

# **ARMADA MERCANTILE LTD. MANAGEMENT DISCUSSION & ANALYSIS FOR THE YEAR ENDED FEBRUARY 28, 2018**

## **1.1 Date of Report: June 28, 2018**

## **1.2 Overall Performance**

### *Nature of business and Overall Performance*

Armada Mercantile Ltd. (Armada) has been a publicly-traded company in Canada since 1987. Armada is a financial services, trade finance and relational broker dealer company that focuses on merchant banking, primarily through its wholly-owned subsidiary Armada Group USA, Inc. Armada's shares are listed for trading on the Canadian Stock Exchange (symbol: ARM) and in the United States (symbol: AAMTF). 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 Operations**

Armada has three sources of business generated by two operating subsidiaries and one relational company: (i) Armada Group USA, Inc. (ArmadaUSA) and (ii) Redrock Trading Partners, LLC (Redrock), and (iii) 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 compliment its capital formation, factoring 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.armadamercentile.com](http://www.armadamercentile.com).

2. ArmadaUSA provides broker-dealer products and services through its relationship with Redrock Trading Partners, LLC (Redrock). Redrock is a fully licensed broker-dealer providing value to investors, entrepreneurs and businesses. Redrock is a FINRA member assisting investors and corporations around the world in planning investment strategies and raising capital in the public and private equity markets.

3. ArmadaUSA, through its ownership subsidiary Oxygen Funding, Inc., offers trade finance services to companies internationally including account receivables "factoring", equipment leasing, merchant cash advance, and purchase order and other types of specialized finance. Additionally, Oxygen Funding, Inc. is a trade finance company specifically created to source capital, purchase new client A/R and purchase existing A/R portfolios. Please visit: [www.oxygenfunding.com](http://www.oxygenfunding.com).

## **During the Year**

During the year ended February 28, 2018, management completed a transaction for ownership in Oxygen Funding, Inc. Oxygen Funding, Inc. is a fully licensed trade finance lender (California Finance Lenders & Brokers license #603-G957) that has been funding commercial businesses since 2007. Oxygen Funding, Inc. supports our goals of growing a substantial trade finance business to increase our factoring and equipment leasing customers nationwide. Additionally, Oxygen Funding, Inc. has its own underwriting infrastructure for servicing factoring transactions as well as capital to fund client transactions. This trend of growing our finance capabilities should continue for the coming quarters in order to build a solid portfolio that will generate cash from funding transactions and provide the potential for paying dividends on a quarterly basis. Additionally, Armada anticipates increasing revenues and cash upon the liquidation of our portfolio companies where those assets remain an unrealized capital gain. Historically, ArmadaUSA's pipeline of potential capital formation transactions have increased fee based income while our portfolio companies potentially providing additional asset growth and income. Management's examination of the 2018 client and portfolio company pipeline seems to point to additional earnings due to promising business opportunities from future capital raises, factoring, Form S-1 and 15c211 activity, and advisory services. ArmadaUSA continued its business consulting services while providing analysis, investment consulting, capital access consulting, and strategic business and planning. ArmadaUSA has experience and knowledge in the strategic planning, organizing, financing, marketing and operation of "development stage" companies. Client companies benefit from the strategic advice, management consultation services, corporate structure, business expertise, and investment contacts of ArmadaUSA.

On January 24, 2018, the Company announced that it, through its wholly-owned subsidiary Armada Group USA, Inc. (ArmadaUSA), has acquired 30% of the issued and outstanding common shares of Oxygen Funding, Inc. ("Oxygen Funding"). Oxygen Funding provides capital to fund existing clients, purchase existing accounts receivable portfolios and finance new factoring opportunities sourced, underwritten and serviced by an in-house staff.

On January 26, 2018, the Company, through its wholly owned subsidiary Armada Group, USA, Inc. (ArmadaUSA), executed an agreement to grant Bahn, Inc. the right to acquire ArmadaUSA's 50% ownership in Bahn, Inc., for a nominal amount ("Agreement"). The Agreement was made possible due to ArmadaUSA receiving ownership in Oxygen Funding, Inc., which will serve as the fully licensed underwriting, servicing and funding entity for ArmadaUSA's trade finance business.

## **Operation Plan**

During the year ended February 28, 2018, ArmadaUSA sourced and serviced new clients for its consulting and advisory services, Broker Dealer, and trade finance divisions. In January of 2018, Armada acquired ownership in Oxygen Funding, Inc., to expand into the trade finance business beyond its current capabilities. Oxygen Funding, Inc., is an affiliated ownership company of Armada that markets to growth-oriented companies nationwide that are unable to secure adequate bank financing. Oxygen Funding, Inc. is a commercial finance (Oxygen) company headquartered in Lake Forest, California that serves prospects' financing needs when bankers do not wish to. Oxygen Funding, Inc. does this through direct lending or brokering to other Commercial Finance Companies. Oxygen Funding, Inc. has a California Finance Lenders License through the Department of Business Oversight license #603-G957. Therefore, Oxygen Funding, Inc. is licensed to lend to small businesses and also act as a broker to negotiate rate and terms for a client with other lenders.

## Management

Three senior executives, Patrick Cole and Mark Varley who have worked together for the past seventeen years, and Phil Skinder of Skinder Financial Services, manage Armada.

Armada's senior management of whom Patrick Cole, Phil Skinder and Mark Varley are involved in the identification, structuring and management of Armada's investments. Armada out-sources other aspects of investment underwriting, capital raise and broker-dealer services to Redrock Trading Partners, LLC, a relational affiliated company. Armada utilizes the services of long-term relationships with lawyers, auditors, consultants, analysts and bankers. Armada's Board of Directors has broad experience in the broker-dealer, venture-lending and advisory services process in wide ranging industrial sectors including retailing, construction, consumer products, natural resources, aviation, technology, energy and manufacturing. Redrock Trading Partners, LLC is managed by four partners and numerous transaction facilitators along with relationships that provide market making, From S-1, Form 15c211, stocks, bonds, IPO's and public markets mergers and acquisitions.

### 1.3 Selected Annual Information

<u>Fiscal Year Ended</u>	<u>Feb 28, 2018</u>	<u>Feb 28, 2017</u>	<u>Feb 29, 2016</u>
Net Sales or Revenue	76,154	\$ 119,299	\$ 161,628
Income (Loss)	63,692	\$ (481,531)	\$ (427,090)
Basic and diluted income (loss per share)	0.00	\$ (0.03)	\$ (0.02)
Net Income (Loss)	63,692	\$ (481,531)	\$ (427,090)
Basic and diluted net income (loss) per share	0.00	\$ (0.03)	\$ (0.02)
Total Assets	306,652	\$ 159,542	\$ 639,154
Total Long-term liabilities	Nil	Nil	Nil
Cash dividends per share, common	Nil	Nil	Nil

### 1.4 Results of Operations

#### *Revenue and Interest Income*

For the year under review the Company reports consulting fees revenue of \$76,154, unrealized increase in market securities of \$153,790 and a net income of \$63,692.

#### *Administrative and Other Expenses*

During the year ended February 28, 2018 total administrative expenses excluding "Unrealized increase/decrease in marketable securities", "Foreign exchange gain/loss" and the "Write-off of loans receivable" were \$151,320 compared to \$156,267 for the year ended February 28, 2017, a decrease of \$4,947. Revenue was down by \$43,145 from the prior year. Major increases (decreases) in administrative expenses were attributed to:

Bank charges and interest	206
Listing and transfer agent	175
Management fees and expenses (Note 6)	(1,338)
Office supplies and miscellaneous	(1,623)
Professional fees – (Note 6)	483
Promotion & shareholders' information	(2,583)
Rent – (Note 6)	(230)

Telephone	(2,170)
Travel	(1,623)

There was cash \$5,483 at February 28, 2018 compared to cash of \$281 at year-end February 28, 2017 while total current assets were \$306,652 compared to \$159,542 at year-end February 28, 2017.

In the past, the Company's activities have been funded through the sale of share capital and loans from insider individuals and investor. The Company will require additional injections of capital in order to expand its merchant banking and venture lending business while meeting ongoing obligations. However, currently, short-term needs are being met through increased consulting fee revenue and broker dealer fee income.

### **1.5 Summary of Quarterly Results**

Armada's revenue for the period decreased by \$43,145 compared to the same period last year. All outstanding Notes Receivable are classified as impaired when there is no longer reasonable assurance of the timely collection of outstanding advances. In determining the provision for possible note receivable losses, management considers the length of time the loans have been outstanding, whether they are in arrears, the overall financial strength of the borrower and the residual value of security pledged. If necessary, a provision for losses on impaired notes receivable is made to reduce the carrying amount to the estimated realizable amount.

	<b>Feb. 17</b>	<b>Nov. 17</b>	<b>Aug 17</b>	<b>May 17</b>	<b>Feb. 17</b>	<b>Nov. 16</b>	<b>Aug. 16</b>	<b>May 16</b>
Total Revenue	\$ (14,384)	\$(26,631)	\$(21,151)	\$(13,988)	\$ (6,067)	\$ (32,343)	\$ (121,241)	\$ (43,046)
Loss (Profit)	\$ (27,902)	\$(201,186)	\$ 80,091	\$ 85,305	\$ 161,778	\$ 324,917	\$ 12,807	\$ (17,971)
Basic and diluted Loss (Profit) per share	0.00	0.01	0.00	0.00	\$ 0.02	\$ 0.02	\$ 0.00	\$ 0.00
Net Loss (Profit)	\$ (27,902)	\$(201,186)	\$ 80,091	\$ 85,305	\$ 161,778	\$ 324,917	\$ 12,807	\$ (17,971)
Basic and diluted Net Loss (profit) per share	0.00	0.01	0.00	0.00	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.00)

CEO and CFO have also concluded that the Company's internal controls over financial reporting are designed effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting practices.

While there were no changes that occurred during the current period that have materially affected the Company's internal control procedures, the CEO and CFO will continue to attempt to identify areas to improve controls and intend to incorporate such improvement over the next year.

The Company's President & Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

In accordance with the requirements of National Instrument 52-109, Certification and Disclosure in the Company's annual and interim filings, evaluations of the design and operating effectiveness of disclosure controls and procedures and the design effectiveness of internal control over financial reporting were under the supervision of the CEO and CFO as of the end of the period covered by this report.

### **1.6 Liquidity and Capital Resources**

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. At February 28, 2018 the Company had working capital of \$191,470 and cash of \$5,483 compared to a February 28, 2017 working capital of \$73,761 and cash of \$281. The Company's activities have been limited to the "factoring" business, development of Redrock Trading Partners, LLC, ArmadaUSA 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.

### **1.7 Capital Resources**

For the period under review, the Company's activities have been funded through consulting and fee revenues, and other income, which have decreased by \$43,145 over the same period last year. The current trend has increased the likelihood about the Company's ability to continue as a going concern. If this trend continues, the continuation of the Company would be dependent upon the continuing fee income and, if necessary, financial support of related party funders, shareholders and creditors. Attaining and maintaining profitable operations has increased from the prior year mainly due to fees from clients. The Company may require additional injections of capital in order to expand its consulting, brokering and trade finance business. However, currently, short-term needs are being met through consulting and fee income generation and potential future income from the sale of unrealized gains from "portfolio companies" owned by the Company. As the Company continues to expand in the financial services industry, it anticipates continued positive operating gains over the next twelve months and the possibility of profitability for the year ending February 28, 2019. The Company's lack of recurring revenue makes predictions of future operating results difficult to ascertain. The Company's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in fee based businesses.

### **1.8 Off-Balance Sheet Arrangements**

At February 28, 2018 the Company had no 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.

### **1.9 Transactions with Related Parties**

Management fees of \$71,833, rent of \$12,358 and expense re-imbursement of \$12,817 were paid or accrued to Mr. Patrick Cole, President and Director of the Company. The Company historically has paid management fees to Patrick Cole in Canadian dollars but due to the decline against the United States dollar, effective for the quarter ended November 30, 2015, the Company began paying management fees in United States dollars.

### **1.10 Fourth Quarter**

In January 17, 2018, the Company by way of its wholly owned subsidiary, Armada Group USA, Inc. (Armada) acquired a 30% ownership in Oxygen Funding Inc. (OFI), a State of California, USA company, and in conjunction with Oxygen Funding LLC (OFL) are in the business of factoring the accounts of its clients pursuant to factoring and security agreements in consideration for the following:

- a. Armada will seek capital from its sources on a best efforts basis into OFI to replace certain capital investment in OFI's clients: \$350,000 (US) by January 25, 2018, and the remainder by February 28, 2018.
- b. OFI will file the necessary paperwork to change its S corporation status to C corporation status.
- c. All accounts factored through OFI will be underwritten and serviced by OFI.
- d. OFI will pay a broker fee whenever OFI funds a client referred by Armada or OFL.
- e. OFI shall pay Armada USA a funding fee of 50% of net earnings for any factored account funded by OFI using capital arranged by Armada.
- f. OFI shall pay OFL a servicing fee of 50% of net earnings for any factored account funded by OFI using capital arranged by Armada.
- g. In the event OFI funds factored accounts using capital not arranged by Armada, OFL shall be paid a serving fee of 100% of the net earnings.

The Company has assessed that the fair value of the 2,423 shares of OFI, representing 30% of the total issued and outstanding common shares of OSI of 8,077 common shares, on a fully diluted basis is not determinable and has accordingly recorded a nominal value of \$1.

#### Investment in Oxygen Funding, Inc.

In April of 2017, the Company by way of its wholly owned subsidiary, Armada Group USA, Inc., (Armada) acquired a 50% ownership in Bahn, Inc. (dba Davis Commercial Finance) a State of California, USA company, a commercial finance (DCF) company headquartered in Rocklin, California which serves prospective financing needs through direct lending or brokering to other Commercial Finance Companies in consideration for \$1. Davis Commercial Finance has a California Finance Lenders License to lend to small businesses and also act as a broker to negotiate rate and terms for a client with other lenders. On January 15, 2018, Armada executed an Agreement to grant Bahn, Inc. the right to acquire Armada's 50% interest in Bahn, Inc. for a \$1. The Agreement was made possible due to Armada receiving a 30% interest in OFI as detailed in the above-mentioned January 17, 2018 Agreement with OFI.

#### **1.11 Proposed Transactions**

None

#### **1.12 Critical Accounting Estimates**

Revenue Recognition: The Company recognizes revenue from venture lending and product sales once all of the following criteria for revenue recognition have been met: pervasive evidence that an agreement exists; the services have been rendered; the fee is fixed and determinable and not subject to refund or adjustment; and collection of the amount due is reasonable assured. The Company will primarily derive its revenues from anticipated financial service related fees, commissions and venture lending interest.

#### **1.13 Changes in Accounting Policies including Initial Adoption**

In 2004 the Company added as an expense an estimate for stock-based compensation. This was a new requirement for the year ending 2004. This was more of a change in rules than a change in accounting policy. The Company has not initiated any change in accounting policy since 2004.

#### **1.14 Financial Instruments and Other Instruments**

## **Financial Assets**

Financial assets are classified into one of four categories:

fair value through profit or loss ("FVTPL");  
held-to-maturity ("HTM");  
available for sale ("AFS"); and  
loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

### **FVTPL financial assets**

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

it has been acquired principally for the purpose of selling in the near future;  
it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or  
it is a derivative that is not designated and effective as a hedging instrument

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Transaction costs are expensed as incurred.

### **HTM investments**

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. They are subsequently measured at amortized cost.

### ***AFS financial assets***

Short-term investments and other assets held by the Company are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in equity in the investments revaluation reserve. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss rather than equity.

When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investment's revaluation reserve is included in profit or loss for the year.

The fair value of AFS monetary assets denominated in a foreign currency is translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences on amortized cost of the asset is recognized in profit or loss, while other changes are recognized in equity.

### ***Loans and receivables***

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value, including transaction costs and subsequently are carried at amortized

cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the period in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### **Subsequent Events**

Subsequent to February 28, 2018, the Company closed a private placement for 133,000 common shares at a price of US \$0.15 per common share for gross proceeds of US \$19,950.

### **1.15 Other MD&A Requirements**

Additional Disclosure for Venture Issuers without Significant Revenue:

See also the Company's Audited Consolidated Statements of Operations and Deficit for the year ended February 28, 2018 forming part of the Audited Consolidated Financial Statements for a breakdown of the material components of the Company's general and administrative expenses for the period. See also Item 1.2 "Overall Performance" above.

### **Disclosure of Outstanding Share Data:**

As at February 28, 2018 the Company's authorized and issued capital was as follows:

1. Share capital: Authorized: Common: 200,000,000 shares without par value.

Issued: Common: 17,818,134 - \$6,866,328

2. Share capital: Authorized: Preferred: 100,000,000 shares without par value.

Issued: Preferred: NIL

3. Options and warrants outstanding:

As at February 28, 2018 and 2017, there were no stock options outstanding.

As at February 28, 2018, there were 4,762 warrants exercisable at \$0.105 USD per unit (2017 – Nil).

### **Internal Controls and Disclosure Controls over Financial Reporting**

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuer from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the period ended November 30, 2016. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at November 30, 2016.

### **INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

#### **Recent Accounting Pronouncements**

At the date of authorization of these financial statements, the IASB and International Financial Reporting Committee ("IFRIC") have issued the following revised and new standards, amendments and interpretations which are not yet effective during the year ended February 28, 2018:

### **Effective for periods beginning on or after January 1, 2018**

- **IFRS 9, *Financial Instruments – Classification and Measurement***

IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and measurement*.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

- **IFRS 15, *Revenue from Contracts with Customers***

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from and entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*. IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from and entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

### **Effective for periods beginning on or after January 1, 2019**

- **IFRS 16, *Leases***

IFRS 16 applies to the recognition, classification, measurement and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease is for a term of 12 months or less or the underlying asset has a low value. IFRS 16 supersedes IAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC-15, *Operating Leases – Incentives*, and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Company is currently assessing the impact that these standards will have on the Company's financial statements. The Company plans to adopt these standards as soon as they become effective for the Company's reporting period.

### **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.

### **ADDITIONAL INFORMATION**

See Company listing on SEDAR at [www.sedar.com](http://www.sedar.com)

**Additional Information:** Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

This management discussion and analysis for the period ended February 28, 2018 has been approved by the Board of Directors of the Company.