate debt securities, corporate finance, mezzanine financing, direct public offerings and mergers and acquisitions. Additionally, ArmadaUSA, through its broker-dealer network, is capable of providing corporate clients with Form 10, Form S-1, Form 15C211 and DTC Eligibility filings along with market making capabilities. For more information, please visit: www.armadamercantile.com

2. Armada, through its subsidiary company Ace Foods, is the master importer and distributor for the London Dairy ice cream brand. www.ace-foods.com.

3. Armada provides broker-dealer products and services through its ownership in ANOS Holdings, LLC (ANOS Capital). For the past 50 years, ANOS Capital has built a legacy of providing clients with superior high-touch executions and access to robust and unique liquidity, all supported by leading edge technology and quantitative tools. ANOS Capital is a fully licensed FINRA broker-dealer providing value to institutional traders of US equities and private equity clients. www.anoscap.com

4. Armada, through its ownership relationship with Oxygen Funding, Inc., offers commercial finance services to companies internationally including account receivables “factoring”, supply chain, revenue lines of credit and other types of specialized finance. Please visit: www.oxygenfunding.com.

Highlight – Six months ending August 31, 2025

Armada's Commercial Finance Business:

Management continued to operate its business activities in commercial finance, which included raising non-dilutive capital and sourcing new client deal flow. Our commercial finance business supports our goal of growing a substantial finance business in factoring, supply chain, revenue lines of credit nationwide. Our underwriting infrastructure for servicing commercial finance transactions as well as on hand capital to fund client transactions is sufficient to grow to expectations.

1. During the current period, the purchased accounts receivables or financed invoices outstanding, which fluctuates each month, was approximately US\$20,000,000.
2. Cash on hand or deployed in invoices, in our affiliated company, or committed capital for finance purposes was approximately US\$20,000,000. Since 2018, Oxygen Funding, Inc. has purchased approximately US\$370,000,000 of accounts receivables.

Armada's Capital Markets and Portfolio Companies Business:

We anticipate increasing revenues and cash upon the receipt of the sale of shares, distributions or dividend income of our portfolio companies where those assets remain an unrealized capital gain.

Zero Nox, Inc.:

Our portfolio company, Zero Nox Inc., continues to operate and develop its business plan to become a leader in off-road electric vehicles. For more information about Zero Nox, please visit: www.zeronox.com.

Ace Foods:

Our subsidiary RichGrandDad USA, Inc. (RGD) has ownership of 33.3% of the membership interests of SNM Brothers LLC, Dba Ace Foods ("Ace Foods"). The RGD management team plans to work with the management of Ace Foods and London Dairy to grow and expand the London Dairy brand in the USA, including sourcing working capital, promoting sales and brand marketing.

About Ace Foods: Ace Foods is the master importer/distributor of the London Dairy ice cream brand in the USA. London Dairy is a leader in the global ice cream market selling in more than 35 countries around the world and supported financially by the multi-billion-dollar foods conglomerate Iffco. Ace Foods has obtained the approval(s) to import London Dairy ice cream into the USA, including permits and approvals, from the USDA and FDA.

For more information pertaining to Ace Foods Ice Cream, visit: <http://www.ace-foods.com/>.

ANOS Capital:

Armada provides broker-dealer products and services through its ownership in ANOS Holdings, LLC (ANOS Capital). Anos Capital has built a legacy of providing clients with superior high-touch executions and access to robust and unique liquidity, all supported by leading edge technology and quantitative tools. ANOS Capital is a fully licensed FINRA broker-dealer providing value to institutional traders of US equities and private equity clients. www.anoscap.com

Operation Plan

During six months ended August 31, 2025, Armada continued to manage and operate its subsidiary ownership companies.

Management

Five senior executives, Victor Cohen (CEO), Patrick Cole (President), Jacob Dawson (Director) Mark Varley (Chief Technology Officer) and Michelle Cole (Secretary), manage Armada. Armada's senior management is involved in the identification, structuring and management of Armada's investments. Armada's management has broad experience in the commercial finance, broker-dealer, real estate lending, venture-lending and advisory services business.

1.3 Results of Operations

Six months ended August 31,	2025	2024
	\$	\$
Revenue		
Other income and interest (i)	34,394	89,875
Total income	34,394	89,875
Expenses		
Bank charges and interest	298	-
Listing and transfer agent	9,676	6,584
Management fees (ii)	-	32,784
Office supplies and miscellaneous	27,727	11,662
Professional fees	3,097	9,721
Rent (ii)	-	6,557
Travel	6,770	12,257
Unrealized decrease (increase) of marketable securities	-	(698)
Total expenses	47,568	78,867
Net income (loss)	(13,174)	11,008

Three months ended August 31,	2025	2024
	\$	\$
Revenue		
Other income and interest (i)	11,634	42,973
Total income	11,634	42,973
Expenses		
Bank charges and interest	165	-
Listing and transfer agent	6,067	3,381
Management fees (ii)	-	16,427
Office supplies and miscellaneous	10,917	5,953
Professional fees	1,475	3,900
Rent (ii)	-	3,286
Travel	4,654	7,644
Unrealized decrease of marketable securities	-	276
Total expenses	23,278	40,867
Net income (loss)	(11,644)	2,106

(i) Other income fluctuated from time to time depending on the demand of the market in each period.

(ii) The Company's CEO has decided not charging the Company for the management services rendered and the use of office during three and six months ended August 31, 2025.

1.5 Summary of Results - Recent Eight Quarters

Quarter ended	August 25	May 25	Feb 25	Nov 24	Aug 24	May 24	Feb 24	Nov 23
Total Income	11,634	22,760	25,151	44,397	42,973	46,902	52,399	67,637
Net income (loss)	(11,644)	(1,530)	(5,043,617)	(1,691)	2,106	8,902	(54,129)	32,033
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.24)	(0.00)	0.00	0.00	(0.00)	0.00

The Company's quarterly results fluctuate from time to time depends on demands or capital market condition, but is not subject to seasonality known to the Company. The quarterly loss of the fourth quarter of 2025 increased due to a non-recurring fair value adjustment of the marketable securities held on hand.

1.6 Liquidity Risk and Capital Resources

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations associated with its financial liabilities as they fall due. The Company's objective is to ensure that sufficient financial resources are available to meet its short-term business requirements for a minimum of twelve months. The Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditure.

As at August 31, 2025, the Company had a cash and cash equivalent balance of \$431,567 (February 29, 2025 – \$427,070), working capital of \$783,294 (February 28, 2025 – \$812,657), and total liabilities of \$71,171 (February 29, 2025– \$37,216). Management believes the Company has adequate resources to finance its operations in the next twelve months.

In the past, the Company's activities have been funded through the sale of share capital and loans from insider individuals and investors to meet ongoing obligations. However, since 2017, the Company has generated cash through ongoing income to meet obligations and that trend may continue in the future. The Company will require additional injections of capital in order to expand its merchant banking and commercial finance business, but this capital is being accessed through investor participation that are non-dilutive to the Company. As stated above, short-term needs are being met through increased profit share, consulting fee revenue and broker dealer fee income.

Because of the Company's limited operating history in the financial services business, it has yet to generate any significant revenues from our financial services platform although consulting and fee income continues to remain stable while potential fee income from signed clients is expanding as disclosed in the Company's news releases. The Company's activities have been limited to the "factoring" business, development of ANOS Capital Trading Partners, LLC, Armada USA advisory services and the negotiation of various potential acquisitions. Consequently, the Company continues to incur working capital and growth expenses while creating profits from fee income and unrealized gains from portfolio company stock positions. The Company's future financial results will depend primarily on: (i) the ability to continue to source and screen potential acquisitions; (ii) the ability to develop existing services and profit from fee income and unrealized gains (iii) the ability to fully maintain and grow an affiliated group of financial services businesses. There can be no assurance that we will be successful in any of these respects, or that we will be able to obtain additional fee income or funding to increase our current capital resources.

The Company believes the working capital on hands and cash generated from income is sufficient to finance its operations in the next twelve months.

If more capital is needed the Issuer may need to raise additional funds through the issuance of equity or

debt instruments or the sale of assets. If necessary, the Company believes that sufficient funds can be raised from private placements to meet its operating requirements. Although the Company has been successful in maintaining cash flow and raising funds, there can be no assurance that capital will be accessible to the Company at the times and in the amounts required to fund the Company's activities in the future.

Capital Resources

The Company is not subject to external capital commitments.

1.7 Off-Balance Sheet Arrangements

At August 31, 2025, the Company did not have off-balance sheet arrangements such as guarantee contracts, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

1.8 Transactions with Related Parties

Following is a summary of the transactions with the Company's key management during six months ended August 31, 2025 and 2024.

Six months ended August 31,	2025	2024
	\$	\$
Management fees	-	32,784
Office rent charged by a director of the Company	-	6,657

These transactions were in the normal course of operations and are measured at the fair value, being the consideration established and agreed to by the related parties.

The amounts due to related parties were as follows:

	August 31, 2025	February 28, 2025
	\$	\$
Due from (to) the president and director of the Company	(31,359)	(575)
	(31,359)	(575)

The balances are non-interest bearing and have no set terms of repayment.

1.9 Proposed Transaction

The Company does not have proposed transactions to report on.

1.10 Financial Instruments and Other Instruments

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments included in the statements of financial position are as follows:

		August 31, 2025	February 28, 2025
		\$	\$
Cash and cash equivalents (Level 1)	FVTPL	431,567	427,073
Marketable securities (Level 1)	FVTPL	416,334	416,331
Investment in preferred shares	Amortized cost	342,500	342,500
Accounts receivables	Amortized cost	6,469	6,469
Due to related parties	Amortized cost	(32,663)	(575)
Accounts payable and accrued liabilities	Amortized cost	(31,359)	(29,492)
Notes payable	Amortized cost	(7,149)	(7,149)

The fair values of the Company's accounts receivable, due from related parties, accounts payable and accrued liabilities, note payable are equivalent to their carrying values due to their short-term nature.

1.12 Share Data

As at the date of this report, the Company has 21,007,845 common shares outstanding. The Company does not have dilutive equity instruments such as stock option or warrant outstanding.

1.13 Management's Responsibility and Oversight

The disclosures and information contained in this MD&A have been prepared by the management of the Company. Management has implemented and maintained a system of controls and procedures to ensure the timeliness and accuracy of information disclosed in the MD&A.

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's financial statements.

Management of the Company has filed the Venture Issuer Basic Certificate on sedarplus.ca. 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"), the 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. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

1.13 Additional Information

Additional Information: Additional information relating to the Company is available on SEDAR at www.sedarplus.ca.