

YANGAROO Inc.

Condensed Interim Financial Statements

For the Three Months Ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The management of YANGAROO Inc. is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are considered by management to present fairly the financial position, operating results and cash flows of the Company.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor. These unaudited condensed interim financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the financial position, results of operations and cash flows.

“Gary Moss”
Gary Moss
Chief Executive Officer

“Dom Kizek”
Dom Kizek
Chief Financial Officer

May 12, 2020

YANGAROO Inc.

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

| | As at | |
|---|---------------------|---------------------|
| | March 31 2020 | December 31 2019 |
| Assets | | |
| Current | | |
| Cash and cash equivalents | \$ 1,973,686 | \$ 1,570,483 |
| Accounts receivable | 1,909,198 | 1,549,792 |
| Prepaid and sundry assets | 391,877 | 379,120 |
| Contract assets | 82,682 | 93,801 |
| | 4,357,443 | 3,593,196 |
| Non-current | | |
| Property and equipment (note 6) | 482,746 | 534,475 |
| | \$ 4,840,189 | \$ 4,127,671 |
| Liabilities | | |
| Current | | |
| Trade and other payables (note 7) | \$ 519,286 | \$ 472,030 |
| Contract liabilities | 165,568 | 73,810 |
| Current portion of lease obligations (note 8) | 199,589 | 210,655 |
| Revolving loan facility (note 9) | 750,000 | 750,000 |
| | 1,634,443 | 1,506,495 |
| Non-current | | |
| Lease obligations (note 8) | 189,416 | 247,670 |
| | 1,823,859 | 1,754,165 |
| Equity | | |
| Share capital (note 10) | 32,446,702 | 32,490,832 |
| Warrant capital (note 12) | - | 29,950 |
| Contributed surplus | 6,939,324 | 6,851,029 |
| Deficit | (36,369,696) | (36,998,305) |
| | 3,016,330 | 2,373,506 |
| | \$ 4,840,189 | \$ 4,127,671 |

Commitments and contingencies (note 16)

Subsequent events (note 17)

Approved by the Board of Directors

"Anthony Miller"
Director

"H. Shepard Boone"
Director

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

YANGAROO Inc.

Condensed Interim Statements of Net Income (Loss) and Comprehensive Income (Loss) (Unaudited)
Three months ended March 31, 2020 and 2019
(Expressed in Canadian dollars)

| | Three Months Ended March 31, | |
|--|------------------------------|---------------------|
| | 2020 | 2019 |
| Revenue (note 14) | \$ 2,372,767 | \$ 1,633,154 |
| Commission and production costs | 114,666 | 110,517 |
| Revenue, net of commission and production costs | 2,258,101 | 1,522,637 |
| Expenses | | |
| Salaries and consulting (notes 11 & 15) | 1,446,312 | 1,451,590 |
| Marketing and promotion | 92,311 | 114,965 |
| General and administrative | 163,990 | 175,762 |
| Technology development | 53,791 | 41,819 |
| Depreciation of property and equipment (note 6) | 71,311 | 58,567 |
| | 1,827,715 | 1,842,703 |
| Income (loss) from operations | 430,386 | (320,066) |
| Other income (expenses) | | |
| Interest income | 3,696 | 7,433 |
| Interest expense | (8,313) | (22,688) |
| Foreign exchange gain (loss) | 202,840 | (39,620) |
| | 198,223 | (54,874) |
| Net income (loss) before income tax | 628,609 | (374,941) |
| Corporate income tax | - | (324) |
| Net income (loss) and comprehensive income (loss) | \$ 628,609 | \$ (375,265) |
| Basic income (loss) per share (note 13) | \$ 0.01 | \$ (0.01) |
| Diluted income (loss) 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, 2020 and 2019

(Expressed in Canadian dollars)

| | Number of shares | Share capital | Warrant capital | Contributed surplus | Deficit | Total |
|--|---------------------|---------------------|--------------------|------------------------|-----------------------|--------------------|
| Balance at January 1, 2019 (audited) | 61,339,140 | \$32,558,445 | \$203,824 | \$6,366,932 | \$(36,846,957) | \$2,282,244 |
| Share-based payments (note 11) | - | - | - | 96,930 | - | 96,930 |
| Share repurchased and cancelled (note 10) | (104,500) | (16,255) | - | - | - | (16,255) |
| Loss for the period | - | - | - | - | (377,110) | (377,110) |
| Balance at March 31, 2019 | 61,234,640 | \$32,542,190 | \$203,824 | \$6,463,862 | \$(37,224,067) | \$1,985,809 |
| Balance at January 1, 2020 (audited) | 60,833,640 | \$32,490,832 | \$29,950 | \$6,851,029 | \$(36,998,305) | \$2,373,506 |
| Share-based payments (note 11) | - | - | - | 58,345 | - | 58,345 |
| Share repurchased and cancelled (note 10) | (361,500) | (44,130) | - | - | - | (44,130) |
| Expiry of warrants (note 12) | - | - | (29,950) | 29,950 | - | - |
| Income (Loss) 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 |

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, 2020 and 2019

(Expressed in Canadian dollars)

| | Three Months Ended March 31, | |
|---|-------------------------------------|---------------------|
| | 2020 | 2019 |
| Cash flow from (used in) operating activities | | |
| Net income (loss) for the period | \$ 628,609 | \$ (375,265) |
| Items not affecting cash: | | |
| Depreciation of property and equipment | 71,311 | 80,903 |
| Bad debt expense | - | 5,354 |
| Share-based payments (note 11) | 58,345 | 96,930 |
| Accrued contractual severance payable | - | (51,323) |
| Unrealized foreign exchange gain (loss) | 235,654 | 46,780 |
| Accrued interest on debentures | - | 16,029 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (594,517) | 208,490 |
| Prepaid and sundry assets | (23,026) | 27,253 |
| Contract assets | 11,119 | (51,793) |
| Trade and other payables | 60,528 | 130,898 |
| Contract liabilities | 91,758 | 139,846 |
| Net cash from operating activities | 539,781 | 274,102 |
| Cash flow used in investing activities | | |
| Acquisition of property and equipment (note 6) | (19,582) | (17,416) |
| Net cash used in investing activities | (19,582) | (17,416) |
| Cash flow from financing activities | | |
| Payment of lease obligation | (53,636) | (64,663) |
| Common shares repurchased and cancelled (note 10) | (44,130) | (16,255) |
| Net cash used in financing activities | (97,766) | (80,918) |
| Net increase in cash | 422,433 | 175,768 |
| Effect of foreign exchange on cash | (19,230) | 6,917 |
| Cash and cash equivalents, beginning of period | 1,570,483 | 1,441,716 |
| Cash and cash equivalents, end of period | \$ 1,973,686 | \$ 1,624,401 |
| Cash interest paid | \$ 8,312 | \$ 9,577 |

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, 2020 and 2019
(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, 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.

2. Basis of Preparation

(a) Basis of compliance

These unaudited 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, 2019. These unaudited 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 unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2019.

These unaudited condensed financial statements were authorized for issue by the Board of Directors on May 6, 2020.

(b) Basis of measurement

The unaudited 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 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, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise noted)

2. Basis of Preparation (continued)

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 of complexity, or areas where assumptions and estimates are significant to the 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 (notes 11).

(ii) Revenue recognition

To the extent a contract includes multiple performance obligations, the Company applies judgement 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 judgement to determine if revenue is recognized at a point in time or over time.

(iii) Investment tax credits

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

(iv) Functional currency

The Company uses judgement 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 judgement 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.

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
For the three months ended March 31, 2020 and 2019
(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 December 31, 2019 annual audited financial statements.

4. Capital Risk Management

The Company includes equity comprised of share capital, warrant 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, 2020.

5. Comparative Figures

Certain cash balances were reclassified from accounts receivable to cash and cash equivalents in the prior period to conform to the current period's presentation.

6. Property and Equipment

| | Office equipment | Computer equipment | Computer software | Right-of-use office property | Leasehold improvements | Total |
|---------------------------------|---------------------|-----------------------|----------------------|---------------------------------|---------------------------|------------------|
| Cost | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, January 1, 2019 | 34,367 | 617,438 | 274,752 | - | 10,275 | 936,832 |
| Additions | - | 52,617 | 80,890 | 486,205 | 1,841 | 621,553 |
| Balance, December 31, 2019 | 34,367 | 670,055 | 355,642 | 486,205 | 12,116 | 1,558,385 |
| Additions | 740 | 10,318 | 5,942 | - | 2,582 | 19,582 |
| Balance, March 31, 2020 | 35,107 | 680,373 | 361,584 | 486,205 | 14,698 | 1,577,967 |
| Accumulated depreciation | | | | | | |
| Balance, January 1, 2019 | 28,092 | 509,247 | 226,205 | - | 2,646 | 766,190 |
| Depreciation expense | 2,682 | 72,140 | 45,759 | 134,652 | 2,487 | 257,720 |
| Balance, December 31, 2019 | 30,774 | 581,387 | 271,964 | 134,652 | 5,133 | 1,023,910 |
| Depreciation expense | 331 | 20,056 | 13,640 | 33,981 | 3,303 | 71,311 |
| Balance, March 31, 2020 | 31,105 | 601,443 | 285,604 | 168,633 | 8,436 | 1,095,221 |
| Carrying amounts | | | | | | |
| December 31, 2019 | 3,593 | 88,668 | 83,678 | 351,553 | 6,983 | 534,475 |
| March 31, 2020 | 4,002 | 78,930 | 75,980 | 317,572 | 6,262 | 482,746 |

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
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6. Property and Equipment (continued)

Included in property and equipment are computer equipment and computer software under leases with a cost of \$551,264 (2018 - \$463,187). Accumulated depreciation for these assets under leases is \$399,859 (2018 - \$380,041).

7. Trade and Other Payables

| | March 31 2020 | December 31 2019 |
|--------------------|-------------------|---------------------|
| Trade payables | \$ 155,102 | \$ 145,250 |
| Non-trade payables | 364,184 | 326,780 |
| | \$ 519,286 | \$ 472,030 |

8. Lease Obligations

The Company has lease obligations until 2022 with purchase options at the end of each lease term. All of these lease agreements had 3-5 year terms at inception and carry a weighted average incremental borrowing rate of 4.21% per annum (2019 – 4.21%).

| | Computer Equipment | Software | Property | Total Lease Liability |
|---|-----------------------|------------------|------------------|--------------------------|
| Balance at December 31, 2019 | \$ 66,743 | \$ 44,969 | \$346,613 | \$ 458,325 |
| Additions during the year | - | - | - | - |
| Principal payments | (15,907) | (4,771) | (48,642) | (69,320) |
| Balance at March 31, 2020 | \$ 50,836 | \$ 40,198 | \$297,971 | \$ 389,005 |
| Current lease obligation | \$ 33,194 | \$ 19,640 | \$146,755 | \$ 199,589 |
| Long-term lease obligation | 17,642 | 20,558 | 151,216 | 189,416 |
| Balance at March 31, 2020 | \$ 50,836 | \$ 40,198 | \$297,971 | \$ 389,005 |
| Effective annual rate of interest | 5.20% | 4.57% | 4.24% | 4.97% |
| Amount of interest recognized in statement of income (loss) | \$ 560 | \$ 496 | \$ 3,734 | \$ 4,790 |

All of these lease agreements had 3-5 year terms at inception and are ending between April 2020 and July 2022.

YANGAROO Inc.

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

9. Revolving Loan Facility

On May 23, 2019, the Company closed a \$750,000 revolving loan facility. The revolving loan facility has a maximum draw capacity of \$750,000 bearing 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. The net proceeds of the revolving loan facility were used for general working capital and to repay outstanding liabilities. As at March 31, 2020 the Company has drawn down \$750,000 (December 31, 2019 - \$750,000) on the revolving loan facility.

10. 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, 2019 | 61,339,140 | \$ 32,558,445 |
| Share buyback ^(a) | (625,500) | (80,813) |
| Exercise of options ^(b) | 120,000 | 13,200 |
| Balance at December 31, 2019 | 60,833,640 | \$ 32,490,832 |
| Share buyback ^(a) | (361,500) | (44,128) |
| Balance at March 31, 2020 | 60,472,140 | \$ 32,446,703 |

(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, 2020, the Company has purchased and cancelled 987,000 shares at a weighted average price of \$0.13 / share.

(b) Exercise of 120,000 stock options at a price of \$0.10 per share for gross proceeds of \$12,000. The initial value of \$1,200 related to the options' original issuances was reclassified from contributed surplus to share capital.

11. Share-Based Payments

The Company has a 12% fixed stock option plan (the "Plan"), in which the total number of options shall not exceed 7,344,976, which was 12% of the issued and outstanding number of shares as of the date of approval. The Plan was approved at the Company's Annual Meeting of the Shareholders held on June 28, 2017.

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
For the three months ended March 31, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise noted)

11. Share-Based Payments (continued)

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

| | Weighted average exercise price | Outstanding options | Vested options | Weighted average remaining life (years) |
|----------------------------------|--|------------------------|-------------------|--|
| Balance at January 1, 2019 | \$ 0.210 | 5,006,500 | 4,199,500 | 2.45 |
| Granted | 0.146 | 3,030,000 | | |
| Forfeited | 0.179 | (164,500) | | |
| Expired | 0.336 | (837,000) | | |
| Exercised | 0.100 | (120,000) | | |
| Balance at December 31, 2019 | \$ 0.167 | 6,915,000 | 5,550,000 | 2.87 |
| Granted | 0.115 | 1,095,000 | | |
| Expired | 0.180 | (912,500) | | |
| Balance at March 31, 2020 | \$ 0.157 | 7,097,500 | 4,979,500 | 3.32 |

For the period ended March 31, 2020, the fair value of options granted was \$101,295 (2019 - \$268,146).

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, 2020 was \$58,345 (2019 - \$96,930).

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, 2020 and 2019 used the following weighted average assumptions:

| | March 31 2020 | March 31 2019 |
|---|------------------|------------------|
| Volatility (based on historical share prices) | 115% | 83% |
| Risk-free interest rate | 1.34% | 1.89% |
| Expected life (years) | 5.00 | 5.00 |
| Dividend yield | Nil | Nil |
| Forfeiture rate | 1% | 12% |
| Underlying share price | \$0.12 | \$0.15 |

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
For the three months ended March 31, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise noted)

11. Share-Based Payments (continued)

The Company had the following stock options outstanding at March 31, 2020:

| Number of options | Number of unvested options | Number of vested options | Exercise price | Expiry date |
|-------------------|----------------------------|--------------------------|----------------|-------------------|
| 207,500 | - | 207,500 | \$0.150 | January 11, 2021 |
| 5,000 | - | 5,000 | \$0.115 | September 6, 2021 |
| 957,500 | - | 957,500 | \$0.100 | January 10, 2022 |
| 500,000 | - | 500,000 | \$0.140 | May 1, 2022 |
| 75,000 | - | 75,000 | \$0.120 | August 25, 2022 |
| 1,257,500 | - | 1,257,500 | \$0.275 | January 8, 2023 |
| 2,125,000 | 637,500 | 1,487,500 | \$0.155 | January 4, 2024 |
| 100,000 | 30,000 | 70,000 | \$0.150 | February 20, 2024 |
| 775,000 | 465,000 | 310,000 | \$0.120 | June 18, 2024 |
| 1,095,000 | 985,500 | 109,500 | \$0.115 | February 4, 2025 |
| 7,097,500 | 2,118,000 | 4,979,500 | \$0.157 | |

12. Warrants

The Company had issued warrants to acquire common shares as follows:

| | Number of warrants | Amount | Weighted average exercise price |
|----------------------------------|--------------------|-------------|---------------------------------|
| Balance at January 1, 2019 | 3,009,845 | \$ 203,824 | \$ 0.19 |
| Warrants issued | - | - | - |
| Warrants expired | (2,509,845) | (173,874) | (0.20) |
| Balance at December 31, 2019 | 500,000 | \$ 29,950 | \$ 0.15 |
| Warrants expired | (500,00) | (29,950) | (0.15) |
| Balance at March 31, 2020 | - | \$ - | \$ - |

The Company had no warrants outstanding and exercisable at March 31, 2020.

- (i) These warrants were issued as part of the private placement of units. The fair value of the warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 93%; (III) a risk free interest rate of 0.48% and (IV) an expected life of 3 years.
- (ii) These warrants were issued as part of the private placement of units. The fair value of the warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 93%; (III) a risk free interest rate of 0.57% and (IV) an expected life of 3 years.

YANGAROO Inc.

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

12. Warrants (continued)

- (iii) These bonus warrants were issued to lenders in connection with the issuance of debentures (notes 11). The fair value of the warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 88%; (III) a risk free interest rate of 0.87% and (IV) an expected life of 3 years.

Except where noted above, warrants issued to agents and related to financings were not measured at the fair value of the services received as the fair value of such services was not reliably measurable.

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, 2020 and 2019 were as follows:

| | March 31 2020 | March 31, 2019 |
|--|------------------|-------------------|
| Numerator: | | |
| Net income (loss) and comprehensive income (loss) for the year | \$ 628,609 | \$ (375,265) |
| Denominator: | | |
| Weighted average number of common shares - basic | 60,598,112 | 61,273,701 |
| Adjustments for calculation of diluted income per share: | | |
| Options in the money | 1,200,000 | - |
| Weighted average number of common shares - diluted | 61,798,112 | 61,273,701 |
| Basic income (loss) per share | \$ 0.01 | \$ (0.01) |
| Diluted income (loss) per share | \$ 0.01 | \$ (0.01) |

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.

YANGAROO Inc.

Notes to the Condensed Interim Financial Statements (Unaudited)
For the three months ended March 31, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise noted)

14. Segmented Information (continued)

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

| 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 |

| For the period ended March 31, 2019 | Canada | US | Total |
|--|-------------------|---------------------|---------------------|
| Advertising | \$ 102,095 | \$ 864,379 | \$ 966,474 |
| Entertainment | | | |
| Music | 170,486 | 265,817 | 436,303 |
| Awards management | 58,855 | 171,522 | 230,377 |
| | 229,341 | 437,339 | 666,680 |
| Total revenue | \$ 331,436 | \$ 1,301,718 | \$ 1,633,154 |
| Property and equipment | \$ 529,925 | \$ 4,550 | \$ 534,475 |

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

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 11).

Key management personnel compensation is as follows:

| | March 31 2020 | March 31 2019 |
|--|--------------------------|------------------|
| Salaries and short-term employee benefits ⁽ⁱ⁾ | \$ 330,937 | \$ 315,181 |
| Share-based payments | 46,011 | 86,673 |
| | \$ 376,948 | \$ 401,854 |

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

16. 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 period ended March 31, 2020.

17. Subsequent Events

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.