

YANGAROO Inc.

Condensed Interim Financial Statements

For the Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited)

YANGAROO Inc.

Condensed Interim Statements of Financial Position (Unaudited)
(Expressed in Canadian dollars)

| | As at | |
|---|---------------------|---------------------|
| | March 31 | December 31 |
| | 2021 | 2020 |
| Assets | | |
| Current | | |
| Cash | \$ 2,339,122 | \$ 1,861,253 |
| Accounts receivable | 1,333,841 | 1,755,391 |
| Prepaid and sundry assets | 502,603 | 425,083 |
| Contract assets | 98,440 | 96,550 |
| | 4,274,006 | 4,138,277 |
| Non-current | | |
| Product development (note 6) | 220,947 | - |
| Property and equipment (note 7) | 299,604 | 366,751 |
| | \$ 4,794,557 | \$ 4,505,028 |
| Liabilities | | |
| Current | | |
| Trade and other payables (note 8) | \$ 606,858 | \$ 800,198 |
| Contract liabilities | 228,731 | 50,692 |
| Current portion of lease obligations (note 9) | 137,504 | 182,918 |
| | 973,093 | 1,033,808 |
| Non-current | | |
| Lease obligations (note 9) | 77,508 | 77,509 |
| | 1,050,601 | 1,111,317 |
| Equity | | |
| Share capital (note 11) | 32,453,874 | 32,446,702 |
| Contributed surplus | 7,040,643 | 7,035,352 |
| Deficit | (35,750,561) | (36,088,343) |
| | 3,743,956 | 3,393,711 |
| | \$ 4,794,557 | \$ 4,505,028 |

Commitments and contingencies (note 17)

Subsequent events (note 18)

Approved by the Board of Directors

"Anthony Miller"

Director

"Roy T. Graydon"

Director

See accompanying notes, which are an integral part of these condensed interim financial statements

YANGAROO Inc.

Condensed Interim Statements of Net Income and Comprehensive Income (Unaudited)

Three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

| | Three Months Ended March 31, | |
|---|------------------------------|---------------------|
| | 2021 | 2020 |
| Revenue (note 14) | \$ 1,560,547 | \$ 2,372,767 |
| Expenses | | |
| Salaries and consulting (notes 12, 15 & 16) | 972,926 | 1,546,292 |
| Marketing and promotion | 7,874 | 92,353 |
| General and administrative | 60,696 | 122,366 |
| Technology development | 74,505 | 110,059 |
| Depreciation of property and equipment (note 7) | 65,308 | 71,311 |
| | 1,181,309 | 1,942,381 |
| Income from operations | 379,238 | 430,386 |
| Other income (expenses) | | |
| Interest income | 711 | 3,696 |
| Interest expense | (2,732) | (8,313) |
| Foreign exchange gain (loss) | (39,435) | 202,840 |
| | (41,456) | 198,223 |
| Net income before income tax | 337,782 | 628,609 |
| Corporate income tax | - | - |
| Net income and comprehensive income | \$ 337,782 | \$ 628,609 |
| Basic income per share (note 13) | \$ 0.01 | \$ 0.01 |
| Diluted income per share (note 13) | \$ 0.01 | \$ 0.01 |

See accompanying notes, which are an integral part of these condensed interim financial statements

YANGAROO Inc.

Condensed Interim Statements of Changes in Equity (Unaudited)

Three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

| | Number of Shares | Share Capital | Warrant Capital | Contributed Surplus | Deficit | Total |
|--|---------------------|---------------------|--------------------|------------------------|-----------------------|--------------------|
| Balance at December 31, 2019 (audited) | 60,833,640 | \$32,490,832 | \$29,950 | \$6,851,029 | \$(36,998,305) | \$2,373,506 |
| Share-based payments (note 12) | - | - | - | 58,345 | - | 58,345 |
| Share repurchased and cancelled (note 11) | (361,500) | (44,130) | - | - | - | (44,130) |
| Expiry of warrants | - | - | (29,950) | 29,950 | - | - |
| Income for the period | - | - | - | - | 628,609 | 628,609 |
| Balance at March 31, 2020 | 60,472,140 | \$32,446,702 | \$ - | \$6,939,324 | \$(36,369,696) | \$3,016,330 |
| Balance at December 31, 2020 (audited) | 60,472,140 | \$32,446,702 | \$ - | \$7,035,352 | \$(36,088,343) | \$3,393,711 |
| Share-based payments (note 12) | - | - | - | 8,583 | - | 8,583 |
| Exercise of options (note 11, 12) | 27,000 | 7,172 | - | (3,292) | - | 3,880 |
| Net income for the period | - | - | - | - | 337,782 | 337,782 |
| Balance at March 31, 2021 | 60,499,140 | \$32,453,874 | \$ - | \$7,040,643 | \$(35,750,561) | \$3,743,956 |

See accompanying notes, which are an integral part of these condensed interim financial statements

YANGAROO Inc.

Condensed Interim Statements of Cash Flows (Unaudited)

Three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Cash flow from operating activities | | |
| Net income for the period | \$ 337,782 | \$ 628,609 |
| Items not affecting cash: | | |
| Depreciation of property and equipment (note 7) | 70,864 | 71,311 |
| Bad debt expense | (50,559) | - |
| Share-based payments (note 12) | 8,583 | 58,345 |
| Accrued contractual severance payable | (262,500) | - |
| Unrealized foreign exchange loss | 10,617 | 235,654 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | 373,209 | (594,517) |
| Prepaid and sundry assets | (77,520) | (23,026) |
| Contract assets | (1,890) | 11,119 |
| Trade and other payables | 69,296 | 60,528 |
| Contract liabilities | 178,039 | 91,758 |
| Net cash from operating activities | 655,921 | 539,781 |
| Cash flow used in investing activities | | |
| Acquisition of property and equipment (note 7) | (3,717) | (19,582) |
| Additions to product development assets (note 6) | (220,947) | - |
| Net cash used in investing activities | (224,644) | (19,582) |
| Cash flow used in financing activities | | |
| Payment of lease obligations | (45,415) | (53,636) |
| Exercise of options | 3,880 | - |
| Common shares repurchased and cancelled (note 11) | - | (44,130) |
| Net cash used in financing activities | (41,535) | (97,766) |
| Net increase in cash | 389,722 | 422,433 |
| Effect of foreign exchange on cash | 88,147 | (19,230) |
| Cash, beginning of period | 1,861,253 | 1,570,483 |
| Cash, end of period | \$ 2,339,122 | \$ 1,973,686 |

See accompanying notes, which are an integral part of these condensed interim financial statements

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
For the three months ended March 31, 2021 and 2020
(Expressed in Canadian dollars, unless otherwise noted)

1. Nature of Operations

YANGAROO Inc. ("Company") 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, advertising to television, radio, media, retailers, award shows and other authorized recipients via the cloud in desktop and mobile platforms, as well as related work-flow services such as data analytics and program clearance data management.

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.

2. Basis of Preparation

(a) Basis of compliance

These condensed interim financial statements were prepared using the same accounting policies and methods as those used in the Company's audited financial statements for the year ended December 31, 2020. These condensed interim financial statements are in compliance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), have been omitted. The preparation of these unaudited condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2020.

These condensed interim financial statements were authorized for issue by the Board of Directors on May 28, 2021.

(b) Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except certain financial instruments recorded at fair value through profit and loss. Where there are assets and liabilities calculated on a different basis, this fact is disclosed in the relevant accounting policy.

The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
For the three months ended March 31, 2021 and 2020
(Expressed in Canadian dollars, unless otherwise noted)

2. Basis of Preparation (continued)

The preparation of these condensed interim 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 of complexity, or areas where assumptions and estimates are significant to the condensed interim financial statements are as follows:

(i) Share-based payments

Share-based payments which include stock options granted to employees, officers and directors and warrants granted to agents and debenture holders, to the extent that they are not measured at the fair value of the services received, are based on the fair value at the date of the award. These share-based payments are valued using the Black-Scholes option pricing model, which includes inputs that require management's estimates and assumptions.

(ii) Revenue recognition

To the extent a contract includes multiple performance obligations, the Company applies judgment to determine whether these performance obligations are capable of being distinct and distinct in the context of the contract. If these criteria are not met the promised services are accounted for as a combined performance obligation. Additionally, recognition of revenue requires significant judgment to determine if revenue is recognized at a point in time or over time.

(iii) Investment tax credits

The Company uses judgment to determine the reasonable assurance of collection and estimates the valuation of investment tax credits to be accrued.

(iv) Functional currency

The Company uses judgment to determine the Company's functional currency.

(v) Collectability of accounts receivable

The Company applies the simplified method to measure loss allowance on accounts receivable at an amount equal to the lifetime expected credit loss (ECL).

(vi) Leases

The Company uses judgment to determine the incremental borrowing rate used to calculate the initial liability and corresponding asset. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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Notes to the Condensed Interim Financial Statements (Unaudited)
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(Expressed in Canadian dollars, unless otherwise noted)

3. Significant Accounting Policies

These condensed interim financial statements follow the same accounting policies and methods of their application as the Company's December 31, 2020 annual audited financial statements.

4. Capital Risk Management

The Company includes equity comprised of share capital, contributed surplus, and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further develop and market platform services, and to maintain its ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended March 31, 2021.

5. Comparative Figures

Commissions and production costs were reclassified to Salaries and Consulting expenditures and Technology Development expenditures. Co-location expenditures were reclassified from General and Administrative expenditures to Technology Development expenditures. Net income is not affected by these comparative period reclassifications.

6. Product Development

During the three months ended March 31, 2021, the Company capitalized product development costs of \$220,947 (December 31, 2020 - \$nil). The significant new projects for the three month period ended March 31, 2021 consisted of new features in the Awards platform, improvements in the user interface in the Music and Advertising platforms, and significant new enhancements to its core technology infrastructure.

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
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(Expressed in Canadian dollars, unless otherwise noted)

7. Property and Equipment

| | Office equipment | Computer equipment | Computer software | Right-of-use office property | Leasehold improvements | Total |
|---------------------------------|---------------------|-----------------------|----------------------|---------------------------------|---------------------------|------------------|
| Cost | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, January 1, 2020 | 34,367 | 670,055 | 355,642 | 486,205 | 12,116 | 1,558,385 |
| Additions | 2,132 | 52,132 | 47,627 | - | 2,582 | 104,473 |
| Balance, December 31, 2020 | 36,499 | 722,187 | 403,269 | 486,205 | 14,698 | 1,662,858 |
| Additions | 380 | 2,568 | 769 | - | - | 3,717 |
| Balance, March 31, 2021 | 36,879 | 724,755 | 404,038 | 486,205 | 14,698 | 1,666,575 |
| Accumulated depreciation | | | | | | |
| Balance, January 1, 2020 | 30,774 | 581,387 | 271,964 | 134,652 | 5,133 | 1,023,910 |
| Depreciation expense | 2,947 | 78,576 | 51,489 | 135,925 | 3,260 | 272,197 |
| Balance, December 31, 2020 | 33,721 | 659,963 | 323,453 | 270,577 | 8,393 | 1,296,107 |
| Depreciation expense | 565 | 21,757 | 13,746 | 33,981 | 815 | 70,864 |
| Balance, March 31, 2021 | 34,286 | 681,720 | 337,199 | 304,558 | 9,208 | 1,366,971 |
| Carrying amounts | | | | | | |
| December 31, 2020 | 2,778 | 62,224 | 79,816 | 215,628 | 6,305 | 366,751 |
| March 31, 2021 | 2,593 | 43,035 | 66,839 | 181,647 | 5,490 | 299,604 |

Included in property and equipment are computer equipment and computer software under leases with a cost of \$551,264 (December 31, 2020 - \$551,264). Accumulated depreciation for these assets under leases is \$545,255 (December 31, 2020 - \$526,536). Depreciation expense of \$5,556 (2020-\$nil) was capitalized to product development assets in the current period.

8. Trade and Other Payables

| | March 31 2021 | December 31 2020 |
|------------------|-------------------|---------------------|
| Trade payables | \$ 202,424 | \$ 200,655 |
| Accrued expenses | 404,434 | 599,543 |
| | \$ 606,858 | \$ 800,198 |

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(Expressed in Canadian dollars, unless otherwise noted)

9. Lease Obligations

The Company has lease obligations until 2022 with purchase options at the end of each lease term. All of these lease agreements have 3-5 year terms at inception and carry a weighted average incremental borrowing rate of 2.37% per annum (2020 – 2.37%).

| | Computer Equipment | Software | Property | Total Lease Liability |
|--|-----------------------|------------------|------------------|--------------------------|
| Balance at December 31, 2020 | \$ 35,039 | \$ 28,503 | \$196,885 | \$ 260,427 |
| Additions during the period | - | - | - | - |
| Principal payments | (5,800) | (5,162) | (34,453) | (45,415) |
| Balance at March 31, 2021 | \$ 29,239 | \$ 23,341 | \$162,432 | \$ 215,012 |
| Current lease obligation | 20,251 | 21,252 | 96,002 | 137,504 |
| Long-term lease obligation | 8,988 | 2,089 | 66,431 | 77,508 |
| Balance at March 31, 2021 | \$ 29,239 | \$ 23,341 | \$162,432 | \$ 215,012 |
| Effective annual rate of interest | 2.16% | 4.58% | 4.24% | 2.37% |
| Amount of interest recognized in statement of income (loss) | \$ 262 | \$ 314 | \$ 3,778 | \$ 4,355 |

10. Revolving Loan Facility

The Company has a \$1,000,000 (2020 - \$1,000,000) revolving loan facility with a tier-1 Canadian financial institution. The revolving loan facility carries interest at prime plus 0.5 percent per annum. Borrowings under the revolving loan facility are due on demand and are secured by a general security agreement. As at March 31, 2021 the Company has drawn down \$nil (December 31, 2020 - \$nil) on the revolving loan facility.

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Notes to the Condensed Interim Financial Statements (Unaudited)
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(Expressed in Canadian dollars, unless otherwise noted)

11. Share Capital

The Company is authorized to issue an unlimited number of common shares.

The following is a summary of changes in common share capital:

| | Number of shares | Value |
|------------------------------------|---------------------|----------------------|
| Balance at January 1, 2020 | 60,833,640 | \$ 32,490,832 |
| Share buyback ^(a) | (361,500) | (44,130) |
| Balance at December 31, 2020 | 60,472,140 | \$ 32,446,702 |
| Exercise of options ^(b) | 27,000 | 7,172 |
| Balance at March 31, 2021 | 60,499,140 | \$ 32,453,874 |

- (a) On December 20, 2018, the Company announced a normal course issuer bid to purchase and cancel up to a maximum of 3,066,957 common shares representing 5% of the outstanding shares of the Company. As of March 31, 2021, the Company has purchased and cancelled 987,000 shares at a weighted average price of \$0.13 per share through the life of the program. There were no share buybacks during the three months ended March 31, 2021.
- (b) Exercise of 27,000 stock options at a price of \$0.14 per share for gross proceeds of \$7,172. The initial value of \$3,292 related to the options' original issuances was reclassified from contributed surplus to share capital.

12. Share-Based Payments

The Company has a 14% (2020 – 14%) fixed stock option plan ("Amended Plan"), in which the total number of options shall not exceed 8,466,099, which was 14% of the issued and outstanding number of shares as of the date of approval. The Amended Plan was approved at the Company's Annual Meeting of the Shareholders held on June 11, 2020.

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Notes to the Condensed Interim Financial Statements (Unaudited)
For the three months ended March 31, 2021 and 2020
(Expressed in Canadian dollars, unless otherwise noted)

12. Share-Based Payments (continued)

The Company had issued stock options to acquire common shares as follows:

| | Weighted average price | Outstanding options | Vested options | Weighted average remaining life (years) |
|----------------------------------|------------------------------|------------------------|-------------------|--|
| Balance at January 1, 2020 | \$ 0.167 | 6,915,000 | 5,550,000 | 2.87 |
| Granted | 0.114 | 1,165,000 | | |
| Forfeited | 0.180 | (912,500) | | |
| Expired | 0.173 | (307,000) | | |
| Balance at December 31, 2020 | \$ 0.156 | 6,860,500 | 6,188,500 | 2.58 |
| Forfeited | 0.150 | (27,000) | | |
| Expired | 0.150 | (180,000) | | |
| Exercised | 0.144 | (27,000) | | |
| Balance at March 31, 2021 | \$ 0.160 | 6,626,500 | 6,283,000 | 2.33 |

For the period ended March 31, 2020, the fair value of options granted was \$nil (March 31, 2020 - \$101,295).

The estimated fair value of the options is expensed over the vesting period. The options vest 10% on the date of grant, and the remaining 90% vest as to a third on each 6-month anniversary following the date of grant. The compensation expense and charge to contributed surplus relating to the stock options for the period ended March 31, 2021 was \$8,583 (2020 - \$58,345).

The fair value of the Company's stock options grants was estimated using the Black-Scholes option pricing model. Stock options granted during the periods ended March 31, 2021 and 2020 used the following weighted average assumptions:

| | March 31 2021 | March 31 2020 |
|---|------------------|------------------|
| Volatility (based on historical share prices) | - | 115% |
| Risk-free interest rate | - | 1.34% |
| Expected life (years) | - | 5.00 |
| Dividend yield | - | Nil |
| Forfeiture rate | - | 1% |
| Underlying share price | - | \$0.12 |

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
For the three months ended March 31, 2021 and 2020
(Expressed in Canadian dollars, unless otherwise noted)

12. Share-Based Payments (continued)

The Company had the following stock options outstanding at March 31, 2021:

| Number of options | Number of unvested options | Number of vested options | Exercise price | Expiry date |
|-------------------|----------------------------|--------------------------|----------------|--------------------|
| 5,000 | - | 5,000 | \$0.115 | September 6, 2021 |
| 912,500 | - | 912,500 | \$0.100 | January 10, 2022 |
| 500,000 | - | 500,000 | \$0.140 | May 1, 2022 |
| 75,000 | - | 75,000 | \$0.120 | August 25, 2022 |
| 1,162,500 | - | 1,162,500 | \$0.275 | January 8, 2023 |
| 2,020,000 | - | 2,020,000 | \$0.155 | January 4, 2024 |
| 100,000 | - | 100,000 | \$0.150 | February 20, 2024 |
| 775,000 | - | 775,000 | \$0.120 | June 18, 2024 |
| 1,006,500 | 301,500 | 705,000 | \$0.115 | February 4, 2025 |
| 70,000 | 42,000 | 28,000 | \$0.105 | September 15, 2025 |
| 6,626,500 | 343,500 | 6,283,000 | \$0.159 | |

13. Basic and Diluted Income (Loss) per Share

The income (loss) and weighted average number of common shares used in the calculation of basic and diluted income (loss) per share for the periods ended March 31, 2021 and 2020 were as follows:

| | March 31 2021 | March 31 2020 |
|--|------------------|------------------|
| Numerator: | | |
| Net income and comprehensive income for the period | \$ 337,782 | \$ 628,609 |
| Denominator: | | |
| Weighted average number of common shares – basic | 60,484,751 | 60,598,112 |
| Adjustments for calculation of diluted income per share: | | |
| Options in the money | 5,469,000 | 1,200,000 |
| Weighted average number of common shares – diluted | 65,953,751 | 61,798,112 |
| Basic income (loss) per share | \$ 0.01 | \$ 0.01 |
| Diluted income (loss) per share | \$ 0.01 | \$ 0.01 |

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
For the three months ended March 31, 2021 and 2020
(Expressed in Canadian dollars, unless otherwise noted)

14. Segmented Information

The Company provides Advertising, Entertainment and Awards Management software workflow solutions to customers across multiple geographic regions. It considers the basis on which it is organized, including geographic areas and service offerings, in identifying its reportable segments. Operating segments of the Company are defined as components of the Company for which separate financial information is available and is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. The chief operating decision maker is the Chief Executive Officer of the Company. For revenues, the amounts included are from the originating country.

Below is the breakdown of revenue and long-term assets by operating segment:

| For the period ended March 31, 2021 | Canada | US | Total |
|--|-------------------|---------------------|---------------------|
| Advertising | \$ 59,813 | \$ 751,739 | \$ 811,552 |
| Entertainment | | | |
| Music | 164,076 | 320,942 | 485,018 |
| Awards management | 36,600 | 227,377 | 263,977 |
| | 200,676 | 548,319 | 748,995 |
| Total revenue | \$ 260,489 | \$ 1,300,058 | \$ 1,560,547 |
| Property and equipment | \$ 295,602 | \$ 4,002 | \$ 299,604 |

| For the period ended March 31, 2020 | Canada | US | Total |
|--|------------|--------------|--------------|
| Advertising | \$ 67,825 | \$ 1,669,153 | \$ 1,736,978 |
| Entertainment | | | |
| Music | 166,256 | 257,400 | 423,656 |
| Awards management | 48,628 | 163,505 | 212,133 |
| | 214,884 | 420,905 | 635,789 |
| Total revenue | \$ 282,709 | \$ 2,090,058 | \$ 2,372,767 |
| Property and equipment | \$ 480,712 | \$ 2,034 | \$ 482,746 |

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Notes to the Condensed Interim Financial Statements (Unaudited)
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15. 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 stock option program (note 12).

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

| | March 31 2021 | March 31 2020 |
|--|--------------------------|------------------|
| Salaries and short-term employee benefits ⁽ⁱ⁾ | \$ 503,475 | \$ 330,937 |
| Share-based payments | 3,570 | 46,011 |
| | \$ 507,045 | \$ 376,948 |

(i) Short-term employee benefits include bonuses, vacation pay and commission.

16. Salaries & Consulting

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 COVID-19 pandemic had an adverse impact on the Company's operations since the on-set of the COVID-19 pandemic.

For the current period the Company received government assistance funds from the Canadian Federal Government's Canada Emergency Wage Subsidy ("CEWS") and the U.S. Small Business Administration's Payment Protection Program ("PPP"). During the period ended March 31, 2021, the Company recognized government assistance of \$310,886 (2020 - \$74,500).

17. Commitments and Contingencies

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and former employees. There were no litigation and claims during the three-months ended March 31, 2021.

18. Subsequent Events

Subsequent to period-end, the Company announced the acquisition of the business of Digital Media Solutions Inc. ("DMS") and its subsidiaries. The acquisition closed on May 21, 2021. The acquisition total purchase price was USD \$5,500,000 ("Total Consideration") in addition to customary closing fees and purchase price adjustments. On closing, the Company paid USD \$2,500,000 ("Base Consideration") with an additional USD \$3,000,000 ("Earn-Out Consideration") payable in annual installments over three years ("Earn-Out Period").

In connection with the acquisition, on May 20, 2021, the Company closed a debt financing package with a Tier-1 Canadian financial institution with a total commitment of \$5,500,000. Included in the debt financing package is a \$3,250,000 term acquisition facility, payable in monthly installments over

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Notes to the Condensed Interim Financial Statements (Unaudited)
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18. Subsequent Events (continued)

72 months and inclusive of an initial 6-month interest only period, a \$1,750,000 revolving credit facility, and \$500,000 in other credit products including credit card facilities and derivatives trading credit products.