YANGAROO Inc.

Management's Discussion and Analysis

For the year ended December 31, 2019

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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 and related notes for the years ended December 31, 2019 and 2018 (the “Financial Statements”) which are prepared in accordance with International Financial Reporting Standards (“IFRS”). The information below is prepared in accordance with IFRS.

Forward Looking Information

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, 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 March 26, 2020. 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.

Description of Business

Yangaroo is a software company that is the provider of work-flow management solutions for the media industry. The Company's Digital Media Distribution System (DMDS) platform is an end to end technology solution that provides a fully integrated work flow based digital distribution and data management solution. DMDS provides audio and video content for music, music videos, and advertising to television, radio, media, retailers, award shows and other authorized recipients via the cloud.

YANGAROO Inc. is a publicly listed 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 OTCBB: YOOIF.

The address of the Company’s corporate office and principal place of business is 67 Mowat Avenue, Suite 535, Toronto, Ontario, M6K 3E3.

Outlook

Consolidated revenue for the fourth quarter and full year 2019 was $1,851,590 and $7,432,245, respectively, compared to $2,005,479 and $7,487,784 for the comparison periods in 2018. The Company generated normalized EBITDA of $272,552 and $549,143 during the quarter and year, respectively, which was lower on a quarter over quarter basis. Investment into organic growth initiatives was robust throughout 2019, which included the hiring of new sales representatives, additional conference attendance and sponsorship, and the development of our customer pipeline.

"These investment and business development initiatives have started to yield great progress early in 2020", said Gary Moss, President and CEO of Yangaroo. "We are forecasting advertising sales growth, on a year over year basis, to be approximately 70% for the first quarter of 2020. A significant portion of the new business is related to the 2020 US Presidential Elections. This revenue is unpredictable as it relates to specific candidates who may change their plans at any time. As a result, we are treating this revenue as non-recurring for guidance purposes. Excluding this non-recurring political revenue, the underlying growth for the quarter is expected to be approximately 20%, generated by increased sales from existing clients and the on-boarding of new clients".

Gary Moss added, "We plan to utilize the non-recurring revenue bump to accelerate some of our technology development efforts, ensuring we continue to deliver an industry leading solution for our clients. As a priority we are investing in the development of the Clearance Platform for Advertising, which is expected to be a key differentiator, providing our customers a solution for their workflow challenges as they relate to legal and administrative workflow in getting advertising to market.

In addition to the growth in Advertising, we continue to invest in our Music and Entertainment divisions. We are working on innovative deals with labels, artists and radio in Canada, solidifying our market leadership in this area. We will launch our Canadian Content Certification Platform for Music this year, simplifying the workflow for labels, artists broadcasters and regulators.

Finally, while we are pleased that 2020 has started strongly, the Board of Directors has also conducted a strategic review to explore options to accelerate growth, taking advantage of our strong balance sheet. As a result, we have commenced the process to explore acquisition opportunities. Initially, any acquisitions will be accretive to the core business. We will announce specific details related to any potential deal, as and when appropriate."

COVID-19 Update

Yangaroo has shifted all employees to work remotely from home and has closed all its Canadian and US offices. As a result of the Company's underlying technology, nature of operations, and ability to perform all work remotely, the Company's operations are not impacted.

Gary Moss added, "We continue to operate business-as-usual while prioritizing our employees' and their families' health and safety while also adhering to all government and regulatory guidelines."

Although there is no evidence to suggest that the operations of the Company have been adversely impacted by the COVID-19 pandemic, we are closely monitoring the impact of current economic and global uncertainties and the potential impact on our customers and our operating results. As such we are still expecting full-year growth in 2020, but will update the market accordingly if there are significant changes to this forecast.

The Company recommenced the share buy-back program in early-January 2020. The share buy-back program has resulted in a total of 625,500 shares acquired and cancelled by the Company at a weighted average price of $0.13 / share for 2019 and an additional 361,500 shares acquired and cancelled at an average weighted price of $0.12 / share year to date 2020. Effective immediately, however, Yangaroo has suspended its share buy-back program to preserve capital due to COVID-19 uncertainty and to focus its resources on organic and non-organic growth initiatives.

As at March 26, 2020, the Company had a cash balance of approximately $2.4 million (inclusive of $750,000 from its revolving loan facility).

The Company will continue to invest funds in building its business to achieve key market and growth targets. The Company has identified a long-term goal of 10% market share of the North American and Latin American advertising distribution market. Currently, the Company's operations are generating positive cash flow and the Company does not anticipate having to raise additional equity capital at this time.

Results of Operations

Summary of Quarterly Results

The following table sets out selected financial information, presented in Canadian dollars.

	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Working capital [(a)]	$ 2,086,700	$ 1,907,840	$ 1,658,660	$ 1,699,238
Revenues	$ 1,851,590	$ 1,959,865	$ 1,987,636	$ 1,633,154
Gross margin	94.62 %	95.88 %	95.69 %	93.23 %
Expenses	$ 1,692,801	$ 1,813,858	$ 1,992,067	$ 1,953,520
Income (loss) for the period	$ 157,484	$ 157,603	$ (90,433)	$ (376,003)
Reconciling items:				
Interest income	$ (4,233)	$ (4,549)	$ (5,552)	$ (7,433)
Interest expense	$ 5,422	$ 6,144	$ 30,493	$ 22,688
Depreciation of property and equipment	$ 67,798	$ 66,468	$ 64,888	$ 58,567
Income tax expense	$ (72)	$ 4,069	$ -	$ 324
EBITDA (loss)	$ 226,399	$ 229,735	$ (604)	$ (301,857)
Income (loss) per share - basic	$ (0.00)	$ 0.00	$ (0.00)	$ (0.01)
Income (loss) per share - diluted	$ (0.00)	$ 0.00	$ (0.00)	$ (0.01)

(a) The Company adopted IFRS 16 – Leases beginning January 1, 2019 using the modified retrospective approach without restating historic financial statements. As at December 31, 2019, the Company has an additional $146,757 in current liabilities related to the current portion of finance lease obligations resulting from the adoption of IFRS 16.

	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Working capital	$ 2,724,443	$ 2,317,519	$ 2,169,189	$ 2,118,059
Revenues	$ 2,005,479	$ 1,735,291	$ 1,797,924	$ 1,949,090
Gross margin	94.41 %	94.94 %	94.50 %	94.69 %
Expenses	$ 1,643,413	$ 1,650,445	$ 1,816,752	$ 1,864,119
Income (loss) for the period	$ 362,066	$ 84,846	$ (18,828)	$ 84,971
Reconciling items:				
Interest income	$ (4,901)	$ (4,525)	$ (5,391)	$ (2,983)
Interest expense	$ 17,661	$ 17,775	$ 18,204	$ 18,600
Depreciation of property and equipment	$ 24,390	$ 27,883	$ 30,659	$ 30,478
Income tax expense	$ 6,193	$ -	$ 389	$ -
EBITDA (loss)	$ 405,409	$ 125,979	$ 25,033	$ 131,066
Income (loss) per share - basic	$ 0.01	$ 0.00	$ 0.00	$ 0.00
Income (loss) per share - diluted	$ 0.01	$ 0.00	$ 0.00	$ 0.00

EBITDA

For the quarter ended December 31, 2019, the Company's EBITDA was $226,399, a decrease of $179,010 or 44% year over year and a decrease of $3,336 or 1% compared to the quarter ended September 30, 2019. The decrease in EBITDA from the prior year was primarily attributed to a decrease in entertainment revenues which was partially off-set by higher foreign exchange losses due to the appreciation of the CAD/USD exchange rate during the year. The decrease in EBITDA from the prior quarter was primarily attributed to a decrease in advertising and entertainment revenues partially off-set by lower salaries and consulting fees and higher foreign exchange losses.

Normalized EBITDA

Normalized EBITDA excludes the impact of any nonrecurring and non-cash operating expenses, therefore representing normalized cash flows from operations.

	Q4 2019	Q3 2019	Q2 2019	Q1 2019
EBITDA (loss)	$ 226,399	$ 229,735	$ (604)	$ (301,857)
Reconciling items:				
Stock option expenses	$ 46,404	$ 81,534	$ 86,555	$ 96,930
Foreign exchange loss (gain)	$ (251)	$ (17,260)	$ 61,500	$ 40,058
Normalized EBITDA	$ 272,552	$ 294,009	$ 147,451	$ (164,869)

	Q4 2018	Q3 2018	Q2 2018	Q1 2018
EBITDA (loss)	$ 405,409	$ 125,979	$ 25,033	$ 131,066
Reconciling items:				
Stock option expenses	$ 33,567	$ 41,330	$ 66,021	$ 101,095
Foreign exchange loss (gain)	$ (99,714)	$ 36,992	$ (42,689)	$ (52,595)
Normalized EBITDA	$ 339,262	$ 204,301	$ 48,365	$ 179,566

For the quarter ended December 31, 2019, the Company's normalized EBITDA was $272,552, a decrease of $66,710 or 20% year over year and a decrease of $21,457 or 7% compared to the quarter ended September 30, 2019. The increase in normalized EBITDA versus prior year period and prior period are consistent with those of the EBITDA discussed above, excluding the impact of the foreign exchange gains and stock option expenses.

Revenue

For the quarter ended December 31, 2019 revenue was $1,851,590, a decrease of $153,888 or 8% over the same period in 2018 (December 31, 2018 - $2,005,479) and decreased by $108,275 or 6% from the previous quarter (September 30, 2019 - $1,959,865).

	Q4 2019	Q4 2018	$ Change	% Change
Advertising Division	$ 1,106,800	$ 1,185,529	$ (78,729)	-7%
Entertainment Division	$ 744,790	$ 819,950	$ (75,160)	-9%
Total Revenue	$ 1,851,590	$ 2,005,479	$ (153,888)	-8%

(i) Advertising

The Company earned advertising revenue of $1,106,800 in the current quarter, a decrease of $78,729 or 7% over the same period in 2018 and a decrease of $16,941 or 2% versus the previous quarter (September 30, 2019 - $1,123,741). The decrease from the previous year and quarter was primarily attributed to seasonal volatility of the overall advertising spend and related services in advertising amongst Yangaroo's customers.

(ii) Entertainment

The Company earned entertainment revenue of $744,790 in the current quarter, representing a decrease of $75,160 or 9% over the same period in 2018 and a decrease of $91,334 or 11% versus the previous quarter (September 30, 2019 - $836,124). The decrease from the prior year was primarily attributed to lower music delivery and licensing fees for promotional music videos attributed to lower customer usage and the decrease from the prior quarter was primarily attributed to the timing of awards revenue recognition resulting the seasonal nature of award shows and the underlying timing.

Operating Expenses

	Q4 2019	Q4 2018	$ Change	% Change
Total commission and production costs	$ 99,410	$ 112,125	$ (12,715)	-11%
Total fixed costs:				
Salaries and consulting	$ 1,141,148	$ 1,117,741	$ 23,407	2%
Marketing and promotion	$ 108,474	$ 95,433	$ 13,041	14%
General and administrative	$ 228,154	$ 351,807	$ (123,653)	-35%
Technology development	$ 47,816	$ 22,678	$ 25,138	111%
Depreciation of property and equipment	$ 67,798	$ 24,390	$ 43,408	178%
Total fixed costs	$ 1,593,390	$ 1,612,049	$ (18,659)	-1%
Total operating expenses	$ 1,692,800	$ 1,724,174	$ (31,374)	-2%

Commission and Production Costs

Total commission and production costs for the quarter ended December 31, 2019 was $99,410 and represents a decrease of $12,715 or 11% from the prior year period and an increase of $18,737 or 23% from the previous quarter (September 30, 2019 - $80,673). Commission and production costs are highly correlated to advertising and entertainment revenue, respectively, and as such trend carefully with these two line items. The decrease compared to the prior year and previous quarter are primarily attributed to lower estimates expenses with respect to technology royalty fees.

Fixed Costs

Total fixed costs for the quarter ended December 31, 2019 was $1,593,390, a decrease of $18,659 or 1% over the prior year period and decreased by $139,796 or 8% from the previous quarter (September 30, 2019 - $1,733,186).

(i) Salaries and Consulting

Salaries and consulting expenses for the quarter ended December 31, 2019 were $1,141,148 representing an increase of $23,406 or 2% over the same period in the prior year and a decrease of $195,973 or 15% from the previous quarter (September 30, 2019 - $1,337,120). Salaries and consulting expenses were flat compared to the same period in 2018. The decrease from the previous quarter is primarily attributed to lower estimates related to contingent executive compensation.

(ii) Marketing and Promotion

Marketing and promotion expenses for the quarter ended December 31, 2019 were $108,474 representing an increase of $13,041 or 14% versus the prior year period and an increase of $18,107 or

20% versus the prior quarter (September 30, 2019 - $90,367). The increase from the prior year and previous quarter are primarily attributed to higher travel expenditures, sponsorship and conference fees which are related to the Company's organic growth initiatives.

(iii) General and Administrative

General and administrative expenses for the quarter ended December 31, 2019 were $228,154 representing a decrease of $123,653 or 35% over the same period in the prior year and an increase of $7,170 or 3% from the previous quarter (September 30, 2019 - $220,983). The decrease from the prior year is attributed to the adoption of IFRS 16 – Leases which resulted in lower rent costs (and higher depreciation expense) and the increase from the previous quarter is primarily attributed bad-debts expense the Company recognized on sales receivables.

(iv) Technology Development

Technology development expenses for the quarter ended December 31, 2019, were $47,816 representing an increase of $25,138 or 111% over the same period in the prior year and an increase of $29,569 or 162% from the previous quarter (September 30, 2019 - $18,247). The increase from prior year and previous quarter are both primarily attributed to higher network management expenses and lower investment tax credits recognized in the current period.

Revenue, Net of Commission and Production Costs, and Gross Margins

	Q4 2019	**Q4 2018**	**$ Change**	**% Change**
Total revenues	$ 1,851,590	$ 2,005,479	$ (153,888)	-8%
Total commission and production costs	$ 99,410	$ 112,125	$ (12,715)	-11%
Revenue, net of commission and production costs	$ 1,752,180	$ 1,893,354	$ (141,174)	-7%
Gross margin	94.62 %	94.41 %		0%

Commission and Production Costs

Revenue, net of commission and production costs, was $1,752,180 for the quarter ended December 31, 2019, a decrease of $141,174 or 7% over the same period in 2018 and a decrease of $127,017 or 7% from the previous quarter (September 30, 2019 - $1,879,193). See above variance analysis on revenues and variable costs.

Gross Margin

Gross margin was 94.62% for the quarter ended December 31, 2019, flat compared to the same period in 2018 and a decrease of 1% from the previous quarter (September 30, 2019 – 95.88%). The increase from the prior year and previous quarter are both related to lower estimated expenses with respect to technology royalty fees realized in the current quarter.

Net Income and Comprehensive Income

The Company incurred net income of $157,484 in the current quarter, a decrease of $204,582 or 56% from the same period in the prior year (December 31, 2018 - $362,066) and a decrease of $119 or 0% versus the previous quarter (September 30, 2019 - $157,603). The reasons for the changes from the prior year and previous quarter are consistent with those of the EBITDA and normalized EBITDA discussions above. Additionally, see above variance analysis on revenues and operating expenditures.

Selected Annual Information

The following is the selected annual information for the Company for the three most recently completed years.

For the years ended	**December 31, 2019**	**December 31, 2018**	**December 31, 2017**
Financial Results:			
Total Revenue	$ 7,432,245	$ 7,487,784	$ 7,655,166
Net Income (loss) and Comprehensive Income (loss)	$ (151,348)	$ 513,055	$ 77,228
Basic Income Per Share	$ (0.00)	$ 0.01	$ 0.00
Diluted Income Per Share	$ (0.00)	$ 0.01	$ 0.00

As at	**December 31, 2019**	**December 31, 2018**	**December 31, 2017**
Financial Position:			
Working Capital	$ 2,086,700	$ 2,724,443	$ 1,960,841
Total Assets	$ 4,127,671	$ 3,712,662	$ 3,410,065
Non-Current Liabilities	$ 247,670	$ 612,841	$ 663,287
Deficit	$ (36,998,905)	$ (36,846,957)	$ (37,360,012)
Dividends	$ -	$ -	$ -
Number of Shares Issued & Outstanding	60,833,640	61,339,140	61,288,140

Corporate Activities

On January 10, 2019, the Company announced a grant of stock options in accordance with the terms and conditions of the Company's Stock Option Plan to certain officers, directors, employees and consultants of the Company, to purchase an aggregate of 2,155,000 common shares in the capital stock of the Company, following the expiration of 1,535,000 stock options in the final quarter of 2018. The stock options are exercisable for a period of five years from the date of grant at a price of $0.155 per share. Following 10% of the Options vesting on the date of grant, the remaining 90% will vest as to a third on each 6-month anniversary following the date of grant.

On February 20, 2019, the Company announced that it has appointed Dom Kizek as Chief Financial Officer of the Company. The Company granted Mr. Kizek 100,000 stock options, which are exercisable for a period of five years from the date of grant at a price of $0.15 per share. Following 10% of the stock options vesting on the date of grant, the remaining 90% will vest as to a third on each 6-month anniversary following the date of grant. Mr. Kizek succeeds Michael Galloro, who has resigned from his role as Chief Financial Officer. The Company thanks Michael Galloro and the ALOE Finance team for their services.

On May 22, 2019, the Company announced it closed a $750,000 revolving demand loan facility and a $150,000 lease facility (together, the "Loan Facility"). The revolving demand loan facility has a maximum draw capacity of $750,000 bearing interest at prime plus 0.5 percent per annum. Borrowings under the revolving demand loan facility are due on demand and are secured by a general security agreement. The lease facility has a maximum draw capacity of $150,000 bearing interest at 5.0 percent, with payment terms over 2-4 years.

On June 3, 2019, the Company completed the early repayment of debentures in conjunction with the closing of the Loan Facility. Repayment amount of $613,472 included $113,472 in accrued interest.

On June 18, 2019, the Company announced a grant of stock options in accordance with the terms and conditions of the Company's Stock Option Plan to certain officers and directors of the Company, to purchase an aggregate of 775,000 common shares in the capital stock of the Company. The stock options are exercisable for a period of five years from the date of grant at a price of $0.12 per share. Following 10% of the Options vesting on the date of grant, the remaining 90% will vest as to a third on each 6-month anniversary following the date of grant.

Subsequent Events

On February 7, 2020, the Company announced a grant of stock options in accordance with the terms and conditions of the Company's Stock Option Plan to certain officers, directors, employees and consultants of the Company, to purchase an aggregate of 1,095,000 common shares in the capital stock of the Company, following the expiration of 912,500 stock options in January 2020. The stock options are exercisable for a period of five years from the date of grant at a price of $0.115 per share. Following 10% of the Options vesting on the date of grant, the remaining 90% will vest as to a third on each 6-month anniversary following the date of grant.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a global pandemic. The impact of COVID-19 could negatively impact the Company's operations, suppliers or other vendors, and customer base.

The demand for the Company's services could be negatively impacted by the regional and global outbreak of COVID-19. The extent to which COVID-19 impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and actions taken to contain COVID-19 or its impact, among others. Any quarantines, labour shortages or other disruptions to the Company and the Company's customers may adversely impact Yangaroo's revenues, ability to provide its services, and operating results.

In addition, a significant outbreak of epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, including the geographical area in which the Company operates, resulting in an economic downturn that could affect demand for the Company's services.

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, and other nonrecurring items. 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 and administration expenses.

Revenue, net of commission and production costs as defined by the Company means total revenues less total commission and production costs, excluding fixed costs. Revenue, net of commission and production costs is derived from the statements of comprehensive income (loss), and can be computed as total revenues, including advertising, music audio & video, awards management and licensing revenue streams, less total commission and production costs, including commission costs related to sales personnel, and post-production costs related to its advertising production activities. The Company does not incur fixed costs as it sells technology services, not tangible goods, thus the calculation of revenue, net of commission and production costs excludes fixed costs.

Gross margin as defined by the Company means revenue, net of commissions and production costs, as a percentage of revenue.

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

The Company believes EBITDA, revenue, net of commission and production costs, gross margins, 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.

Share Capital

The following securities were outstanding as at March 26, 2020:

Common shares	60,472,140
Warrants	-
Stock Options	7,097,500

Liquidity Risk and Capital Resources

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 always 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 key to success in managing liquidity is the degree of certainty in the cash flow projections.

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.

As at December 31, 2019, the Company had a cash balance of $1,570,483 and working capital of $2,086,701.

The Company also has available a revolving loan facility of $750,000 with undrawn capacity at December 31 2019 of $nil. Borrowings are due on demand and bear interest at prime plus 0.5% per annum and are secured by a general security agreement.

As at December 31, 2019 the company had no capital commitments, other than as disclosed in the financial statements.

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. Details are disclosed in the financial statements.

New Standards and Accounting Policies

The Company adopted the following standards during the year ended December 31, 2019:

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16 "Leases" ("IFRS 16"), which replaces IAS 17 "Leases", and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for most leases on its balance sheet, as well as corresponding depreciation and interest expense. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

To determine whether a contract contains a lease, the Company applies the new definition of a lease under IFRS 16 namely if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases and thus applied IFRS 16 only to leases that were previously identified as leases prior to adoption of IFRS 16

The Company typically leases office space for fixed periods of 1-5 years but may have extension options. The lease terms are negotiated on an individual basis and contains a wide range of different terms and conditions. The lease agreements do not impose any covenants, but the leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of lease.

Effective January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. The finance cost is charged to profit and loss and right-of-use asset depreciated over the shorter of the life of the asset and the lease term on a straight-line basis.

The Company adopted IFRS 16 for the annual period beginning January 1, 2019 using the modified retrospective approach without restating the financial statements on a retrospective basis, which resulted in no adjustments to the opening retained earnings. The Company recognizes a right of use asset as a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurement of the lease liability. The Company has elected to use the practical expedient of excluding initial direct costs from the measurement of the right of use asset cost at the date of initial application. The Company assessed the impact of the new standard on its systems and processes and evaluated the practical expedients and policy choices that are available under the standard. Lease payments associated with these leases will be recognized as a straight-line expense over the lease term.

Adoption of IFRS 16 resulted in the recognition of additional lease liabilities and right-of-use assets on the balance sheet, a corresponding increase in depreciation and interest expense representing the accretion of the discount on the lease liability, and a decrease in lease and rental expenses. Cash flow from operating activities is increased under IFRS 16 as lease payments for additional right-of-use asset leases are be recorded as financing outflows in the statement of cash flows. The liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of

January 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 4.5%, consistent with the Company's incremental cost of capital and other finance leases in place.

For leases previously classified as finance leases the Company recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles are only applied after that date and did not result in any measurement adjustments as all leases identified do not have material residual value guarantees, variable lease rates or expected term renewals at transition.

The Company's only additional right-of-use leased assets recognized at transition was a property lease. The associated right-of-use asset for this property lease were measured on a modified retrospective basis as if the new rules had always been applied. There are no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

	January 1, 2019
Operating lease commitments disclosed as at December 31, 2018	$ 839,027
Non lease components excluded from lease liability	(313,138)
Undiscounted operating finance lease liability subject to IFRS 16	525,889
Adjustment to discount operating leases at incremental borrowing rate	(51,055)
Discounted lease liability on adoption of IFRS 16	$ 474,834
Add: finance lease liabilities recognized at 12/31/2018	88,628
Opening lease liability	$ 563,462

	January 1, 2019
Current lease liabilities	$ 197,671
Non-current lease liabilities	367,791
Total	$ 563,462

IFRIC 23 – Uncertainty over income tax treatments

IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23") was issued in September 2017 and is to be applied to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 – Income Taxes. There was no material impact from adoption of this interpretation in the year ended December 31, 2019.

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, and collectability of accounts receivable. Please refer to the audited financial statements for the year-ended December 31, 2019 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.

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.

1. Financial Risk Management

- Market risk
- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Fair value

2. Operational Risks

- Seasonality of advertising revenue
- Dependent on the internet as a medium for business and communication
- The lack of a defined market for the Company's product
- Online commerce security
- The ability to generate revenue and control operating costs
- Lack of profitability
- Contingencies

- Impact of human error
- Customer concentration risk (Major customers accounted for 27% of year to date revenue)

3. Non-Financial Risks

- Heavily relying on upper management
- Management of growth
- Competition risks
- Availability and dependence on management and outside advisors
- Price and volatility of public stock
- Global financial conditions

Approval by the Board of Directors

The Board of Directors, on recommendation of the Audit Committee, approved the content of this MD&A on March 25, 2020. 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.sedar.com.

CORPORATE INFORMATION

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Board of Directors

Anthony Miller	*Chair, Member of Audit Committee & Compensation Committee (Chairman)*
Gerry Hurlow	*Member of Audit Committee (Chairman) & Compensation Committee*
Phil Benson	*Member of Audit Committee & Compensation Committee*
Gary Moss	*Chief Executive Officer, President & Secretary*

Officers

Gary Moss	*Chief Executive Officer, President & Secretary*
Grant Schuetrumpf	*President, Advertising*
Dom Kizek	*Chief Financial Officer*
Richard Klosa	*Chief Technology Officer*
Adam Hunt	*Senior Vice President - Entertainment*

Stock Exchange Listing

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

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