YANGAROO INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTERLY ENDED JUNE 30, 2024
(EXPRESSED IN UNITED STATED DOLLARS)

August 28, 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 August 28, 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 EBTIDA 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 pleased to report significant advancements in the second quarter of 2024. Despite a decline in sales volume and revenue, after adjusting for seasonality, our operating income has shown considerable improvement compared to the previous year. Net cash flow from operating activities more than tripled, reaching $525,087 in the first six months of 2024, compared to the operating cash flow of $145,446 during the same period last year. This growth is primarily due to increased operating income as management continues to navigate a challenging environment and improve operational efficiency.

For the three months ended June 30, 2024, operating income increased to $110,704 and normalized EBITDA increased to $337,816, up from $17,371 and $237,583, respectively, in Q1'2024. This improvement is largely attributed to reduced costs in headcount, marketing, and technology, though it was offset by higher general and administrative expenses.

The Advertising Division maintained consistent delivery volumes and sales per customer, with the exception of a decline in advertising delivery from one major direct brand client compared to their prior year's ad delivery volume, offset by new accounts and additional revenue from the Millenia3 acquisition. This major direct brand is a seasonal advertiser, primarily active in the first half of the year, so the impact on the second half of the year is expected to be minimal.

The Music Division's revenue remained flat year-over-year, and is continuing to develop the North American market through an increase in social media marketing along with conference exhibition and attendance.

The Awards Division saw a slight decline in revenue compared to the same period last year which is primarily due to the timing of each award show only. The Awards Division has also now added an additional Award Show contract in its roster, which is to be completed later this year.

- Advertising Division
  - Revenue of $1,394,928 in Q2'2024 versus revenue of $1,583,772 in Q2'2023
  - Revenue of $2,919,495 in the first six months of 2024 versus revenue of $3,018,275 in the same period of 2023

- Entertainment Group (Music & Awards Divisions)
  - Revenue of $554,761 in Q2'2024 versus revenue of $588,721 in Q2'2023
  - Revenue of $952,824 in the first six months of 2024 versus revenue of $999,383 in the same period of 2023

- Normalized EBITDA
  - Eighth consecutive quarter of positive Normalized EBITDA; the Company generated $337, 816 of Normalized EBITDA in Q2'2024, $237,583 of Normalized EBITDA in Q1'2024, $211,061 of Normalized EBITDA in Q4'2023, $266,269 of Normalized EBITDA in Q3'2023, $542,129 of Normalized EBITDA in Q2'2023, $116,203 of Normalized EBITDA in Q1'2023, $833,974 of Normalized EBITDA in Q4'2022 and $1,927 of Normalized EBITDA in Q3'2022.

- Cash Flow from Operating Activities
  - Net cash from operating activities of $525,087 in the first six months of 2024 versus net cash from operating activities of $145,446 in the same period of 2023.

- Finance Activities
  - Reduced term loan principal by $258,065 in the first six months of 2024 versus nil repayment in the same period of 2023.
  - Executed an amendment agree with National Bank of Canada, which extended term loan maturity to June 26, 2025, from January 26, 2025.

The three months ended June 30, 2024, mark the eighth consecutive quarter of positive normalized EBITDA, driven primarily by stabilizing our operations while maintaining exceptional service for our valued clients. The company remains committed to improve its balance sheet position and continue to prudently advance deleveraging via operating cash flow.

Results of Operations for the Three and Six Months Ended June 30, 2024 and 2023

	Three Months Ended		Six Months Ended	
	Jun 2024	**Jun 2024**	**Jun 2024**	**Jun 2023**
Revenue (see breakdown below)	$1,949,689	$2,172,493	$3,872,319	$4,017,658
Overhead Expenses				
Salaries and Consulting	$1,144,470	$1,344,064	$2,329,870	$2,577,530
Marketing and Promotion	$73,159	$86,195	$153,874	$134,614
General & Administrative	$239,156	$75,554	$435,483	$388,247
Technology & Production	$155,088	$124,551	$377,693	$258,935
Depreciation of property and equipment and ROU assets and intangible assets	$213,467	$210,132	$433,679	$442,632
Acquisition Fees	$1,463	-	$1,463	-
Restructuring Expense	$12,182	$49,384	$12,182	$187,897
	$1,838,985	$1,889,880	$3,744,244	$3,989,855
Income (Loss) from Operations	$110,704	$282,613	$128,075	$27,803
Other Income (Expenses)				
Interest Expense	($102,420)	($122,393)	($221,397)	($241,190)
Foreign Exchange Gain/(Loss)	($15,847)	($79,325)	$74,429	($99,548)
Fair Value Gain on Revaluation of Foreign Exchange Embedded Derivative	($596)	($27,971)	$28,249	$521
	($118,863)	($229,689)	($118,719)	($340,217)
Net Income (Loss) before Income Tax	($8,159)	$52,924	$9,356	($314,414)
Corporate Income Tax	$120,872	$15,750	$122,822	15,899
Net Income (Loss) and Comprehensive Income (Loss)	($129,031)	$37,174	($113,466)	($328,313)

Second Quarter and First Six Months 2024 Financial Highlights

- Revenue in Q2'2024 and first six months of 2024 were $1,949,689 and $3,872,319 compared to $2,172,493 and $4,017,658 in the second quarter of 2023 and in the first half of 2023, respectively.

    - Q2'2024 revenue decreased by $222,804 or 10% versus Q2'2023. The decrease in revenue was primarily due to lower Advertising revenue and Award with a decrease of $188,844 or 12% and $29,752 or 11%, respectively. The decrease in Advertising revenue is due to a decline in advertising delivery from one major direct brand client compared to their prior year's delivery volume, offset by business growth from Millenia3 acquisition and the decrease in Award revenue is due to project delay to the second half of the year.
    - Revenue decreased by $145,339 or 4% in the first six months of 2024, compared to the same period of 2023. The decrease in revenue is primarily attributed to lower Advertising revenue of $98,780 or 3% as well as decreased Awards revenue of $59,038 or 14%, offset by higher Music revenue with an increase of $12,479 or 2%.

- Operating expenses in Q2'2024 and first six months of 2024 were $1,838,985 and $3,744,244 compared to $1,889,880 and $3,989,855 in the second quarter of 2023 and in the first half of 2023, respectively.

    - Q2'2024 operating expenses decreased by $50,895 or 3% versus Q2'2023. The decrease in operating expenses is primarily attributed to lower marketing and headcount expenses, offset by higher general & administrative and technology expenses.

    - Operating expenses decreased by $245,611 or 6% in the first six months of 2024, compared to the same period of 2023. The decrease in operating expenses is primarily attributed to headcount expense, offset by increased marketing, general & administrative and technology expenses.

- Normalized EBITDA in Q2'2024 and first six months of 2024 were $337,816 and $575,399 compared to $542,129 and $658,332 in Q2'2023 and in the first six months of 2023, respectively.

    - Q2'2024 normalized EBITDA decreased by $204,313 compared to Q2'2023. The decrease is primarily attributed to lower revenue from Advertising and Award, offset by lower operating expenses from headcount expenses.

    - Normalized EBITDA decreased by $82,933 in the first six months of 2024, compared to the same period of 2023. The decrease is primarily attributed to lower revenue from Advertising and Award, offset by lower operating expenses from headcount expenses.

Results of Operations

Summary of Quarterly Results

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

	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Cash	$86,118	$207,998	$150,928	$254,720
Working capital (deficiency)	($1,932,157)	($1,810,041)	($1,758,949)	($1,115,884)
Liquidity	$378,358	$521,092	$623,506	$975,794
Revenue	$1,949,689	$1,922,631	$2,128,768	$1,708,931
Operating expenses	$1,836,976	$1,905,259	$2,172,208	$1,696,777
Other expenses (income)	$118,863	($144)	$3,756,134	$20,217
Income (loss) for the period	($129,031)	$15,565	($3,799,574)	($8,063)
Income (loss) per share – basic	($0.00)	$0.00	($0.06)	($0.00)
Income (loss) per share – diluted	($0.00)	$0.00	($0.06)	($0.00)
EBITDA	$307,728	$356,704	($3,407,954)	$322,585
EBITDA Margin %	15.78%	18.55%	(160%)	18.88%
Normalized EBITDA (loss) *	**$337,816**	**$237,583**	**$211,061**	**$266,269**
Normalized EBITDA Margin % *	**17.33%**	**12.36%**	**9.91%**	**15.58%**

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

	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Cash	$284,178	$204,604	$296,748	$346,744
Working capital	($94,749)	($224,819)	$217,710	($1,701,222)
Liquidity	$552,960	$781,378	$737,680	$639,320
Revenue	$2,172,493	$1,845,165	$2,097,353	$1,733,140
Operating expenses	$2,103,819	$2,099,975	$1,426,921	$1,987,591
Other expenses (income)	$229,689	$110,528	$148,124	($109,995)
Income (loss) for the period	$37,174	($365,487)	$522,308	($144,456)
Income (loss) per share – basic	$0.00	($0.01)	$0.01	($0.00)
Income (loss) per share – diluted	$0.00	($0.01)	$0.01	($0.00)
EBITDA	$385,449	($14,041)	$816,075	$108,087
EBITDA Margin %	17.74%	(0.71%)	38.91%	6.24%
Normalized EBITDA (loss) *	**$542,129**	**$116,203**	**$833,974**	**$1,927**
Normalized EBITDA Margin % *	**24.95%**	**6.30%**	**39.76%**	**0.11%**

* 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 June 30, 2024 revenue was $1,949,689, a decrease of $222,804 over the same period in 2023 and an increase of $27,058 from the previous quarter (Q1'2024 - $1,922,631).

	Q2 2024	Q2 2023	$ Change	% Change
Advertising Division	$1,394,928	$1,583,772	($188,844)	-12%
Entertainment Division	$554,761	$588,721	($33,960)	-6%
Total Revenue	$1,949,689	$2,172,493	($222,804)	-10%

- Advertising

  The Company earned advertising revenue of $1,394,928 in the current quarter, a decrease of $188,844 over the same period in 2023 and a decrease of $129,640 versus the previous quarter (Q1'2024 - $1,524,568). The decrease from Q2'2023 and Q1'2024 is primarily due a decline in advertising delivery from one major direct brand client compared to their previous year's ad delivery volume, offset by new accounts and additional revenue from the Millenia3 acquisition.

- Entertainment

  The Company earned entertainment revenue of $554,761 in the current quarter, representing a decrease of $33,960 over the same period in 2023 and an increase of $156,698 versus the previous quarter (Q1'2024 - $398,063). The decrease from Q2'2023 is due to Award project delay to the second half of the year. The increase from the prior quarter is primarily attributed to seasonal activity in Awards and higher volumes amongst Music customers.

For the six months ended June 30, 2024 revenue was $3,872,319, a decrease of $145,339 over the same period in 2023.

	Jan - Jun 2024	Jan - Jun 2023	$ Change	% Change
Advertising Division	$2,919,495	$3,018,275	($98,780)	-3%
Entertainment Division	$952,824	$999,383	($46,559)	-5%
Total Revenue	$3,872,319	$4,017,658	($145,339)	-4%

- Advertising

  The Company earned advertising revenue of $2,919,495 in the first six months of 2024, a decrease of $98,780 over the same period in 2023. The decrease is primarily due a decline in advertising delivery from one major direct brand client compared to their previous year's ad delivery volume, offset by new accounts and additional revenue from the Millenia3 acquisition.

- Entertainment

  The Company earned entertainment revenue of $952,824 in the first six months of 2024, representing a decrease of $46,559 over the same period in 2023. The decrease is due to Award project delay to the second half of the year, offset by slightly increased Music revenue of $12,479.

Operating Expenses

	Q2 2024	Q2 2023	$ Change	% Change
Salaries and consulting	$1,144,470	$1,344,064	($199,594)	-15%
Marketing and promotion	$73,159	$86,195	($13,036)	-15%
General and administrative	$239,156	$75,554	$163,602	217%
Technology development	$155,088	$124,551	$30,537	25%
Depreciation of property and equipment	$213,467	$210,132	$3,335	2%
Acquisition fees	$1,463	-	$1,436	100%
Restructuring expense	$12,182	$49,384	($37,202)	-75%
Total operating expenses	$1,838,985	$1,889,880	($50,895)	-3%

Total operating expenses for the three months ended June 30, 2024 were $1,838,985, a decrease of $50,895 over the prior year period and a decrease of $66,274 from the previous quarter (Q1'2024 - $1,905,259).

- Salaries, Consulting and Restructuring

  Salaries and consulting and restructuring expense for Q2'2024 was $1,156,652 representing a decrease of $236,796 over the same period in the prior year and a decrease of $28,750 from the previous quarter (Q1'2024 - $1,185,402). The decrease to due to the strategic operation optimization plan that the Company initiated during the first half of 2023 to reduce headcount expenses.

- Marketing and Promotion

  Marketing and promotion expense for the three months ended June 30, 2024 was $73,159, representing a decrease of $13,036 versus the prior year period and a decrease of $7,556 versus the prior quarter (Q1'2024 - $80,715). The decrease from the previous year period is primarily resulting from lower marketing and sales activities as the company focus on business optimization.

- General and Administrative

  General and administrative expenses for the three months ended June 30, 2024 were $239,156 representing an increase of $163,602 over the same period in the prior year and an increase of $42,828 from the previous quarter (Q1'2024 - $196,328). The increase from the prior year quarter and previous quarter is primarily due to the bad debt recovery of $126,193 during Q2'2023 and other higher professional fees.

- Technology Development

  Technology development expense for the three months ended June 30, 2024, was $155,088 representing an increase of $30,537 over the same period in the prior year and a decrease of $67,516 from the previous quarter (Q1'2024 - $220,604). The increase from the prior year quarter is primarily attributed to lower tax credits and higher cost from third-party software, hardware and cloud requirements.

Operating Expenses

	Jan - Jun 2024	Jan - Jun 2023	$ Change	% Change
Salaries and consulting	$2,329,870	$2,577,530	($247,660)	-10%
Marketing and promotion	$153,874	$134,614	$19,260	14%
General and administrative	$435,483	$388,247	$47,236	12%
Technology development	$377,693	$258,935	$118,758	46%
Depreciation of property and equipment	$433,679	$442,632	($8,953)	-2%
Acquisition fees	$1,463	-	$1,436	100%
Restructuring expense	$12,182	$187,897	($175,715)	-94%
Total operating expenses	$3,744,244	$3,989,855	($245,611)	-6%

Total operating expenses for the six months ended June 30, 2024 were $3,744,244, a decrease of $245,611 over the prior year period.

- Salaries, Consulting and Restructuring

  Salaries and consulting and restructuring expense for the first six months of 2024 was $2,342,052 representing a decrease of $423,375 over the same period in the prior year. The decrease to due to the strategic operation optimization plan that the Company initiated during the first half of 2023 to reduce headcount expenses.

- Marketing and Promotion

  Marketing and promotion expense for the first six months of 2024 was $153,874, representing an increase of $19,260 versus the prior year period due to the increased market effort at the beginning of the year.

- General and Administrative

  General and administrative expenses for the first six months of 2024 were $435,483 representing an increase of $47,236 over the same period in the prior year. The increase from the prior year is primarily due to bad debt recovery and other higher professional fees.

- Technology Development

  Technology development expense for the first six months of 2024 was $377,693, representing an increase of $118,758 over the same period in the prior year. The increase from the prior year quarter is primarily attributed to lower tax credits and higher cost from third-party software, hardware and cloud requirements.

Net Income and Comprehensive Income

The Company generated net loss and comprehensive loss of $129,031 in Q2'2024, a decrease of $166,205 from the same period in the prior year (Q2'2023 – net income of $37,174) and a decrease of $144,596 versus the previous quarter (Q1'2024 – net income of $15,565). The Company generated net loss and comprehensive loss of $113,466 in the first six months of 2024, a decrease loss of $214,847 from the same period in the prior year. Details are provided in the "Results of Operations for the Three and Six Months Ended June 30, 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 June 30, 2024, the Company's normalized EBITDA was $337,816 representing a decrease of $204,313 over the same period in the prior year (Q2'2023 - $542,129) and an increase of $100,233 from the previous quarter (Q1'2024 - $237,583). The decrease in normalized EBITDA versus the Q2'2023 is primarily due to lower operating income.

For the six months ended June 30, 2024, the Company's normalized EBITDA was $575,399 representing a decrease of $82,933 over the same period of the prior year. The decrease in normalized EBITDA is primarily due to declined revenue, offset by lower operating expenses.

	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Income (loss) for the period	**($129,031)**	**$15,565**	**($3,799,574)**	**($8,063)**
Reconciling items:				
Interest expense	$102,420	$118,977	$150,219	$106,527
Depreciation and amortization	$213,467	$220,212	$241,535	$236,028
Income tax expense	$120,872	$1,950	($134)	($11,907)
EBITDA (loss)	**$307,728**	**$356,704**	**($3,407,954)**	**$322,585**
Reconciling items:				
Acquisition fees	1,463	-	$6,049	-
Restructuring expenses	$12,182	-	-	-
Foreign exchange loss (gain)	$15,847	($90,276)	$78,350	($58,530)
Fair value loss on revaluation of embedded derivative	$596	($28,845)	$370	$2,214
Fair value loss/(gain) on contingent consideration	-	-	$20,856	-
Goodwill impairment loss	-	-	$3,513,390	-
Normalized EBITDA (loss)	**$337,816**	**$237,583**	**$211,061**	**$266,269**
Normalized EBITDA Margin %	**17.25%**	**12.36%**	**9.91%**	**15.58%**

	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Income (loss) for the period	**$37,174**	**($365,487)**	**$522,311**	**($144,456)**
Reconciling items:				
Interest income	($128)	-	($31,275)	($115)
Interest expense	$122,521	$118,797	$91,555	$71,389
Depreciation and amortization	$210,132	$232,500	$219,342	$181,269
Income tax expense	$15,750	$149	$14,142	-
EBITDA (loss)	**$385,449**	**($14,041)**	**$816,075**	**$108,087**
Reconciling items:				
Stock option expenses	-	-	$2,406	$3,586
Restructuring expenses	$49,384	$138,513	($58,208)	$71,802
Foreign exchange loss (gain)	$79,325	$20,223	$41,340	($181,548)
Fair value loss on revaluation of embedded derivative	$27,971	($28,492)	$32,361	-
Normalized EBITDA (loss)	**$542,129**	**$116,203**	**$833,974**	**$1,927**
Normalized EBITDA Margin %	**24.95%**	**6.30%**	**39.76%**	**0.11%**

Intangible Assets – Development Costs

During the three months ended June 30, 2024, the Company capitalized product development costs of $173,158 (Q2'2023 – $80,543). The significant capitalized projects for the three months ended June 30, 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 Millennia 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 six months ending June 30, 2024, the Company paid $46,942 to the seller of Millenia3 with respect to the earnout payment.

Events After Reporting Period

On July 22, 2024, the Company is pleased to announce the acceptance by the TSX Venture Exchange of its application for reinstatement to trading of its common shares and appointed Frank Guo as the Company's Chief Financial Officer, and issued 500,000 RSUs to Mr. Guo. These RSUs are expected to settle through the issuance of 500,000 common shares of the Company and vest fully on July 22, 2026.

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 June 30, 2024, the Company had a cash balance of $86,118 and working capital of ($1,932,157), which was due to the reclassification of term loan balance to current liabilities. Excluding the term loan, working capital is ($508,351).

As at June 30, 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 $1,278,550 with $986,310 drawn down as at June 30, 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 six months ended:

	June 30 2024	June 30 2023
Salaries and short-term employee benefits*	$358,774	$367,471
Share-based payments	-	-
	$358,774	$367,471

* 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 June 30, 2024 is the CAD at $0.7306 USD: $1 CAD.

A 5% change in exchange rates would result in a $163,056 impact on profit or loss. Balances in foreign currencies at June 30, 2024 are as follows:

	USD
Cash	$31,393
Accounts receivable	$147,521
Trade and other payables	$427,923
Revolving credit facility	$986,310
Convertible debentures	$376,616
Term loan	$1,423,806
Capital Lease Obligation	$225,380

(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 $10,032 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 six months ended June 30, 2024, approximately 20% (June 30, 2023 - 28%) of accounts receivable and 18% (June 30, 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:

	June 30, 2024	December 31,2023
0 to 30 days past due	**$1,109,625**	$1,071,374
31 to 60 days	**237,641**	238,260
Over 60 days	**374,851**	377,709
Total past due	**$1,722,117**	$1,687,343

Continuity of estimated credit losses:

	June 30, 2024	December 31,2023
Balance, beginning of year	**$179,684**	$214,170
Accounts written off to bad debt expense	**11,952**	144,777
Remeasurement of loss allowance	**(11,948)**	(179,263)
Balance, end of year	**$179,688**	$179,684

The Company's estimated credit losses as at June 30, 2024 is $179,688 (December 31, 2023 - $179,684) to address any anticipated collectability issues based on payment history and the expected credit loss of each customer.

(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 Obligations	**Contract Liabilities**	**Term Loan Facility**	**Trade & Other Payables**	**Revolving Credit Facility**	**Convertible Debt**	**Total**
< 1 year	$127,032	$285,207	$1,423,806	$1,105,688	$986,310	-	$3,901,043
1- 3 years	$324,264	-	-	-	-	$376,616	$700,880
Balance at June 30, 2024	**$451,296**	**$285,207**	**$1,423,806**	**$1,105,688**	**$986,310**	**$376,616**	**$4,601,923**

	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
Balance at December 31, 2023	**$292,972**	**$159,502**	**$1,656,679**	**$1,041,251**	**$850,597**	**$410,197**	**$4,411,198**

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 1st and 3rd quarters of the year and higher revenue is generated in the 2nd and 4th 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 August 26, 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.

CORPORATE INFORMATION

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Phil Benson	*Chair of Audit Committee & Member of Compensation Committee*
Grant Schuetrumpf	*Chief Executive Officer*

Officers

Grant Schuetrumpf	*Chief Executive Officer, President*
Frank Guo	*Chief Financial Officer, Corporate Secretary*
Richard Klosa	*Chief Technology Officer*
Adam Hunt	*Senior Vice President, Entertainment*

Stock Exchange Listing

TSX Venture Exchange	*Stock Symbol – YOO*
OTCPK	*Stock Symbol – YOOIF*

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