



**YANGAROO INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
QUARTERLY ENDED MARCH 31, 2024  
(EXPRESSED IN UNITED STATES DOLLARS)**

June 26, 2024

## Introduction

Unless the context suggests otherwise, references to “the Company”, “Yangaroo”, or similar terms refer to YANGAROO Inc. This Management’s Discussion and Analysis (“MD&A”) is a discussion and review of operations, current financial position and outlook for Yangaroo and should be read in conjunction with the audited financial statements for the years ended December 31, 2023 and 2022 (the “Financial Statements”), which are prepared in accordance with IFRS Accounting Standards (“IFRS”). The information below is prepared in accordance with IFRS and is presented in United States dollars, unless otherwise noted.

## Forward Looking Statements

The Company’s reporting structure reflects how it manages its business and how it classifies its operations for planning and for measuring its performance. This MD&A contains assertions about the objective, strategies, financial conditions, outlook, revenue guidance, EBITDA guidance, and results of operations. These statements are considered “forward-looking” because they are based on current expectations of the Company’s business, in those markets in which it operates, and on various estimates and assumptions.

These forward-looking statements describe the Company’s expectations at June 26, 2024. The Company’s actual results could be materially different from its expectations if known or unknown risks affect the business, or if the Company’s estimates or assumptions turn out to be inaccurate. As a result, the Company cannot guarantee that any forward-looking statements will materialize. Forward-looking statements do not take into account the effects that transactions or non-recurring items, announced or occurring after the statements are made, may have on the business. The Company disclaims any intention or obligation to update any forward-looking statements, except as required by law, even if new information becomes available through future events or for any other reason. Risks that could cause the Company’s actual results to differ materially from its current expectations are stated in the Risk Management section.

## Use of Non-IFRS Financial Measures

The following non-IFRS definitions are used in this MD&A because management believes that they provide useful information regarding the Company’s ongoing operations. Readers are cautioned that the definitions are not recognized measures under IFRS, do not have standardized meanings prescribed by IFRS, and should not be construed to be alternatives to revenues and net earnings determined in accordance with IFRS or as an indicator of performance, liquidity or cash flows. The Company’s method of calculating these measures may differ from the methods used by other entities and accordingly, these measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions.

EBITDA as defined by the Company means Earnings Before Interest and financing costs (net of interest income), Income Taxes, Depreciation and Amortization. EBITDA is derived from the statements of comprehensive income (loss) and can be computed as revenues less salaries and consulting expenses and property, technology, marketing, administration expenses and any non-recurring items.

Normalized EBITDA as defined by the Company means EBITDA adjusted for one-time non-recurring

items or non-cash item such as stock-based compensation expenses, foreign-exchange expenses, and gain on revaluation of contingent consideration.

EBITDA Margin and Normalized EBITDA Margin as defined by the Company means EBITDA and Normalized EBITDA, respectively, as a percentage of revenue.

Working capital as defined by the Company means current assets less current liabilities.

Liquidity as defined by the Company means cash plus available capacity in the Company's revolving credit facility.

The Company believes EBITDA, EBITDA margin, liquidity, and working capital, are useful measures because they provide information to both management and investors with respect to the operating and financial performance of the Company.

### Description of Business

Yangaroo is a technology provider in the media and entertainment industry, offering a cloud-based software platform for the management and distribution of digital media content. Yangaroo's Digital Media Distribution System ("DMDS") platform is a patented cloud-based platform that provides customers with a centralised and fully integrated workflow directly connecting radio and television broadcasters, digital display networks, and video publishers for centralised digital asset management, delivery and promotion. DMDS is used across the advertising, music, and entertainment awards show markets.

YANGAROO Inc. is a publicly traded company incorporated on July 28, 1999 under the laws of Ontario as Musicrypt.com Inc. and changed to its present name on July 17, 2007. YANGAROO trades on the TSX Venture Exchange ("TSX-V") under the symbol YOO and in the U.S. under OTCPK: YOOIF.

The address of the Company's corporate office and principal place of business is 360 Dufferin Street, Suite 203, Toronto, Ontario, M6K 3G1.

### Outlook and Business Update

We are thrilled to report significant advancements in the first quarter of 2024. Operating income have shown considerable improvements compared to the prior year's operating losses, with increased sales volume and revenue after adjusting for seasonality. This growth is largely attributable to the successful acquisition of Millenia3, which provided a new growth engine for the Advertising Division. For the three months ended March 31, 2024, operating income and normalized EBITDA increased to \$17,369 and \$237,582, respectively, from an operating loss of \$254,870 and normalized EBITDA of \$116,293 in Q1'2023. This improvement was largely attributed to the lower headcount costs and reduced general & administrative fees, offset by higher marketing and technology expenses.

The Advertising Division experienced an increase in delivery volumes and sales per customer, indicating the market's continuous recovery in advertising creative production and campaign volumes. The Music

Division's revenue increased year-over-year, primarily due to higher new music video deliveries from major record labels and music audio deliveries. While the Awards Division saw a slight decline compared to the same period last year due to the timing of our award show customers, we expect to recover and exceed the prior year's revenue for the Awards Division in 2024. This optimistic outlook is bolstered by our strategic investments in technology, which enhance the value of our services and drive future business growth.

- Advertising Division
  - Revenue of \$1,524,568 in Q1'2024 versus revenue of \$1,434,590 in Q1'2023
- Entertainment Group (Music & Awards Divisions)
  - Revenue of \$398,063 in Q1'2024 versus revenue of \$410,663 in Q1'2023
- Normalized EBITDA
  - Seventh consecutive quarter of positive Normalized EBITDA; the Company generated \$237,582 of Normalized EBITDA in Q1'2024, \$211,061 of Normalized EBITDA in Q4'2023, \$266,269 of Normalized EBITDA in Q3'2023, \$541,952 of Normalized EBITDA in Q2'2023, \$116,293 of Normalized EBITDA in Q1'2023, \$833,974 of Normalized EBITDA in Q4'2022 and \$1,927 of Normalized EBITDA in Q3'2022.

The Advertising Division experienced a modest increase in the volume of clients while actively seeking opportunities to expand service usage among existing clients. Our ancillary production services, including short-form versioning for Direct Response customers and long-form digitization, continue to attract new project-based opportunities. Our closed captioning and analytics services complete a full-service offering, enabling seamless integration of Millenia3 clients into our workflows and technology.

Technology development remains a priority, with substantial enhancements to DMDS, particularly in the Analytics Dashboard and Clearance platform. The integration of the Millenia3 team facilitated updates to our traffic management tools and provided more detailed flight data to destinations through our integration with WideOrbit. The Analytics Dashboard underwent significant interface updates, improving visibility into traffic and occurrence data, and incorporating additional advertising performance metrics from third-party providers. Our advertising platform is evolving into a comprehensive solution for managing advertising logistics across both linear and digital destinations.

The Entertainment Group, which includes our Music and Awards divisions, maintained steady customer volumes and revenue throughout the year, with no significant volatility. Both divisions are well-positioned to benefit from our investments in technology, setting the stage for future growth opportunities.

The Award Shows division remains stable year over year, supported by multi-year agreements and long-standing client relationships. The development team has made significant progress on Awards v3, focusing on enhanced management features, an improved user interface, and a stronger security posture. With the adjudication components completed, the team has now shifted their focus to updating the submission and administration tools, enabling us to offer a broader solution to cater to a larger Award Show market. Our Music Division saw a slight increase in music video distribution deliveries. We continue to expand our

music track promotional and distribution services, targeting major music labels and independent artists across Canada and the USA.

The three months ended March 31, 2024, mark the seventh consecutive quarter of positive normalized EBITDA, driven primarily by stabilizing our operations while maintaining exceptional service for our valued clients. This achievement reflects our strategic focus on operational efficiency and client satisfaction, ensuring consistent value and reliability. While our commitment to organic growth remains unwavering as we explore opportunities within the advertising and entertainment markets, our growth strategy also extends beyond organic growth. We are actively seeking merger and acquisition opportunities that align with our vision and enhance our market position.

### Results of Operations for the Three Months Ended March 31, 2024 and 2023

|   | <b>Quarter vs Quarter<br/>Three Months Ended</b> |                     |
|---|--|---------------------|
|   | <b>Mar<br/>2024</b>                              | <b>Mar<br/>2023</b> |
| <b>Revenue (see breakdown below)</b>  | \$1,922,631                                      | \$1,845,253         |
| <b>Overhead Expenses</b>  |  |                     |
| Salaries and Consulting   | \$1,185,402                                      | \$1,233,466         |
| Marketing and Promotion   | \$80,715   | \$48,419            |
| General & Administrative  | \$196,328  | \$312,842           |
| Technology & Production   | \$222,604  | \$134,383           |
| Depreciation of property and equipment and ROU assets and intangible assets | \$220,213  | \$232,500           |
| Restructuring Expense   | -  | \$138,513           |
|   | \$1,905,262                                      | \$2,100,123         |
| <b>Income (Loss) from Operations</b>  | \$17,369   | (\$254,870)         |
| <b>Other Income (Expenses)</b>  |  |                     |
| Interest Expense  | (\$118,977)                                      | (\$118,796)         |
| Foreign Exchange Gain/(Loss)  | \$90,278   | (\$19,445)          |
| Fair Value Gain on Revaluation of Foreign Exchange Embedded Derivative      | \$28,845   | \$28,491            |
|   | \$146  | (\$109,750)         |
| <b>Net Income (Loss) before Income Tax</b>                                  | \$17,515   | (\$364,620)         |
| <b>Corporate Income Tax</b>   | \$1,950  | -                   |
| <b>Net Income (Loss) and Comprehensive Income (Loss)</b>                    | \$15,565   | (\$364,620)         |

### ***Q1'2024 Financial Highlights***

- Revenue in Q1'2024 was \$1,922,631 compared to \$1,845,253 and \$2,128,768 in the first quarter of 2023 and the fourth quarter of 2023, respectively.
  - Revenue increased by \$77,378 or 4% versus Q1'2023. The increase in revenue was primarily driven by higher Advertising revenue and Music with an increase of \$89,978 or 6% and \$16,686 or 6%, respectively, slightly off-set by lower Awards revenue with a decrease of \$29,287 or 20%. The increase in Advertising revenue is attributed to business growth from Millenia3 acquisition and the increase in Music revenue is attributed to higher new music video deliveries from major record labels and music audio deliveries.
  - Revenue decreased by \$206,137 or 10% versus Q4'2023. The decrease in revenue is primarily attributed to lower Advertising revenue of \$49,645 or 3% as well as decreased Awards revenue of \$193,603 or 62%, off-set by higher Music revenue with an increase of \$37,111 or 15%. The decrease in Advertising revenue is attributed to seasonality with the fourth quarter typically being the highest volume and spend period. Awards revenue decline is attributed to cyclical in our customer's award show schedules which typically peak in the summer periods.
  
- Operating expenses in Q1'2024 were \$1,905,262 compared to \$2,172,342 and \$2,100,123 in the fourth quarter of 2023 and the first quarter of 2023, respectively.
  - Operating expenses decreased by \$267,080 or 12% versus Q4'2023. The decrease in operating expenses is primarily attributed to lower marketing, general & administrative and technology expenses.
  - Operating expenses decreased by \$194,861 or 9% versus Q1'2023. The decrease in operating expenses is primarily attributed to headcount and general & administrative expenses, partially off-set by increased marketing and technology expenses.
  
- Normalized EBITDA in Q1'2024 was \$237,582 in comparison to normalized EBITDA of \$116,293 in Q1'2023 and normalized EBITDA of \$211,061 in Q4'2023.
  - Normalized EBITDA increased by \$121,289 compared to Q1'2023. The increase is primarily attributed to higher revenue from Advertising and Music and lower operating expenses from salary and general & administrative fees.
  - Normalized EBITDA increased by \$26,521 compared to Q4'2023. The increase is primarily attributed to the improved operating income, as a result of the Management's operation optimization strategy.

## Results of Operations

### Summary of Quarterly Results

The information below has been prepared in accordance with IFRS Accounting Standards and is unaudited quarterly information

|                                     | Q1 2024          | Q4 2023          | Q3 2023          | Q2 2023          |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Cash                                | \$207,998        | \$150,928        | \$254,720        | \$284,178        |
| Working capital (deficiency)        | (\$1,810,041)    | (\$1,758,949)    | (\$1,115,884)    | (\$94,749)       |
| Liquidity                           | \$521,092        | \$623,506        | \$975,794        | \$552,960        |
| Revenue                             | \$1,922,631      | \$2,128,768      | \$1,708,931      | \$2,172,530      |
| Operating expenses                  | \$1,905,262      | \$2,172,208      | \$1,696,777      | \$1,905,839      |
| Other expenses (income)             | (\$146)          | \$3,756,134      | \$20,217         | \$230,473        |
| Income (loss) for the period        | \$15,565         | (\$3,799,574)    | (\$8,063)        | \$36,218         |
| Income (loss) per share – basic     | \$0.00           | (\$0.06)         | (\$0.00)         | \$0.00           |
| Income (loss) per share – diluted   | \$0.00           | (\$0.06)         | (\$0.00)         | \$0.00           |
| EBITDA                              | \$356,705        | (\$3,407,954)    | \$322,585        | \$384,490        |
| EBITDA Margin %                     | 18.55%           | (160%)           | 18.88%           | 17.70%           |
| <b>Normalized EBITDA (loss) *</b>   | <b>\$237,582</b> | <b>\$211,061</b> | <b>\$266,269</b> | <b>\$541,952</b> |
| <b>Normalized EBITDA Margin % *</b> | <b>12.36%</b>    | <b>9.91%</b>     | <b>15.58%</b>    | <b>24.95%</b>    |

\* A non-IFRS measure. See "Non-IFRS financial measures" for definitions and reconciliation non-IFRS measures to the relevant IFRS measures

|                                     | Q1 2023          | Q4 2022          | Q3 2022        | Q2 2022           |
|-------------------------------------|------------------|------------------|----------------|-------------------|
| Cash                                | \$204,604        | \$296,748        | \$346,744      | \$607,289         |
| Working capital                     | (\$224,819)      | \$217,710        | (\$1,701,222)  | (\$1,517,889)     |
| Liquidity                           | \$781,378        | \$737,680        | \$639,320      | \$1,033,533       |
| Revenue                             | \$1,845,253      | \$2,097,353      | \$1,733,140    | \$1,915,307       |
| Operating expenses                  | \$2,100,123      | \$1,426,921      | \$1,987,591    | \$2,259,186       |
| Other expenses (income)             | \$109,749        | \$148,124        | (\$109,995)    | (\$2,133,145)     |
| Income (loss) for the period        | (\$364,619)      | \$522,308        | (\$144,456)    | \$1,789,266       |
| Income (loss) per share – basic     | (\$0.01)         | \$0.01           | (\$0.00)       | \$0.03            |
| Income (loss) per share – diluted   | (\$0.01)         | \$0.01           | (\$0.00)       | \$0.03            |
| EBITDA                              | (\$13,174)       | \$816,075        | \$108,087      | \$2,047,149       |
| EBITDA Margin %                     | (0.71%)          | 38.91%           | 6.24%          | 106.88%           |
| <b>Normalized EBITDA (loss) *</b>   | <b>\$116,293</b> | <b>\$833,974</b> | <b>\$1,927</b> | <b>(\$42,766)</b> |
| <b>Normalized EBITDA Margin % *</b> | <b>6.30%</b>     | <b>39.76%</b>    | <b>0.11%</b>   | <b>(2.23%)</b>    |

\* A non-IFRS measure. See "Non-IFRS financial measures" for definitions and reconciliation non-IFRS measures to the relevant IFRS measures

### Revenue

For the three months ended March 31, 2024 revenue was \$1,922,631, an increase of \$77,378 over the same period in 2023 and a decrease of \$206,137 from the previous quarter (Q4'2023 - \$2,128,768).

|                        | Q1 2024            | Q1 2023            | \$ Change       | % Change  |
|------------------------|--------------------|--------------------|-----------------|-----------|
| Advertising Division   | \$1,524,568        | \$1,434,590        | \$89,978        | 6%        |
| Entertainment Division | \$398,063          | \$410,663          | (\$12,600)      | -3%       |
| <b>Total Revenue</b>   | <b>\$1,922,631</b> | <b>\$1,845,253</b> | <b>\$77,378</b> | <b>4%</b> |

#### (i) Advertising

The Company earned advertising revenue of \$1,524,568 in the current quarter, an increase of \$89,978 over the same period in 2023 and a decrease of \$49,645 versus the previous quarter (Q4'2023 - \$1,574,213). The increase from the previous year is primarily attributed to additional revenue from Millenia3 acquisition, offset by a slow-down in the advertising industry and corresponding decline in our customer volumes. The decrease in Advertising revenue as compared to the previous quarter is a result of lower customer volumes driven by seasonality.



## (ii) Entertainment

The Company earned entertainment revenue of \$398,063 in the current quarter, representing a decrease of \$12,600 over the same period in 2023 and a decrease of \$156,491 versus the previous quarter (Q4'23 - \$554,554). The decrease from the prior quarter is primarily attributed to seasonal activity in Awards, slightly offset by higher volumes amongst Music customers.

**Operating Expenses**

|  | Q1 2024            | Q1 2023            | \$ Change          | % Change   |
|--|--------------------|--------------------|--------------------|------------|
| Salaries and consulting                | \$1,185,402        | \$1,233,466        | (\$48,064)         | -4%        |
| Marketing and promotion                | \$80,715           | \$48,419           | \$32,296           | 67%        |
| General and administrative             | \$196,328          | \$312,842          | (\$116,514)        | -37%       |
| Technology development                 | \$222,604          | \$134,383          | \$88,221           | 66%        |
| Depreciation of property and equipment | \$220,213          | \$232,500          | (\$12,287)         | -5%        |
| Restructuring                          | -                  | \$138,513          | (\$138,513)        | -100%      |
| <b>Total operating expenses</b>        | <b>\$1,905,262</b> | <b>\$2,100,123</b> | <b>(\$194,861)</b> | <b>-9%</b> |

Total operating expenses for the three months ended March 31, 2024 were \$1,905,262, a decrease of \$194,861 over the prior year period and an increase of \$267,080 from the previous quarter (Q4'2023 - \$2,172,342).

## (i) Salaries and Consulting

Salaries and consulting expense for Q1'2024 was \$1,185,402 representing a decrease of \$48,064 over the same period in the prior year and an increase of \$42,561 from the previous quarter (Q4'2023 - \$1,142,841). The Management will continue focus on operational optimizations in the fiscal year of 2024.

## (ii) Marketing and Promotion

Marketing and promotion expense for the three months ended March 31, 2024 was \$80,715, representing an increase of \$32,296 versus the prior year period and a decrease of \$6,194 versus the prior quarter (Q4'2023 - \$86,909). The increase from the previous year period is primarily resulting from higher marketing and sales activities as the company revamp for business growth and development.

## (iii) General and Administrative

General and administrative expenses for the three months ended March 31, 2024 were \$196,328 representing a decrease of \$116,514 over the same period in the prior year and a decrease of \$94,652

from the previous quarter (Q4'2023 - \$290,980). The decrease from the prior year quarter and previous quarter is primarily related to lower professional services fees as they were related to restructuring matters.

(iv) Technology Development

Technology development expense for the three months ended March 31, 2024, was \$220,604 representing an increase of \$88,221 over the same period in the prior year and a decrease of \$15,938 from the previous quarter (Q4'2023 - \$238,542). The increase from the prior year quarter is primarily attributed to higher cost from third-party software, hardware and cloud requirements.

***Net Income and Comprehensive Income***

The Company generated net income and comprehensive income of \$15,565 in the current quarter, an increase of \$380,186 from the same period in the prior year (Q1'2023 – net loss of \$364,620) and an increase of \$3,815,139 versus the previous quarter (Q4'2023 – net loss of \$3,799,574). Excluding a one-time goodwill impairment loss of \$3,513,390 recognized in Q4'2023 (details were provided in the note 9 of 2023 annual financial statements), the increase from the prior year quarter and previous quarter was due to the continuous improvement of operating margin and favorable foreign exchange movement as at the quarter ended March 31, 2024. Details are provided in the “Results of Operations for the Quarter Ended March 31, 2024 and 2023”.

***Normalized EBITDA***

The Company defines EBITDA as net income or loss before interest, income taxes and amortization. Normalized EBITDA removes fair value adjustment of convertible debt, fair value adjustment of contingent consideration, restructuring expenses, stock options expenses, foreign exchange gains and losses, and impairment loss on Goodwill from EBITDA. Management uses these measures in managing the business and making operational decisions. EBITDA and normalized EBITDA are not intended as substitutes for IFRS measures.

For the three months ended March 31, 2024, the Company's normalized EBITDA was \$237,582 representing an increase of \$121,289 over the same period in the prior year (Q1'2023 - \$116,293) and an increase of \$26,521 from the previous quarter (Q4'2023 - \$211,061). The increase in normalized EBITDA versus the prior year and prior quarter is primarily attributed to the improved operating income, as a result of the Management's operation optimization strategy.

|   | Q1 2024          | Q4 2023              | Q3 2023          | Q2 2023          |
|---|------------------|----------------------|------------------|------------------|
| <b>Income (loss) for the period</b>                   | <b>\$15,565</b>  | <b>(\$3,799,574)</b> | <b>(\$8,063)</b> | <b>\$36,218</b>  |
| Reconciling items:                                    |                  |                      |                  |                  |
| Interest income                                       | -                | -                    | -                | (\$128)          |
| Interest expense                                      | \$118,977        | \$150,219            | \$106,527        | \$122,523        |
| Depreciation and amortization                         | \$220,213        | \$241,535            | \$236,028        | \$210,127        |
| Income tax expense                                    | \$1,950          | (\$134)              | (\$11,907)       | \$15,750         |
| <b>EBITDA (loss)</b>                                  | <b>\$356,705</b> | <b>(\$3,407,954)</b> | <b>\$322,585</b> | <b>\$384,490</b> |
| Reconciling items:                                    |                  |                      |                  |                  |
| Acquisition fees                                      | -                | \$6,049              | -                | -                |
| Restructuring expenses                                | -                | -                    | -                | \$49,384         |
| Foreign exchange loss (gain)                          | (\$90,278)       | \$78,350             | (\$58,530)       | \$80,108         |
| Fair value loss on revaluation of embedded derivative | (\$28,845)       | \$370                | \$2,214          | \$27,970         |
| Fair value loss/(gain) on contingent consideration    | -                | \$20,856             | -                | -                |
| Goodwill impairment loss                              | -                | \$3,513,390          | -                | -                |
| <b>Normalized EBITDA (loss)</b>                       | <b>\$237,582</b> | <b>\$211,061</b>     | <b>\$266,269</b> | <b>\$541,952</b> |
| <b>Normalized EBITDA Margin %</b>                     | <b>12.36%</b>    | <b>9.91%</b>         | <b>15.58%</b>    | <b>24.95%</b>    |

|   | Q1 2023            | Q4 2022          | Q3 2022            | Q2 2022            |
|---|--------------------|------------------|--------------------|--------------------|
| <b>Income (loss) for the period</b>                   | <b>(\$364,619)</b> | <b>\$522,311</b> | <b>(\$144,456)</b> | <b>\$1,789,266</b> |
| Reconciling items:                                    |                    |                  |                    |                    |
| Interest income                                       | -                  | (\$31,275)       | (\$115)            | (\$18)             |
| Interest expense                                      | \$118,795          | \$91,555         | \$71,389           | \$54,161           |
| Depreciation and amortization                         | \$232,500          | \$219,342        | \$181,269          | \$203,740          |
| Income tax expense                                    | \$150              | \$14,142         | -                  | -                  |
| <b>EBITDA (loss)</b>                                  | <b>(\$13,174)</b>  | <b>\$816,075</b> | <b>\$108,087</b>   | <b>\$2,047,149</b> |
| Reconciling items:                                    |                    |                  |                    |                    |
| Stock option expenses                                 | -                  | \$2,406          | \$3,586            | \$3,809            |
| Restructuring expenses                                | \$138,513          | (\$58,208)       | \$71,802           | \$93,564           |
| Foreign exchange loss (gain)                          | \$19,445           | \$41,340         | (\$181,548)        | (\$73,401)         |
| Fair value loss on revaluation of embedded derivative | (\$28,491)         | \$32,361         | -                  | -                  |
| Fair value (gain) on contingent consideration         | -                  | -                | -                  | (\$2,113,887)      |
| <b>Normalized EBITDA (loss)</b>                       | <b>\$116,293</b>   | <b>\$833,974</b> | <b>\$1,927</b>     | <b>(\$42,766)</b>  |
| <b>Normalized EBITDA Margin %</b>                     | <b>6.30%</b>       | <b>39.76%</b>    | <b>0.11%</b>       | <b>(2.23%)</b>     |

### *Intangible Assets – Development Costs*

During the three months ended March 31, 2024, the Company capitalized product development costs of \$170,043 (Q1'2023 – \$153,623). The significant capitalized projects for the three months ended March 31, 2024 consisted of new features in the Advertising, Awards, and Music platforms, such as continued development of the Analytics and Clearance solutions and redesigned Judge and Submission platform for Awards. In assessing whether costs can be capitalized for improvements, we exercise significant judgment when considering the extent of the improvement and whether it is substantial, whether it is sufficiently separable and whether expected future economic benefits are derived from the improvement itself. Factors considered in assessing the extent of the improvement include, but are not limited to, the degree of change in functionality and the impact of the project on the ability that we will be able to attract customers to our products and increase customer engagement with our products. Costs that do not meet these criteria, such as enhancements and routine maintenance, are expensed when incurred. Future economic benefits from these capitalized projects include net cash flows from future advertising and music revenue, which are dependent upon our ability to attract customers to our products and increase customer engagement with our products, and may also include anticipated cost savings, depending upon the nature of the development project.

### **Corporate Activities**

On November 8, 2023 (the “Closing Date”), the Company closed its business acquisition of the Millenia3 Communication Inc. (“Millenia3”). The Company acquired Millenia3’s customer lists and contracts, and trade name, computer hardware, along with a highly skilled team of employees located in the United States, pursuant to the Purchase Agreement dated November 8, 2023 (the “Asset Purchase Agreement”). The total purchase price consists of the following:

- (a) Cash consideration of \$100; and,
- (b) Contingent consideration payable in cash

Based in Atlanta, Georgia, United States of America, Millenia3 is a specialized media trafficking and deployment services company for broadcast and digital advertising and a provider of content management solutions for global brands and business customers. Millenia3’s customer service ensures that advertising creative reaches the right audience at the right time and within the right format. Millenia3 offers exceptional services as a one-stop shop for all traffic needs of the advertising industry and acts as an extension of their clients' teams, offering consulting, customization, production, distribution, and tracking services to assist advertisers to maximize viewership, engagement, and performance. It is in the Company’s strategic view that the transaction will enable its business services expansion by accessing Millenia 3’s customer list in the US market and acquiring the expertise of Millenia3’s staff.

As part of the acquisition, the Company acquired Millenia3’s customer lists and contracts, and trade name, computer hardware, along with a highly skilled team of employees located in the United States. The contingent consideration consists of additional cash payments as a result of the following:

- (a) Fiscal 2023
  - (i) 5% of revenues if revenues for the months of November and December 2023 combined are less than \$166,667; or
  - (ii) 10% of revenues if revenues for the months of November and December 2023 combined are at least \$166,667 and less than \$250,000; or
  - (iii) 15% of revenues if revenues for the months of November and December 2023 combined are at least \$250,000
  
- (b) Fiscal 2024 and 2025
  - (iv) 5% of revenues if revenues for the applicable 12-month period are less than \$1,000,000;
  - (v) 10% of revenues if revenues for the applicable 12-month period are at least \$1,000,000 and less than \$1,500,000; or
  - (vi) 15% of revenues if revenues for the applicable 12-month period are at least \$1,500,000

During the three months ending March 31, 2024, the Company paid \$59,536 to the seller of Millenia3 with respect to the earnout payment.

### Events After Reporting Period

On April 15, 2024, the Company announced that it had filed an application to the Ontario Securities Commission to approve a voluntary temporary management cease trade order (the "MCTO") under National Policy 12-203 Cease Trade Orders for Continuous Disclosure Defaults ("NP 12-203") due to the Company's inability to file these audited annual financial statements and corresponding management's discussion and analysis and certificates for the financial year ended December 31, 2023 (the "Annual Filings") in accordance with applicable Canadian securities laws on or before April 29, 2024.

On April 30, 2024, the Company provided an update on its application to the Ontario Securities Commission (the "OSC") to approve as the MCTO. The OSC rejected the Company's application for the MCTO due to the view that there is not an active, liquid market for the Company's securities based on a review of the trade volume, trade value, and number of trades over the last month. As such, the OSC issued a failure-to-file cease trade order ("FFCTO") under Multilateral Instrument 11-103 - Failure-to-File Cease Trade Orders in Multiple Jurisdictions against the Company. If the Annual Filings are made within 90 days of the date of the FFCTO, including any interim financial statements, management's discussion and analysis and certifications that subsequently became due (the "Subsequent Filings"), the filing of the Annual Filings (and Subsequent Filings) will constitute the application to revoke the FFCTO.

The Company's Chief Financial Officer, Frank Guo, resigned from his position as Chief Financial Officer effective April 26, 2024. Mr. Guo has elected to remain with the Company as a financial advisor in order to continue working closely with management and the auditors to complete the Annual Filings (and Subsequent Filings). The Company appointed Grant Schuettrumpf, Chief Executive Officer of the Company, as Interim Chief Financial Officer during this period to oversee the completion and filing of the Annual Filings (and Subsequent Filings if applicable) while following steps are determined.

## Share Capital

The following securities were outstanding as of the date of this MD&A:

|                        |            |
|------------------------|------------|
| Common Shares          | 62,437,140 |
| Warrants               | -          |
| Stock Options          | 538,000    |
| Restricted Share Units | -          |

## Capital Resources

As at March 31, 2024, the Company had a cash balance of \$207,998 and working capital of (\$1,810,041), which was due to the reclassification of term loan balance to current liabilities. Excluding the term loan, working capital is (\$281,863).

As at March 31, 2024, the Company had no capital commitments other than as disclosed in the financial statements.

The Company has a revolving demand loan facility in the amount of \$1,289,225 with \$976,131 drawn down as at March 31, 2024. Borrowings are due on demand and bear interest at the bank's prime rate plus 1.95% per annum.

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements, other than as disclosed in the financial statements.

## Related Party Transactions

Key management personnel are comprised of the Company's directors and executive officers. In addition to their salaries, key management personnel also participate in the Company's share option program.

Key management personnel compensation are as follows for the year ended:

|  | March 31<br>2024 | March 31<br>2023 |
|--|------------------|------------------|
| Salaries and short-term employee benefits* | \$178,883        | \$178,392        |
| Share-based payments                       | -                | -                |
|  | \$178,883        | \$178,392        |

\* Short-term employee benefits include bonuses, vacation pay and commission.

Details are disclosed in notes to the Financial Statements.

## Critical Accounting Policies and Estimates

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements include the following: share-based payments, revenue recognition, investment tax credits, functional currency, collectability of accounts receivable, leases and capitalized development costs. Please refer to the Financial Statements for further information.

## Internal Controls

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified to its management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow required disclosures to be made in a timely fashion.

Internal controls over financial reporting have been designed by management, under the supervision of and with the participation of the Company's CEO and CFO, to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

## Disclosure of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

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. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and



- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. 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.

## Risk Management

The Company is exposed to a variety of risks, including, but not limited to the risks set out below. The Company considers these risks the most significant to potential investors, but not all of the risks associated with an investment in securities of YANGAROO Inc.

### Financial Risk Management

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

#### (a) Market risk:

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in the market prices. Market risk is comprised of three types of risk such as foreign currency risk, interest rate risk and commodity price risk. Two types of these risks are applicable to the Company:

#### (i) Currency risk:

The Company operates internationally, and the US Dollar is the presentation currency. The Company, however, does have revenues, expenses, assets, and liabilities denominated in currencies other than USD, primarily CAD. The principal foreign currency risk as at March 31, 2024 is therefore the CAD.

A 5% change in exchange rates would result in a \$167,706 impact on profit or loss. Balances in foreign currencies at March 31, 2024 are as follows:

|                           | <b>USD</b>  |
|---------------------------|-------------|
| Cash                      | \$39,680    |
| Accounts receivable       | \$173,840   |
| Trade and other payables  | \$448,797   |
| Revolving credit facility | \$976,131   |
| Convertible debentures    | \$374,986   |
| Term loan                 | \$1,528,178 |
| Capital Lease Obligation  | \$239,545   |

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions and potential increases on the prime rate applied on the revolving credit facility available to the Company. The Company's revolving credit facility, term loan and convertible debt are floating interest rate facilities. A 5% increase in the floating rate would result in a \$10,365 impact on profit or loss.

(b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of non-payment of accounts receivable.

The Company mitigates this risk by monitoring the credit worthiness of its customers and by offering the platform service to numerous smaller customers. As at and during the three months ended March 31, 2024, approximately 21% (March 31, 2023 - 24%) of accounts receivable and 21% (Q1'2023 - 27%) of revenue are from two customers, respectively.

The definition of items that are past due is determined by reference to payment terms agreed to with individual customers, which are normally within 30 to 90 days.

Aging of trade receivables that are past due, but not impaired are as follows:

|                       | <b>March 31, 2024</b> | December 31, 2023 |
|-----------------------|-----------------------|-------------------|
| 0 to 30 days past due | <b>\$1,218,500</b>    | \$1,071,374       |
| 31 to 60 days         | <b>134,012</b>        | 238,260           |
| Over 60 days          | <b>345,844</b>        | 377,709           |
| <b>Total past due</b> | <b>\$1,698,356</b>    | \$1,687,343       |

Continuity of estimated credit losses:

|  | March 31, 2024 | December 31, 2023 |
|--|----------------|-------------------|
| Balance, beginning of year               | \$179,684      | \$214,170         |
| Accounts written off to bad debt expense | 17,278         | 144,777           |
| Remeasurement of loss allowance          | (29,226)       | (179,263)         |
| Balance, end of year                     | \$167,736      | \$179,684         |

The Company's estimated credit losses as at March 31, 2024 is \$167,736 (December 31, 2023 - \$179,684) due to a higher bad debt recovery rate from prior year's written off amount.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary.

The Company manages liquidity risk on the basis of expected maturity dates.

The following tables analyze financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

|  | Lease<br>Obligations | Contract<br>Liabilities | Term Loan<br>Facility | Trade &<br>Other<br>Payables | Revolving<br>Credit<br>Facility | Convertible<br>Debt | Total              |
|--|----------------------|-------------------------|-----------------------|------------------------------|---------------------------------|---------------------|--------------------|
| < 1 year                                 | \$125,901            | \$285,881               | \$1,528,178           | \$1,035,390                  | \$976,131                       | -                   | \$3,951,481        |
| 1- 3 years                               | \$359,285            | -                       | -                     | -                            | -                               | \$374,986           | \$734,271          |
| <b>Balance at<br/>March 31,<br/>2024</b> | <b>\$485,186</b>     | <b>\$285,881</b>        | <b>\$1,528,178</b>    | <b>\$1,035,391</b>           | <b>\$976,131</b>                | <b>\$374,986</b>    | <b>\$4,685,752</b> |

|                                     | Lease Obligations | Contract Liabilities | Term Loan Facility | Trade & Other Payables | Revolving Credit Facility | Convertible Debt | Total              |
|-------------------------------------|-------------------|----------------------|--------------------|------------------------|---------------------------|------------------|--------------------|
| < 1 year                            | \$87,797          | \$159,502            | \$1,656,679        | \$1,041,251            | \$850,597                 | -                | \$3,795,826        |
| 1- 3 years                          | \$205,175         | -                    | -                  | -                      | -                         | \$410,197        | \$615,372          |
| <b>Balance at December 31, 2023</b> | <b>\$292,972</b>  | <b>\$159,502</b>     | <b>\$1,656,679</b> | <b>\$1,041,251</b>     | <b>\$850,597</b>          | <b>\$410,197</b> | <b>\$4,411,198</b> |

The Company currently expects to pay all liabilities at their contractual maturity. To meet these cash commitments, the Company anticipates generating sufficient cash inflows from operating activities and raising equity capital or obtaining the necessary financing to meet current and future obligations. Additionally, the Company utilizes a revolving credit facility to provide cash on an as-needed basis.

## Operational Risks

- Seasonality of advertising revenue. Advertising rates and revenues are impacted by seasonal cycles, which may cause our quarterly earnings to vary. Generally, lower revenue is generated in the 1<sup>st</sup> and 3<sup>rd</sup> quarters of the year and higher revenue is generated in the 2<sup>nd</sup> and 4<sup>th</sup> quarters of the year. This seasonality could impact our ability to generate predictable revenue and our ability to effectively manage such cycles may adversely impact our business, financial condition and results of operations, including cash flow.
- Dependent on the internet as a medium for business and communication. Our business depends on the use of the internet. It's possible that delays in technological or procedure development to support internet use, increased government regulation, or other issues or interruptions that could affect internet use could impact our business.
- Online commerce security. Successful online commerce and communications must provide a secure transmission of confidential information over public networks. Despite implementation of security measures, it's possible our security measures may not prevent security breaches that could harm our business. It's possible that a party can illicitly obtain a user's password could access the user's personal data. In addition, any parties that can circumvent our security measures could acquire proprietary information, or cause interruptions in our operations or otherwise damage our reputation and business. Any such compromise of our security could harm our reputation and, therefore, our business.
- Network security. Despite the implementation of security measures, our network infrastructure could be vulnerable to unforeseen issues. It's possible we could experience service interruptions in service due to accidental or deliberate actions of third parties or current and former employees. Unknown security risks may present themselves and the Company could face liability for this. This could also deter new customers. All of the foregoing could have a material adverse effect on our business, financial condition or results of operations.
- The ability to generate revenue and control operating costs. Although we have experienced a sixth consecutive quarter of positive Normalized EBITDA generation, there is no guarantee that this will continue or that we will continue to be able to generate steady revenues or control operating costs, especially if we expand our business.
- Impact of human error. Despite implementing robust training programs and operational protocols, our organization remains vulnerable to human error. Mistakes made by employees, whether due to insufficient training, oversight, or simple human fallibility, can lead to disruptions in our operations. These errors can result in data breaches, compliance failures, and operational inefficiencies, potentially causing financial losses and damage to our reputation. Additionally, human errors can undermine customer trust and deter potential clients, ultimately having a material adverse effect on our business, financial condition, or results of operations.
- Customer concentration risk. The Company is making efforts to grow its business, including its customer base, however the concentration of a significant portion of revenues in a small number of customers from time to time could have a material adverse effect on the Company in the event of the loss of any one or more of these customers.
- Intellectual property. The Company's business is based on its proprietary technology and the success of the Company's business depends in part upon protection of its intellectual property rights and technology. Despite efforts to protect our intellectual property, including through the use of restrictive language in our customer agreements and confidentiality provisions in our employment and contractor agreements, there is no guarantee that we will be successful in protecting and enforcing our intellectual

property rights. Third parties may infringe on our intellectual property rights, which we may or may not discover, and if such infringements are discovered, engaging in litigation is likely to be costly and will not necessarily result in a favorable outcome for the Company.

#### Non-Financial Risks

- Heavy reliance on upper management and key personnel. We rely heavily on a small group of management and key personnel. Any inability to retain such personnel could impact our ability to manage and grow our operations, and could have a significant material adverse impact on the Company's operations and financial condition.
- Management of growth. As we are continually seeking organic growth opportunities, success in these efforts may require some or significant growth in operations, which may place further demands on our management, operational capacity and financial resources and may require the recruitment of additional qualified personnel in all areas of its operations, including management, sales, marketing, and software development. We may not be able to attract and retain additional qualified personnel and/or otherwise effectively expand the business to support this growth, including the expansion of our current procedures and controls, which could have a material adverse effect on our business, financial condition and results of operations.
- Competition risks. We operate in a highly competitive industry. We may lose audience or market share to competitors offering similar services, which could have a material adverse effect on our business, financial condition and results of operations.
- Price and volatility of public stock. The market price of Yangaroo's shares may fluctuate or decline significantly in response to various factors beyond our control. The fluctuation may occur in response to business operations or other actions of the Company or they may do so in ways unrelated or disproportionate to our performance. Declining share prices may result in difficulty in obtaining financing if required and may have other material adverse impacts on the Company.
- Global conditions. We operate primarily in North America but also offer our services internationally and are subject to related risks, such as changes in regulatory requirements, potential adverse tax consequences, limitations with respect to our ability to enforce our intellectual property rights, limitations on fund transfers and other legal and political risks, any or all of which could have a material adverse effect on our business.
- Litigation risk. The Company may be subject to claims and legal proceedings that arise in the ordinary course of business. There can be no guarantee that the outcome of any legal matter will be decided in favor of the Company, which may have a material adverse effect upon the Company's reputation, business, operations and financial condition.

#### Approval by the Board of Directors

The Board of Directors, on recommendation of the Audit Committee, approved the content of this MD&A on June 24, 2024. Disclosure contained in this document is current to this date, unless otherwise stated.

#### Other Information

Additional information relating to the Company is available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## CORPORATE INFORMATION

### Address

YANGAROO Inc.  
360 Dufferin Street, Suite 203  
Toronto, Ontario, Canada, M6K 3G1  
Phone: 416-534-0607  
Website: [www.yangaroo.com](http://www.yangaroo.com)

### Board of Directors

|                   |  |
|-------------------|--|
| Anthony Miller    | <i>Chair of the Board of Directors, Member of Audit Committee &amp; Compensation Committee</i> |
| H. Shepard Boone  | <i>Chair of Compensation Committee &amp; Member of Audit Committee</i>                         |
| Phil Benson       | <i>Chair of Audit Committee &amp; Member of Compensation Committee</i>                         |
| Grant Schuetrumpf | <i>Chief Executive Officer</i>   |

### Officers

|                   |   |
|-------------------|---|
| Grant Schuetrumpf | <i>Chief Executive Officer, President</i>                   |
| Grant Schuetrumpf | <i>Interim Chief Financial Officer, Corporate Secretary</i> |
| Richard Klosa     | <i>Chief Technology Officer</i>                             |
| Adam Hunt         | <i>Senior Vice President, Entertainment</i>                 |

### Stock Exchange Listing

|                      |                             |
|----------------------|-----------------------------|
| TSX Venture Exchange | <i>Stock Symbol – YOO</i>   |
| OTCPK                | <i>Stock Symbol – YOOIF</i> |

### Registrar and Transfer Agent

Computershare  
100 University Ave., 8<sup>th</sup> Floor  
Toronto, Ontario, Canada M5J 2Y1  
Phone: 1-800-564-6253 Fax: 1-888-453-0330

### Auditors

Baker Tilly WM LLP  
401 Bay Street, Suite 1500  
Toronto, Ontario, M5H 2Y4  
Phone: 416-368-7990 Fax: 416-368-0886

### Legal Counsel

ECS Law  
2425 Matheson Boulevard E., 8th Floor, Mississauga, ON L4W 5K4  
Phone: 416-996-2188 Fax: 866-295-9834