1230 Crestlawn Drive
Mississauga, Ontario
L4W 1A6, CANADA
Tel: 866-453-6995
Fax: 905-624-3259

MANAGEMENT'S DISCUSSION AND ANALYSIS of Financial Position and Operating Results for the year ending May 31, 2024 – effective September 27, 2024

The following management's discussion and analysis ("MD&A") should be read in conjunction with the Armada Data Corporation's audited consolidated financial statements for the years ended May 31, 2024 and 2023, and accompanying notes. The results reported herein have been prepared in accordance with International Accounting Standards, using accounting policies consistent with International Financial Reporting Standards ("IFRS").

Additional information relating to Armada Data Corporation is filed on SEDAR+, and can be viewed at www.sedarplus.ca

Company Overview

Armada Data Corporation ("Armada" or the "Company") is an Information Services Company providing accurate and real-time data to institutional and retail customers, through developing, owning and operating automotive pricing related web sites and providing information technology and marketing services to its clients.

Armada is a publicly traded Canadian company with its shares listed on the TSX Venture Exchange under the trading symbol ARD. Armada currently has a total of 17,670,265 shares outstanding. The Company has been based in Mississauga, Ontario since its inception in July 1999.

The Company's fiscal 2024 operations consisted of three main segments: Insurance Services, CarCostCanada (combining the former Retail, Dealer and Advertising divisions), and Information Technology (IT) Services.

The Insurance Services division derives its revenue from the sale of total-loss replacement vehicle reports to major Canadian insurance companies.

The CarCostCanada division derives its revenue from: the sale of new car pricing data to consumers primarily through the Company's flagship website www.CarCostCanada.com; the reselling of new car pricing data to qualified third party vendors; through the sale of new vehicle customer leads derived from membership sales from Car Cost Canada, and the sale of online third party website advertising, consulting fees and other new car or car business related marketing activities. In previous years, these revenues were reported separately, but because these revenues are all earned directly or indirectly from the website www.CarCostCanada.com, the three segments have been combined, and all previous periods' comparative information has also been combined.

The Information Technology division supplies web and email hosting, technical support, and network support services (for both internal and retail users) and the resale of hardware and software solutions. The division has vendor relationships with Microsoft, Barracuda, DropBox and Webroot.

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Selected Annual Information

Fiscal Year Ended	May 31, 2024	May 31, 2023	May 31, 2022	May 31, 2021
Total Revenue	$2,219,749	$2,165,029	$2,526,076	$3,149,528
(Loss) Income before taxes	$(14,219)	$(349,555)	$(408,059)	$22,309
Income Tax (Recovery)	$2,066	NIL	$(73,361)	$5,883
Comprehensive (Loss) Income after Taxes	$(12,153)	$(349,555)	$(334,698)	$16,426
Comprehensive (Loss) Income per share	$0.00	$(0.02)	$(0.02)	$0.00
Total Assets	$503,154	$545,757	$854,728	$1,466,452
Total Liabilities	$412,888	$443,338	$402,754	$679,780
Shareholder's Equity, net of Non-controlling interests	$90,266	$102,419	$451,974	$786,672
Dividends	NIL	NIL	NIL	176,702

The Company's total revenue increased by 3% in 2024 to $2,219,749 from $2,165,029 in 2023.

The Company reported comprehensive loss of $(12,153), due to the following:

- During 2023 and 2024, the supply of new vehicles for sale at automobile dealerships in Canada continued to be constrained. The ongoing lack of supply affected buyer interest and activity. The impact of lower-than-usual inventory was pricing at or above full retail list price (MSRP). Many consumers chose to withdraw from the market, which resulted in overall traffic and new user activity on CarCostCanada.com declining during these periods. The effect was a reduced number of members referred to CarCostCanada partner dealerships. The lower traffic levels also impaired third-party advertising revenue. The increase in interest rates also contributed to fewer numbers of new vehicle sales, though in calendar 2024, rates have started to come down and new car sales are on the rise.
- The Insurance division did not enjoy the growth that management anticipated. The number of claims processed was lower than predicted. The unprecedented number of remote workers in Canada impacted the amount of driving done by Canadians. In addition, the ongoing vehicle inventory shortage resulted in fewer new vehicles sold and by extension insured. Natural disasters and weather events play a large part in the number of automobile claims, the lower incidence of these in fiscal 2024 meant there were fewer claims received as a result.

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Selected Quarterly Information

Fiscal Year	2024	2024	2024	2024	2023	2023	2023	2023
Quarter Ended	May-31 2024	Feb-29 2024	Nov-30 2023	Aug-31 2023	May-31 2023	Feb-28 2023	Nov-30 2022	Aug-31 2022
Total Revenue	558,447	573,438	559,649	528,215	511,930	543,888	539,093	570,118
Comprehensive (Loss) Income before taxes	29,042	25,808	8,054	(75,057)	(188,291)	(40,372)	(111,399)	(9,493)
Comprehensive Income per share	$0.00	$0.00	$0.00	$0.00	$(0.01)	$0.00	$(0.01)	$0.00

Operations

The Insurance Services division realized a decrease in revenue, from $1,446,183 in 2023 to $1,393,119 in 2024, or by 4%. The decrease in revenue is due to the decrease in the number of claims processed. Fewer drivers because of remote work meant fewer claims, and a lower incidence of natural disasters and major weather events also contributed to a lower quantity of claims.

The CarCostCanada division (combining the former Retail, Dealer and Advertising divisions) revenue was up 16% to $535,174 from $461,027. Some dealers that suspended services during the pandemic have resumed buying leads from CarCostCanada, as new car sales have begun to increase. CCC management is working on new revenue-producing products to contribute to the recovery of this division.

The Information Technology division revenue increased 13% to $291,456 in 2024, from $257,819 in 2023. This increase is comprised of an increase in the resale of computer hardware and software. IT continues to offer technical support and web site hosting to hundreds of customers and is developing new customer relationships on a regular basis, as well as offering new services for sale.

Armada's consolidated statement reflects a loss this year, before corporation income taxes, of $(14,219), compared to income of $(349,555) in 2023. Corporation income tax recovery is $2,066 in 2024, compared to income tax recovered of Nil in 2023.

Total expenses decreased to $2,233,968 in 2024, compared to $2,514,584, a 11% decrease over last year. Advertising and business promotion expense has decreased 72% from 2023 to 2024, while selling fees increased 93%, from $33,265 in 2023 to $64,297 in 2024. Office salaries decreased to $775,141 this year from $816,043 in 2023. Management salaries were reduced to $283,181 in 2024, from $325,495 in 2023.

Accounts receivable increased 4% to $322,167 as at May 31, 2024, compared to $309,363 last year. Related party accounts receivable decreased from $21,785 to $8,290.

Accounts payable and accrued liabilities decreased 13%, to $210,808 as at May 31, 2024 from $243,335 a year earlier. Related parties accounts payable increased to $25,080 as at May 31, 2024, from $2,354 last year. Corporation income taxes recoverable was Nil as at May 31, 2024, compared to Nil as at May 31, 2023.

The Company's deficit at May 31, 2024 was $(1,777,411) compared to $(1,765,258) at May 31, 2023. Earnings per share at May 31, 2024 are $0.00 versus $(0.02) per share at May 31, 2023.

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The Company adopted IFRS 16 *Leases* effective June 1, 2019. IFRS 16 removes the distinction between finance and operating leases and requires lessees to recognize a right of use asset and lease liability for all leases, subject to certain optional exemptions. On the initial application of the standard, the Company elected to exempt lease contracts for which the lease ends within 12 months of the date of initial application. In addition, the Company adopted an accounting policy to exclude short term leases that have an initial lease term of 12 months or less and lease contracts for which the underlying asset is of low value from application of the standard. The lease payments related to these leases were recognized as an expense on a straight-line basis over the lease term. As at May 31, 2024, the company had no operating leases, having terminated the property leases and automobile lease during the fiscal year ended May 31, 2024.

The Company recognized a lease liability of $328,504 on June 1, 2019, measured as the present value of the future lease payments discounted using an estimate incremental borrowing rate of 4.0% at June 1, 2019. The Company elected to initially measure the right of use assets at an amount equal to the lease liability. Therefore, there was no net impact on retained earnings on adoption of the new standard. The lease liability current balance of Nil as at May 31, 2024 (2023 $53,018) and a long term lease liability as at May 31, 2024 of Nil (2023 $72,631) were comprised of leases on the Company's two office premises and one leased automobile, all of which were terminated during the fiscal year ended May 31, 2024.

4th Quarter Results

The quarter ending May 31, 2024 finished with the Company recording revenue of $558,447 versus $511,930 last year, an increase of 9%. Comprehensive income before taxes for the 4th quarter of 2024 is $29,042, compared to $(188,291) for the same period the previous year.

Stock Options

On April 10, 2018, the company granted options for the purchase of 1,200,000 common shares of the company, expiring 2 years from the date of grant and with an exercise price of $0.11 per share. The options vested 1/3 every six months beginning six months from the grant date. The Company had no options outstanding prior to April 10, 2018. All options granted expired April 10, 2020, and none of the 1,200,000 options were exercised during the two-year period.

Segmented Annual Information

Revenues earned by divisions were as follows:

	2024	2023
Insurance Services	**$1,393,119**	$ 1,446,183
CarCostCanada	**535,174**	461,027
IT Services	**291,456**	257,819
Total Revenue	**$ 2,219,749**	$2,165,029

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Related Party Transactions

The following transactions with related parties were in the normal course of operations and are measured at their exchange amounts:

a) The Company recognized IT revenue of $2,496 (2023- $12,411) from a company and individuals significantly influenced by one of the Company's directors. At May 31, 2024 there was an account receivable of $8,509 (2023 - $21,503) due from this related party and accounts receivable of $231 (2023 - $282) due from other related parties.

b) The following compensation was paid to key management, which comprises the Chief Executive Officer, Chief Financial Officer, Chief Technical Officer, and the Board of Directors, during the current and prior years:

		2023		2022
Management salaries	**$**	**283,181**	$	325,495
Automobile and travel allowances		**21,600**		21,600
Director Fees		**-**		6,000
	$	**304,781**	$	353,095

c) Professional fees of $30,934 (2023 - $45,240) were recognized for services provided by a law firm in which a director of the Company is a partner.

d) During the year, the Company incurred office, advertising and general computer consulting expenses of $7,795 (2023- $2,242) with an entity controlled by the spouse of a director of the Company.

e) Related parties accounts payable of $20,080 (2023 - $2,354) are due to directors or persons and entities related to directors of the Company. The accounts payable are non-interest bearing and have 30 day terms.

f) During the year, the Company incurred note payable interest of $19,358 (2023 – $1,989) on the note payable to a related party in Note 12.

g) During the year, the Company incurred office rent of $4,000 (2023 – Nil) from a Company significantly influenced by one of the directors of the Company.

Note Payable – Related Party

On September 27, 2022, the Company entered into a loan agreement with a corporation controlled by a director and officer of the Company. The loan is available to a maximum of $200,000, to be advanced in amounts as requested by the Company and bears interest at 12% per annum, payable monthly. This loan is repayable on September 27, 2025, and is secured by a general security agreement over all assets of the Company. An amount of $177,000 has been advanced up to May 31, 2024. Any loan amounts repaid prior to the maturity date are not available for re-advance.

Liquidity

Based on a year-end cash position of $122,939, accounts receivable of $322,167, and accounts payable of $210,808, the company is in a positive cash position. By continuing to manage expenses efficiently during the aftermath of the global Covid-19 pandemic, management expects that the Company's positive cash position will continue through fiscal 2025, and through the new car automobile industry's recovery from the pandemic.

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Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Credit Risk

The Company is exposed to credit risk due to its accounts receivable, which are stated net of an allowance for doubtful accounts. Cash is held at a major Canadian bank and is not considered to be subject to significant credit risk. Credit risk is the risk that a customer will be unable to pay amounts owed causing the Company to suffer a financial loss. The Company's two largest customers account for 39% (2023 – 33%) of consolidated revenue, or 63% (2022 – 51%) of Insurance Services segment revenue. These customers are two of Canada's largest insurance companies and are considered by management to be of negligible credit risk. The Company's remaining consolidated revenue is derived from many relatively small customers and therefore are not subject to any concentrations of credit risk. Furthermore, individual revenue transactions are of nominal value.

A significant portion of the Company's sales are by credit card or with large insurance companies. Management reduces credit risk by carefully monitoring the amounts owed by customers on a regular basis, performing regular credit reviews of any customer that is approaching their credit limit or does not keep to their normal payment pattern. While the Company has credit controls and processes for the purpose of mitigating credit risk, these controls cannot eliminate credit risk and there can be no assurance that these controls will continue to be effective, or that the Company's low credit loss experience will continue. In the opinion of management, the credit risk is low due to the controls in place and the lack of concentration amongst customers. Credit risk is unchanged from prior years. Management expects no further credit losses due to the factors described.

Liquidity Risk

The Company is exposed to liquidity risk due to its accounts payable and accrued liabilities, and related parties accounts payable. Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company, if at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. In the opinion of management, the liquidity risk is low and is managed through continuous cash flow management. This risk is unchanged from the prior year.

Market Risks

The Company is not exposed to significant foreign currency, interest rate or other price risks during the periods presented.

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Controls and Procedures

Disclosure Controls and Procedures - As at May 31, 2024, the Company's senior management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures and concluded that they were effective.

Internal Control Over Financial Reporting - There have been no changes in the Company's internal control over financial reporting during the year ended May 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management believes that Armada Data Corporation is taking all the measures necessary to rebound our growth trends in the CarCostCanada division and continue to grow and expand the Insurance and IT divisions.

Subsequent Event

On September 4, 2024, the Company entered into an acquisition agreement with 1498798 B.C. Ltd., (the "Acquiror"), James Matthews ("Matthews"), a Company director and Chief Executive Officer, Eli Oszlak ("Oszlak"), a Company director and Chief Technical Officer and 2190960 Ontario Ltd. ("Matthews Holdco"), a company controlled by Matthews ("the Acquisition Agreement"). The Acquiror is wholly owned by Matthews and Oszlak. Pursuant to the Acquisition Agreement, the Acquiror has to agreed to acquire all of the outstanding common share of the Company, other than shares held by Matthews, Oszlak and Matthews Holdco, at a price of $0.04 per share (the "Transaction"). The Transaction will be effected by an amalgamation of the Company and the Acquiror ("Amalgamation") whereby all of the issued and outstanding common shares, other than those already held by Matthews, Oszlak and Matthews Holdco, will be converted on a one-for-one basis into redeemable preferred shares of the amalgamated corporation ("Amalco") and will then be immediately redeemed for $0.04 in cash. On completion of the Transaction, it is expected the Amalco will be delisted from the TSX Venture Exchange.

The Transaction is subject to shareholder approval by the affirmative vote of (i) 66 2.3% of the votes cast by holders of common shares represented at a special meeting of shareholders and (ii) a simple majority of the votes cast by holders of common shares at the meeting (excepting shareholders whose votes are required to be excluded by securities laws, including those held by Matthews, Oszlak and Matthews Holdco). Completion of the Transaction is also subject to regulatory approvals and other customary conditions. The Acquisition Agreement provides for a termination fee of $50,000 payable by the Company if the Acquisition Agreement is terminated in certain circumstances. If approved, the Transaction is expected to close on or around the end of October 2024, subject to satisfaction of all conditions in the Acquisition Agreement.

Outlook

The Company's goals are to continue to increase top line sales and revenues from all divisions, establish a bigger presence on social media platforms and find new and unique ways to leverage client bases from our three divisions. Methods of achieving these goals include:

1. Building out a better and more effective online new car pricing platform to drive more new car buyers, enthusiasts, and researchers into the CarCostCanada membership group.

2. Finding more products and services to monetize more CarCostCanada members, similar to our lead generation services and our member concierge and dealer pricing services.

3. Improve our customer engagement mandate to result in more online visitors becoming CarCostCanada members.

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4. Maintain, sustain, and reactivate our COVID-suspended CarCostCanada new car dealership network and strive to monetize a larger percentage of our members.

5. Maintain and improve the Company's relationships with some of the largest insurance companies in Canada and continue to grow the number of insurance companies using the proprietary claims processing services pioneered by Armada Insurance Services.

6. To carry on the expense reduction program begun in fiscal 2023 and carried on through fiscal 2024.

On behalf of the Board of Directors

"R. James Matthews"

R. James Matthews
Chief Executive Officer