

Yangaroo Inc.

TSXV: YOO · TECHNOLOGY / MEDIA WORKFLOW SOFTWARE · AUG 25, 2026

RATING	12-MO TARGET	AT PUBLICATION	IMPLIED UPSIDE	MARKET CAP
Spec. Buy	C\$0.13	C\$0.06	117%	C\$3.81M

Bottom line: Microcap Research rates Yangaroo Inc. (TSXV: YOO) Spec. Buy with a 12-month price target of C\$0.13, about 117% above the C\$0.06 share price at publication on Aug 25, 2026. Market capitalisation at publication: C\$3.81M.

Sixteen straight quarters of positive Normalized EBITDA — and Q2 2026 was the best yet: revenue +31% to US\$2.16M, Normalized EBITDA +217% to US\$699K at a 32.3% margin. Total liabilities are down 32% year over year with almost no dilution, and the CEO is taking salary in stock at C\$0.03–0.04. Yet the shares trade at ~2.8x LTM EBITDA and a 57% cash-flow yield because a US\$584K term loan matures December 31, 2026.

KEY STATISTICS — AS OF AUG 25, 2026

Market Cap	C\$3.81M
EV/Normalized EBITDA (LTM)	~2.8x
EV/Revenue (LTM)	~0.62x
Revenue (Q2 2026)	US\$2.16M (+31%)
Normalized EBITDA (LTM)	US\$1.70M
Op. Cash Flow Yield (LTM)	~57%

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Executive Summary

Yangaroo Inc. (TSXV: YOO) is a Toronto-based media-workflow software company whose patented Digital Media Distribution System ("DMDS") moves advertising spots, traffic instructions, music tracks, and music videos between brands, agencies, labels, and a broad network of North American broadcasters, CTV/OTT services, and digital publishers. Alongside distribution it sells broadcast clearance, closed captioning, campaign trafficking, analytics, and a market-leading awards-show submission and judging platform. The company reports in US dollars and has been listed since 1999.

On August 25, 2026, Yangaroo reported its sixteenth consecutive quarter of positive Normalized EBITDA — and by some margin its best. Q2 2026 revenue rose 31% year over year to US\$2.16M, Normalized EBITDA rose 217% to US\$699K (a 32.3% margin), and the quarter produced US\$354K of net income against a US\$281K loss a year earlier. On a trailing-twelve-month basis the business now generates US\$7.57M of revenue, US\$1.70M of Normalized EBITDA, and US\$1.58M of operating cash flow. The equity is capitalized at C\$3.81M.

We initiate coverage with a **Spec. Buy** rating and a 12-month price target of C\$0.13, representing approximately 117% upside from C\$0.06 (last trade August 24, 2026, per stockanalysis.com / S&P Global Market Intelligence). At an enterprise value of roughly C\$6.5M, YOO trades at ~2.8x LTM Normalized EBITDA and ~0.62x LTM revenue, with trailing operating cash flow equal to 57% of the market capitalization. The offset is real and specific: a US\$584K term loan matures December 31, 2026, going-concern language remains in the financial statements, and 2026 is a peak comparison year. We think the cash generation now on display is sufficient to clear the debt wall, and that the market is pricing a solvency question that the Q2 numbers have largely answered.

Company Overview

Yangaroo runs a single technology platform across two reporting divisions. Both are software-and-services hybrids: the platform carries the file, and human specialists handle the parts of the workflow — clearance substantiation, captioning, quality control — that clients will not or cannot automate. That mix caps gross margin below pure-SaaS levels but makes the company far harder to displace once embedded in an agency's traffic desk.

- **Advertising (US\$5.27M FY2025 revenue, 74% of total):** Ad-spot delivery and campaign trafficking to linear TV, radio, CTV/OTT, and digital destinations, plus broadcast clearance in both the United States and Canada, closed captioning, long-form digitization, syndication, and campaign analytics. Q2 2026 revenue of US\$1.62M was up 38% year over year. This is the growth engine and the division absorbing the company's incremental headcount spend.
- **Entertainment — Music & Awards (US\$1.84M FY2025 revenue, 26% of total):** Music track and music-video promotion and delivery for major labels and independents, and the Yangaroo Awards v3 platform handling submissions, judging, and program administration for major award shows — increasingly extended into fan voting. Q2 2026 revenue of US\$546K was up 14%, with two new fan-vote programs onboarded in the quarter. Awards revenue is contracted, multi-year, and highly recurring.

As at June 30, 2026 the company had 63,576,462 common shares outstanding, no warrants and no stock options, 4,560,000 RSUs, and 400,000 DSUs. Concurrent with the Q2 release the company disclosed the issuance of a further 243,657 shares to the CEO under the Shares for Services Arrangement covering April

through July 2026, taking the count to approximately 63.82 million. Insiders hold roughly 19% of the shares; the float is approximately 51.2 million shares.

Investment Thesis — Five Pillars

1. SIXTEEN CONSECUTIVE QUARTERS OF POSITIVE NORMALIZED EBITDA, AND Q2 2026 WAS THE BEST OF THEM

Yangaroo has now posted positive Normalized EBITDA in every quarter since Q3 2022. That is not a turnaround narrative in progress; it is four years of realized operating discipline in a business the market values at less than four million Canadian dollars. The Q2 2026 print was the strongest quarter in the streak: US\$699,347 of Normalized EBITDA on US\$2,162,823 of revenue, a 32.3% margin, versus US\$220,909 and a 13.4% margin in Q2 2025.

The mechanism behind the jump is the part worth underwriting. Q2 revenue grew US\$511,382 while total operating expenses grew only US\$71,520 — a 4% increase against a 31% revenue increase. Over the full first half, revenue rose US\$462,328 (13%) while operating expenses rose US\$49,119 (1%). General and administrative costs actually fell 33% year over year in H1 as the long-running DMDS lawsuit settled in Q4 2025 and bad-debt allowances shrank on improved collections. This is a fixed-cost platform business finally getting revenue growth on top of a cost base that management has held flat for two years, and the incremental margin flows through almost entirely.

The quarterly Normalized EBITDA record, in US dollars:

FISCAL YEAR	Q1	Q2	Q3	Q4
2026	\$257,606	\$699,347	—	—
2025	\$264,251	\$220,909	\$152,906	\$589,541
2024	\$237,581	\$337,818	\$466,458	\$540,504
2023	\$116,293	\$541,952	\$266,269	\$211,061

Normalized EBITDA is a non-IFRS measure as defined by the company: EBITDA adjusted for share-based compensation, restructuring, foreign exchange, remeasurement of contingent consideration and the embedded derivative, acquisition fees, one-time credits, and settlement gains.

2. THE BALANCE SHEET REPAIRED ITSELF IN EIGHTEEN MONTHS

The single most under-appreciated fact about Yangaroo is how far the capital structure has moved without a dilutive financing. Total liabilities fell from US\$4,066,726 at June 30, 2025 to US\$2,767,083 at June 30, 2026 — a 32% reduction in twelve months. Shareholders' equity nearly tripled over the same span, from US\$675,993 to US\$1,861,229. The working capital deficiency narrowed from US\$2,140,887 to US\$753,376. Share count went from 63,137,490 to 63,576,462, an increase of less than 0.7%, entirely from a shares-for-services arrangement with the CEO.

That arrangement deserves a second look, because it cuts against the usual microcap pattern. Under it, CEO Grant Schuettrumpf has taken a cumulative 882,979 shares in lieu of cash compensation for the months of January 2025 through July 2026 — including 243,657 shares disclosed alongside the Q2 release at issue prices of C\$0.03 to C\$0.04 per share. The chief executive has been accepting stock at roughly half the current

market price rather than drawing cash from a company with US\$191,387 on the balance sheet. It is a small number in dollar terms and it is dilution, but it is dilution that conserves cash and aligns the operator with the outcome at prices well below where the stock trades today.

The deleveraging is being funded by operations. The term loan balance fell from US\$1,159,680 at December 31, 2024 to US\$827,571 at December 31, 2025 to US\$584,049 at June 30, 2026 — US\$237,273 of principal repaid in the first half of 2026 alone. Trailing operating cash flow of approximately US\$1.58M against remaining debt (revolver, term loan, and convertible debenture host) of roughly US\$1.79M means the company can now theoretically extinguish its entire funded debt load inside fourteen months of cash generation.

The accumulated deficit of US\$33.2M is worth noting for a different reason: it is a legacy of the pre-2022 company, and it means Yangaroo carries substantial tax attributes. Cash taxes in the first half of 2026 were US\$16,945 on US\$408,196 of pre-tax income.

3. BROADCAST CLEARANCE IS THE STRUCTURAL GROWTH STORY — THE ELECTION IS THE CYCLICAL ONE

It would be easy to read the 38% Advertising growth as a pure political-advertising and FIFA World Cup windfall, and management is candid that both contributed materially. But the more durable driver is the deliberate build-out of broadcast clearance capability in both the United States and Canada, which the company has been funding through the P&L — the increase in salaries and consulting expense in Q2 and H1 was explicitly attributed to clearance headcount.

Clearance matters strategically because it is the workflow step that sits *before* distribution. Every advertisement destined for broadcast requires substantiation and regulatory sign-off; the client who uses Yangaroo for clearance has a strong reason to use Yangaroo for trafficking, captioning, and delivery. In November 2025 the company launched Canadian preclearance services under an industry veteran hire, and it has been advancing its role in Canadian broadcast regulatory workflows. Management frames the objective plainly: become more deeply embedded in client operations and create additional recurring revenue.

The Entertainment division supplies the same kind of stickiness at smaller scale. Awards revenue runs on long-standing multi-year relationships, and the fan-voting extension — two new programs onboarded in Q2 alone — is the company monetizing an installed base rather than chasing new logos. Meanwhile a major broadcaster's return to music-video programming has reopened a video-distribution revenue line that had been shrinking since 2024.

4. 2.8X EBITDA, 0.62X REVENUE, AND A 57% CASH-FLOW YIELD WITH ZERO ANALYST COVERAGE

At C\$0.06 and 63.58 million shares, the equity is worth C\$3.81M (US\$2.75M at ~1.385 USD/CAD). Net debt at June 30, 2026 — revolver, term loan, convertible debenture, embedded derivative, and lease obligations less cash — was US\$1.95M. Enterprise value is therefore approximately US\$4.70M, or C\$6.5M.

MULTIPLE (LTM, TO Q2 2026)	VALUE	IMPLIED METRIC
EV / Revenue	~0.62x	US\$7.57M revenue
EV / Normalized EBITDA	~2.8x	US\$1.70M Normalized EBITDA
P / E	~2.4x	US\$1.13M net income
Operating Cash Flow Yield	~57%	US\$1.58M operating cash flow

Small-cap media-workflow and marketing-technology comparables in Canada typically clear 5–8x EBITDA even without growth; larger martech platforms trade well into double digits. Yangaroo at 2.8x is not being valued as a slow-growth software business — it is being valued as a going-concern risk. There is no sell-side coverage, average twenty-day volume is roughly 85,000 shares, and the stock traded as low as C\$0.02 in the last fifty-two weeks. This is a name where the discount is largely a function of who is not allowed to buy it.

5. THE DECEMBER 2026 DEBT WALL IS THE CATALYST, NOT THE OBITUARY

The financial statements carry going-concern language, and the reason is narrow and specific: the ability to continue as a going concern depends on refinancing or repaying the US\$584,049 term loan maturing December 31, 2026. That is the entire condition. It is not a cash-burn problem — the company generated US\$391,251 of net income and US\$711,920 of operating cash flow in the first half.

Three things have moved in the company's favour. On March 23, 2026 the bank agreed to a fourth amendment extending both the credit facility and the term loan to December 31, 2026 and waiving covenant testing until that date, subject to quarterly minimum EBITDA targets — targets Q2's US\$685K of reported EBITDA comfortably clears. On August 11, 2026 the company received a US\$157,575 Employee Retention Tax Credit refund plus US\$32,571 of interest, which it intends to apply against the credit facility; claims for two further quarters remain outstanding. And the term loan is amortizing on its own: at the H1 2026 repayment pace of roughly US\$237K per half, the balance would be near US\$350K by year-end without any refinancing at all.

Resolution of the December maturity — through extension, refinancing, or repayment out of an unusually strong H2 — is the single clearest re-rating catalyst in the story. A company generating US\$1.7M of trailing EBITDA does not typically get valued at 2.8x once the market stops asking whether it will exist.

Financial Summary

METRIC (US\$)	FY2024	FY2025	LTM TO Q2 2026
Revenue	\$8.06M	\$7.11M	\$7.57M
— Advertising	\$5.98M	\$5.27M	n/a
— Entertainment	\$2.08M	\$1.84M	n/a
Normalized EBITDA	\$1.58M	\$1.23M	\$1.70M
Normalized EBITDA Margin	19.6%	17.3%	22.5%
Net and Comprehensive Income	\$0.54M	\$0.33M	\$1.13M
Operating Cash Flow	\$1.65M	\$1.27M	\$1.58M

BALANCE SHEET (US\$)	JUN 30, 2025	DEC 31, 2025	JUN 30, 2026
Cash	\$271,234	\$161,112	\$191,387
Total Assets	\$4,742,719	\$4,799,728	\$4,628,312
Total Liabilities	\$4,066,726	\$3,360,240	\$2,767,083
Shareholders' Equity	\$675,993	\$1,439,488	\$1,861,229
Working Capital (Deficiency)	(\$2,140,887)	(\$1,255,379)	(\$753,376)
Term Loan Balance	—	\$827,571	\$584,049
Common Shares Outstanding	63,137,490	63,320,275	63,576,462

Source: Yangaroo Inc. Q2 2026 condensed interim financial statements, MD&A, and news release (all August 25, 2026), and FY2025 audited financial statements and MD&A (April 29, 2026). LTM figures are the sum of Q3 2025 through Q2 2026 as reported.

Valuation

We value Yangaroo on EV/Normalized EBITDA using **mid-cycle** rather than 2026 earnings. This is deliberate. Calendar 2026 carries two non-repeating tailwinds — US midterm elections in November and the FIFA World Cup — and management named both as material contributors to Q2's 38% Advertising growth. Applying a multiple to a peak-year number would produce a target the business cannot defend in 2027. Our base case therefore uses US\$1.85M of sustainable Normalized EBITDA, above the FY2025 trough of US\$1.23M and the FY2024 result of US\$1.58M (reflecting the clearance build and the awards/fan-vote expansion) but below what we expect the company to actually earn this year.

For reference, our estimate for full-year 2026 is revenue of approximately US\$8.3–8.5M and Normalized EBITDA of approximately US\$2.0–2.2M, against H1 actuals of US\$3.90M and US\$0.96M respectively, with Q3 and Q4 carrying the bulk of midterm political spend.

Base and bull cases are struck on a fully diluted share count of approximately 73.5 million, reflecting the 4,560,000 RSUs, 400,000 DSUs, and the roughly 5.0 million shares issuable on conversion of the CAD \$500,000 debentures at C\$0.10. The bear case uses the basic count, since none of those instruments are in the money in that scenario. Net debt is stepped down in the base and bull cases to reflect continued amortization and application of ERTC proceeds; FX is taken at 1.385 USD/CAD.

SCENARIO	BASIS	PRICE / SHARE	VS. CURRENT
Bear Case	3.0x on US\$1.3M mid-cycle Normalized EBITDA; 2027 political air pocket, no refinancing progress	C\$0.042	-30%
Base Case	4.5x on US\$1.85M mid-cycle Normalized EBITDA; term loan resolved, clearance revenue sticks	C\$0.134	+123%
Bull Case	6.0x on US\$2.3M Normalized EBITDA; clearance scales, debt cleared, multiple re-rates toward peers	C\$0.246	+310%

We round the base case to a 12-month price target of **C\$0.13**, implying 117% upside. It is worth stating plainly what that target represents: 4.5x EBITDA on a below-2026 earnings assumption. It is not an aggressive multiple. It is what a debt-free, cash-generative, twenty-five-year-old software business with 14% customer concentration should trade at once the balance-sheet question is off the table.

Key Risks

- **Term Loan Maturity and Going-Concern Qualification (HIGH):** The US\$584,049 term loan matures December 31, 2026, and the credit facility is due on demand. The auditors' going-concern material uncertainty is tied directly to refinancing or repaying it. Management has extended twice; a third extension is not guaranteed, and failure would force an equity raise at a depressed price or an asset sale.
- **2027 Political and Event Air Pocket (HIGH):** US midterms and the FIFA World Cup are explicitly named drivers of 2026 growth. Neither recurs in 2027. Advertising revenue could revert toward the FY2025 run-rate of US\$5.27M, and Normalized EBITDA toward US\$1.3–1.5M. Investors buying on the Q2 headline should understand they are buying a cyclical peak quarter.
- **Nano-Cap Illiquidity (HIGH):** Average twenty-day volume is roughly 85,000 shares against a C\$3.81M market capitalization and a 51.2 million share float. The 52-week range is C\$0.02 to C\$0.08. Position sizing is a genuine constraint; exiting a meaningful position in a weak tape may not be possible at anything near the quoted bid.
- **Working Capital Deficiency (MEDIUM):** Despite substantial improvement, current liabilities still exceed current assets by US\$753,376, and cash on hand is only US\$191,387. Total liquidity — cash plus undrawn revolver — was US\$667,570 at quarter end. The company is dependent on continued positive operating cash flow and on the revolver not being called.
- **Dilution (MEDIUM):** 4,560,000 RSUs and 400,000 DSUs are outstanding, with 2,060,000 RSUs granted in May 2026 vesting May 2027. The CAD \$500,000 convertible debentures convert at C\$0.10 into approximately 5.0 million shares and mature November 30, 2027. The Shares for Services Arrangement continues to issue stock monthly to the CEO — 882,979 shares cumulatively through July 2026 — and grinds the count higher, albeit slowly. Combined, roughly 16% dilution from the current base — material at this share count, and reflected in our base and bull cases.
- **Foreign Exchange (MEDIUM):** The company reports in USD but carries a net CAD liability exposure of CAD \$3,026,477, largely the revolver, term loan, and debentures. A 5% currency move swings profit or loss by US\$106,484 — meaningful against US\$391,251 of half-year net income, and a recurring source of noise in the reported (non-normalized) numbers.
- **Advertising Market Structure (MEDIUM):** FY2025 revenue fell 12% on reduced discretionary marketing spend and a continued shift of media mix toward digital channels. That structural drift has not reversed; 2026 growth is masking it. Yangaroo's answer is clearance and integrated workflow, but the underlying linear-broadcast delivery volumes remain exposed.

Conclusion

Yangaroo is a twenty-five-year-old company that spent most of its life not working and has now spent four years working. Sixteen consecutive quarters of positive Normalized EBITDA, total liabilities down 32% year over year, equity nearly tripled, and a Q2 that generated a 32.3% Normalized EBITDA margin on 31% revenue growth — none of that is speculative. It is reported, audited in its annual form, and repeated across enough quarters to be a pattern rather than an accident.

What is speculative is whether the last piece of the old balance sheet gets cleared. The going-concern language exists for one reason: a US\$584,049 term loan due December 31, 2026. Against US\$1.58M of trailing operating cash flow, a bank that has now amended three times, an amortization schedule that is retiring the balance on its own, and ERTC refunds being applied directly against the facility, we think the probability of resolution is high — but it is not certain, and a microcap with a demand revolver and US\$191,387 of cash has no margin for a surprise. Investors should also be clear-eyed that 2026 is a peak comparison year and that 2027 will be harder.

At C\$0.06 per share and a C\$3.81M market capitalization, Yangaroo trades at approximately 2.8x trailing Normalized EBITDA, 0.62x revenue, and a 57% operating cash flow yield — with no analyst coverage and no institutional ownership. The market is pricing a solvency question. The Q2 numbers are the beginning of the answer. We rate YOO **Spec. Buy** with a C\$0.13 price target.

Yangaroo Inc. (YOO) — key questions

What is Microcap Research's rating and price target on Yangaroo Inc. (YOO)?

Microcap Research rates Yangaroo Inc. (TSXV: YOO) Spec. Buy with a 12-month price target of C\$0.13, about 117% above the C\$0.06 share price at publication on Aug 25, 2026. Market capitalisation at publication: C\$3.81M.

What does Yangaroo Inc. (YOO) do?

Yangaroo runs a single technology platform across two reporting divisions. Both are software-and-services hybrids: the platform carries the file, and human specialists handle the parts of the workflow — clearance substantiation, captioning, quality control — that clients will not or cannot automate.

What is the investment thesis for Yangaroo Inc. (YOO)?

Sixteen straight quarters of positive Normalized EBITDA — and Q2 2026 was the best yet: revenue +31% to US\$2.16M, Normalized EBITDA +217% to US\$699K at a 32.3% margin. Total liabilities are down 32% year over year with almost no dilution, and the CEO is taking salary in stock at C\$0.03–0.04. Yet the shares trade at ~2.8x LTM EBITDA and a 57% cash-flow yield because a US\$584K term loan matures December 31, 2026.

How is Yangaroo Inc. (YOO) valued?

We value Yangaroo on EV/Normalized EBITDA using mid-cycle rather than 2026 earnings. This is deliberate. Calendar 2026 carries two non-repeating tailwinds — US midterm elections in November and the FIFA World Cup — and management named both as material contributors to Q2's 38% Advertising growth. Applying a multiple to a peak-year number would produce a target the business cannot defend in 2027.

What are the key risks for Yangaroo Inc. (YOO)?

Risks flagged in this report — Term Loan Maturity and Going-Concern Qualification (HIGH); 2027 Political and Event Air Pocket (HIGH); Nano-Cap Illiquidity (HIGH); Working Capital Deficiency (MEDIUM); Dilution (MEDIUM); Foreign Exchange (MEDIUM); Advertising Market Structure (MEDIUM)

What are the key financial metrics for Yangaroo Inc. (YOO)?

As of Aug 25, 2026 — Market Cap: C\$3.81M · EV/Normalized EBITDA (LTM): ~2.8x · EV/Revenue (LTM): ~0.62x · Revenue (Q2 2026): US\$2.16M (+31%) · Normalized EBITDA (LTM): US\$1.70M · Op. Cash Flow Yield (LTM): ~57%.

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Report Y00-2026-08 · published Aug 25, 2026

Web edition: <https://microcapresearch.ca/reports/yoo-yangaroo-inc-2026>

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