



# RIWI CORP.

## MANAGEMENT'S DISCUSSION & ANALYSIS

**For the Three and Six Months Ended June 30, 2017**

Containing information up to and including August 24, 2017

(Expressed in Canadian Dollars)

**RIWI CORP.**

Management's Discussion &amp; Analysis

For the Quarter ended June 30, 2017

---

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

This management's discussion and analysis ("MD&A") details RIWI Corp.'s ("RIWI" or the "Company") operating results and financial condition as at and for the three and six months ended June 30, 2017, and is prepared as at August 24, 2017. This MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements for the three and six months ended June 30, 2017 and the Company's audited annual financial statements for the year ended December 31, 2016 and the notes thereto which were prepared in accordance with *International Financial Reporting Standards* ("IFRS") (collectively referred to as the "Financial Statements"), which are available on [www.sedar.com](http://www.sedar.com). Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS. The Company's certifying Officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these Financial Statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in these filings.

The Board of Directors approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

**CAUTION REGARDING FORWARD-LOOKING INFORMATION**

This MD&A contains forward-looking information, future oriented financial information, or financial outlooks (collectively, "forward-looking information"), which includes disclosure regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates", "projects", "budgets", "forecasts" or "does not anticipate", or "believes", or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. The examples of such forward-looking information have not changed from the previous quarterly filing.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A. These risk factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this MD&A. All subsequent forward-looking information attributable to the Company herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. The Company does not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this MD&A or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available from the SEDAR website at [www.sedar.com](http://www.sedar.com), under the Company's profile.

## RIWI CORP.

Management's Discussion & Analysis  
For the Quarter ended June 30, 2017

---

### OVERVIEW

RIWI is a public company and its shares are listed on the Canadian Securities Exchange (CSE: RIW). The Company was originally incorporated under the laws of Canada pursuant to the *Canada Business Corporations Act* on August 17, 2009. The head office is located at 459 Bloor Street West, Suite 200, Toronto, Ontario, M5S 1X9 and its registered and records office is located at 200 Burrard Street, Unit 200, Vancouver, BC, V7X 1T2.

RIWI provides digital intelligence information services to customers using a proprietary global digital data capture ("survey and message testing") technology platform. RIWI operates four growing business lines: (i) Global Security; (ii) Global Citizen Engagement; (iii) Global Finance; and (iv) Global Consumer.

RIWI's Security business line provides government agencies data in order to measure, understand and counteract violent extremism, and to evaluate the effectiveness of stabilization operations in conflict or post-conflict states. RIWI earns revenues in this business line through research and development tests, followed by technical reviews, followed by long-term agreements. RIWI's Global Citizen Engagement business line operates through long-term agreements or direct contracting with non-governmental organizations, with government aid and development agencies, and with organizations funded as prime contractors to those organizations and agencies. For our Global Finance contracts, RIWI's live data feeds support financial institutions that wish to assess a wide range of topics including: real-time regional automobile sales data, stock markets, local housing markets, or to assess changing purchase trends in any country of interest. RIWI's Global Finance business line also monetizes proprietary data sets that are hosted and disseminated on Research Aggregation Platforms ("RAPs") by third parties, and financial customers are then able to purchase RIWI data sets from these RAPs. RIWI's Global Consumer business line serves international companies directly for long-term contracts and also serves market research firms that, in turn, service those global companies. RIWI's Global Consumer business line further offers regional and global Omnibuses for multi-country studies and for many clients simultaneously.

RIWI is an Information-as-a-Service firm since its cloud-based software provides data to multiple users within any large enterprise customer, offering continuous live data feeds and constantly updating analytics drawing on the unique machine learning properties of RIWI technology. These increasingly automated machine-learning properties also enable applied analytics and data aggregation for our customers for directly actionable customer insights, reducing RIWI's need for labour-intensive manual computations. Our Big Data platform also works through APIs to integrate data from third parties, such as demographic data, in order to improve the utility and quality of the overall data sets. The RIWI digital survey platform is comprised of proprietary databases, a global survey routing technology, internal and external dashboard interfaces, and an always-learning computational infrastructure that measures, analyzes and offers real-time reports on Web users' changing attitudes using RIWI digital surveys, message tests, and digital campaigns around the world. Our customers use the results of the data and analytics for a broad range of purposes that are relevant to their organizations, including:

- a) obtaining intelligence on competitors;
- b) initiating or stopping a program or activity;
- c) audience and message testing in fragile or conflict states;
- d) concept testing and context evaluation for bid proposals for organizations servicing governments;
- e) concept testing and context evaluation for program design;
- f) short and continuous monitoring and evaluation for adaptive management insights;
- g) digital issue engagement and information campaigns;
- h) assessing perceptions of global or local political and real or emergent security threats;
- i) tracking macro-economic indicators, such as joblessness, housing bubbles, confidence in local banks, underemployment, consumer spending, and personal indebtedness;
- j) evaluating and testing advertising awareness, advertising return-on-investment, recall, and media reach;
- k) tracking brand recognition;
- l) predicting referenda, elections and pivotal geopolitical events;
- m) assessing consumer usage and attitudes;
- n) collecting opinion data on highly sensitive topics across the world;
- o) evaluation of new business and product concepts;
- p) evaluating global real-time Web penetration and the changing technical health of the Internet; and,
- q) assessing existing or emergent purchase trends in virtually all UN-recognized geographies.

**RIWI CORP.**

Management's Discussion & Analysis  
For the Quarter ended June 30, 2017

---

**Operational Highlights (Sales and Products)**

Some key achievements made by the Company during the quarter ended June 30, 2017 include the following, dispersed across our four different business lines:

**1. Global Security Business Line:**

- a) The US Department of State ("DoS") exercised its option to renew its first contract with RIWI for RIWI's unique message testing techniques in several different regions of the world, extending the contract's duration until September 2018, and increasing the size of the contract. As of June 30, 2017, RIWI has secured approximately \$250,000 in signed agreements with DoS.
- b) RIWI entered into technical reviews by several different US government clients interested in commissioning potential multi-year data collection work from RIWI. Technical reviews are required in order to secure long-term agreements.

**2. Global Citizen Engagement Business Line:**

- a) RIWI began contracted work under its Long Term Agreement ("LTA") with the United Nations World Food Programme ("WFP"). Early paid projects include multi-wave studies pertaining to refugee needs and resettlement in different countries. Under the LTA, RIWI is the WFP's preferred Web-survey provider in 72 countries.
- b) RIWI increased signed agreements by broadening its role as a recurring sole-sourced data provider to several expanding RIWI accounts, including: Viacom International; Harvard University's Chan School of Public Health; the World Bank; and Global Affairs Canada.
- c) RIWI continues to provide regular rapid response proposals to Freedom House, the lead implementer for the Human Rights Support Mechanism ("HRSM"), in order to service this five-year award issued by the U.S. Agency for International Development ("USAID"). RIWI is the sole data supplier among the winning consortia of 14 contractors for the HRSM, which was awarded for the period of October 1, 2016 to September 30, 2021. The HRSM was awarded to the consortia by the US government in October 2016. The HRSM contracting vehicle now enables USAID Missions to issue contracts to the members of the consortia quickly, avoiding the need to design and tender a new solicitation for each initiative.
- d) RIWI's technology platform passed Institutional Research Ethics Board ("IRB") approval from Harvard University for ongoing multi-country research conducted with Harvard University and its affiliated funders and partners.

**3. Global Finance Business Line:**

- a) After a technical review by one of the top-20 banks in the world (as measured by total assets), RIWI agreed to a three-year General Services Agreement ("GSA") with the bank. This long-term GSA enables statements of work, and ensuing task orders from the client for research conducted by RIWI in any region of the world, to be initiated rapidly by all its country research teams. The client has the right to extend the duration of the GSA.
- b) RIWI established revenue-sharing arrangements with nine web-based Research Aggregation Platforms based in the United Kingdom and the United States, servicing asset managers at financial institutions in major markets around the globe. This scalable distribution format enables RIWI to charge per individual purchase for any of RIWI's financial data sets.

**RIWI CORP.**

Management's Discussion & Analysis  
For the Quarter ended June 30, 2017

---

**4. Global Consumer Business Line:**

- a) RIWI's distribution partner ("Partner") in Asia, Japan Cross Marketing Inc. (TYO: 3675), sold RIWI's Asia-Pacific Omnibus product to one of its major accounts, one of the world's largest automotive companies, and our Partner has dedicated its sales staff to growing RIWI sales to this client. The RIWI Asia-Pacific Omnibus gathers data in 10-12 countries, measuring changing consumer opinion and preferences for products and services.
- b) For a large Asia-based medical device company, RIWI concluded its initial advertising effectiveness survey work. RIWI is working with the client to expand this survey offering into 11 different Asian countries.
- c) A large Asia-based electronics company extended and expanded a current year-long contract with RIWI to include three additional countries in the Asia-Pacific region.
- d) A leading UK-based intellectual property law firm engaged RIWI to collect data on perceptions of different brands, and thereafter submitted the RIWI data and RIWI analysis as preliminary evidence in a European Union court adjudicating an ongoing international trademark dispute.

**Operational Highlights (Technical)**

RIWI's automation of global surveys and message tests has improved in the past three months in the following significant ways:

- a) RIWI has increased load capacity on its dashboard analytics platform with a distributed Web cluster.
- b) Speed, redundancy and resilience have been enhanced with a distributed file system spanning across the cluster.
- c) Each node in the RIWI analytics cluster is now phased to increase the frequency of analytic updates, improving near real-time data ingestion and reducing costly computations. Therefore, the user experience is more responsive.
- d) The RIWI system now enables offsite geographic replication of all dashboard services to improve larger customer enterprise usage.

**OUTLOOK**

RIWI's objective is to be the leading digital survey, global message testing, and global prediction firm in the world for the international security, aid and development, global finance, and global consumer sectors. We strive to be increasingly recognized for uncompromising delivery excellence and exceptional data quality and utility.

**Grow our Customer Base through Key Account Growth Expansion**

We intend to continually invest in sales, strategic marketing and account management initiatives, focused on our four business lines in an effort to expand our customer base around the world.

*Rapid Response and Proactive Procurement Processes*

RIWI is increasingly proactive with long-term clients, such as the United Nations World Food Programme and Freedom House, to co-design projects and ensuing paid task orders for contracts to RIWI payable under long term agreements, such as the Human Rights Support Mechanism administered by Freedom House and supported financially by the United States Agency for International Development ("USAID"). RIWI continues to focus on sales by leveraging the Company's ongoing independent validation of its technology, peer-reviewed scientific articles, and increasing international brand awareness. To this end, RIWI increasingly places an emphasis on holding sales workshops at client offices in Washington, DC to sell and market its services to the program managers of its global clients and to the partners and funders of these clients.

**RIWI CORP.**

Management's Discussion & Analysis  
For the Quarter ended June 30, 2017

---

RIWI continues to develop and expand customer relationships to increase customers' use of the Company's global survey, global message testing and global predictive analytics platform. To facilitate this, RIWI has focused on bidding on an increasing number of long-term agreements, and has created a rapid-response procurement and response team to monitor and respond to all Request for Proposals ("RFPs") for which RIWI is qualified. This increasingly relates to not only RFPs for continuous survey research, but also to message testing engagements around the world, especially in conflict or fragile states. Within RIWI's Consumer Business line, a new area of sales focus has been to introduce our offerings to public-relations firms interested in engaging RIWI to conduct global advertising campaigns and to measure the effectiveness and return-on-investment of those campaigns. RIWI's unique work in scientific message testing, in several regions of the world on behalf of the DoS, enables us to position our techniques as distinctive to international commercial brands.

RIWI has invested significant time and preparation in technical capabilities presentations to potential customers focused on international security. The contract sizes for which RIWI is being actively considered in international security exceed \$3 million per annum, with automatic annual contract renewals for up to five years. RIWI continues to invest in innovation, research and development to extend the application of its technology and product offerings, as well as to increase margins and to reduce costs associated with large and long-term agreements. RIWI is also focused on leveraging the validation of RDIT™ from high-profile peer-reviewed publications to increase inbound sales and provide global brand awareness to the RIWI survey platform to qualified customer prospects.

Select brand awareness accomplishments in the past three months included:

- a) For the fifth year in a row, RIWI was named as a "Top 50 most innovative" data firm by the publisher Greenbook, which compiles an annual list of the world's most innovative data collection firms.
- b) In June 2017, RIWI had two technical peer-reviewed articles accepted for publication in Fall 2017. One article reports the Internet navigation patterns of more than 13 million US-based Web users. A second article highlights the benefits to healthcare institutions of using different data streams for improved healthcare quality for patients. Other scholarly publications are in various stages of preparation in conjunction with researchers based at leading academic institutions around the world.
- c) Third-party academic reports by research organizations highlighting global inter-country comparison data collected by RIWI included:
  - (i) "State Sponsored Homophobia 2017: A world survey of sexual orientation laws: criminalisation, protection and recognition" (May 2017) by the International Lesbian, Gay, Bisexual, Trans and Intersex Association ("ILGA"), a consultative body to the United Nations. RIWI's report was covered by major international media including *Forbes* and the *Los Angeles Times*, news.com.au (Australia's leading news website), and the study and findings were profiled in *The Lancet*, one of the leading medical journals in the world; and,
  - (ii) "Perceptions of Rising Opportunity Across Rich Nations and Over Time" (June 2017) by the Archbridge Institute, a Washington, DC-based think-tank.
- d) Prominent presentations by RIWI, including:
  - (i) "Global Nano-Research and the Marketing of Places" (New York University, School of International Relations, April 2017) by RIWI CEO Neil Seeman; and
  - (ii) "Creating Opportunities for Accessing Global Citizen Opinion" (April 2017, Design, Monitoring, and Evaluation for Peace Network) by RIWI's Global Head for Citizen Engagement, Eric Meerkamper.

RIWI continued to receive high-profile speaking opportunities to address global leaders in data collection: Neil Seeman was selected to be a keynote speaker at the 2017 Japan Marketing Research Association's annual conference in Tokyo, and was invited to give a speech at the Graduate School of International Corporate Strategy ("ICS") in Tokyo in November 2017.

**RIWI CORP.**

Management's Discussion & Analysis  
For the Quarter ended June 30, 2017

**Develop New Products**

- a) RIWI's new product offerings include global sentiment analytics and data packages that contain not only continuous public opinion monitoring, but also tools to measure the changing intensity of that sentiment. These new 'sentiment topography' tools help to inform operational decision-making through enriched customer insights.
- b) RIWI's other expanding product offerings include our global and region-specific Omnibus survey products and analytics, our risk forecasting models for the finance community, and advertising engagement and return-on-investment evaluation tools.

**FINANCIAL RESULTS**

The following is a discussion of the results of operations of the Company for the three and six months ended June 30, 2017 and 2016. The results should be read in conjunction with the condensed interim financial statements for the three and six months ended June 30, 2017 and 2016, and the related notes.

Financial Results	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
<i>(in Canadian Dollars)</i>				
Revenues	362,911	190,735	705,004	342,261
General and administrative expenses	(339,498)	(590,029)	(562,869)	(829,134)
Sales and marketing expenses	(44,012)	(157,813)	(78,324)	(323,354)
Technology costs	(268,053)	(302,422)	(413,225)	(493,645)
Net loss and comprehensive loss for the period	(288,652)	(859,529)	(349,414)	(1,303,872)
Earnings loss per share (basic and diluted)	(0.02)	(0.06)	(0.02)	(0.09)

**For the three months ended June 30, 2017 and June 30, 2016**

Revenues are comprised of fees that are charged to customers for providing digital surveys. Revenue from fully completed contracts increased by \$172,176 or 90% to \$362,911 during the three months ended June 30, 2017. RIWI established a strong customer base and has established recurring revenue streams and is enjoying the benefits of having invested in sales and marketing to increase revenue. The value of committed and contracted agreements with vendors rose year-over-year during the three months ended June 30, 2017.

Total expenses decreased by \$398,701 or 38% to \$651,563 during the three months ended June 30, 2017. The key expenses are summarized as follows:

- a) **General and administrative** decreased by \$250,531 or 42% to \$339,498 during the three months ended June 30, 2017. This decrease is mostly due to reduced operating costs associated with the reduction in CRM-implementation and marketing consultants.
- b) **Sales and marketing** decreased by \$113,801 or 72% to \$44,012 during the three months ended June 30, 2017. The reasons for the decrease include the completion of sales consulting contracts required in 2016 for automating and improving our sales and rapid response procurement processes.

**RIWI CORP.**

## Management's Discussion &amp; Analysis

For the Quarter ended June 30, 2017

---

- c) **Technology costs** decreased by \$34,369 or 11% to \$268,053 during the three months ended June 30, 2017. This decrease is primarily attributable to our shift from more research-based activities to an increased focus on executing contracts with customers, as well as a movement away from proof-of-viability marketing pilots and initiatives. This decrease also resulted from research and development advances to increase the frequency of analytic updates, improving near real-time data ingestion.

Net loss decreased by \$570,877 or 66% to \$288,652 during the three months ended June 30, 2017. In the prior year, the main reasons for the large net loss included lower revenue, stock-based compensation expense, and our strategic investment in sales and marketing consulting, including full-scale implementation and sales training associated with our customer-relations management platform and advisory support on the sales and bidding processes involved in selling into US government entities.

**For the six months ended June 30, 2017 and June 30, 2016**

Revenues increased by \$362,743 or 106% to \$705,004 during the six months ended June 30, 2017, despite the weakening of US currency relative to Canadian currency, with US dollars being the Company's standard billing denomination currency. The Company has signed additional contracts in 2017 with vendors, the revenues for which will be recognized upon project completion until such time as the Company moves to a percentage of completion revenue recognition accounting policy. The Company would like to more accurately reflect its financial performance, considering the revenue stream consists primarily of long-term agreements. As at June 30, 2017, the Company had deferred revenue of \$390,998, compared to \$nil as at June 30, 2016.

For the six months ended June 30, 2017, the Company has achieved sales revenue from fully completed contracts (\$705,004) that amounts to 87% of its total twelve month 2016 sales revenues (\$808,524). In addition, the Company is in active discussions with several clients who are considering signing long-term contracts.

Total expenses decreased by \$591,715 or 36% to \$1,054,418 during the six months ended June 30, 2017. The key expenses are summarized as follows:

- a) **General and administrative** decreased by \$266,265 or 32% to \$562,869 during the six months ended June 30, 2017. This decrease is mostly due to reduced operating costs associated with the reduction in CRM-implementation and marketing consultants.
- b) **Sales and marketing** decreased by \$245,030 or 76% to \$78,324 during the six months ended June 30, 2017. The reasons for the decrease include a one-time signing bonus paid to sales staff of \$100,000 in 2016 and the completion of sales consulting contracts required in 2016 for automating and improving our sales processes.
- c) **Technology costs** decreased by \$80,420 or 16% to \$413,225 during the six months ended June 30, 2017. This overall decrease is primarily attributable to the Company's shift from more research-based activities to an increased focus on executing contracts with customers, as well as a movement away from proof-of-viability marketing pilots and initiatives. This decrease also resulted from: (i) the finalization of an updated version of our all-device friendly survey interface, which enjoys very low latency, and thus quicker respondent response and higher margins; and, (ii) from research and development advances to increase the frequency of analytic updates, improving near real-time data ingestion.

Net loss decreased by \$954,626 or 73%, from \$1.3 million to \$349,414 during the six months ended June 30, 2017. As noted above, the Company has reduced its operating expenses, increased its margins, established a strong customer base, and has established recurring revenue streams with a robust pipeline of customer orders and in-bound customer requests to RIWI for cost estimates for potential projects. By contrast, in 2016, the reasons for the large net loss include lower revenue, a signing bonus paid to sales consultants, and our strategic investment in sales and marketing consulting.

**RIWI CORP.**

Management's Discussion & Analysis  
For the Quarter ended June 30, 2017

**SUMMARY OF QUARTERLY RESULTS**

The following is a summary of selected results for the eight most recently completed quarters to June 30, 2017.

	2017		2016				2015	
<i>(in Canadian Dollars)</i>	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	362,911	342,093	191,055	275,208	190,735	151,526	193,510	207,787
Net loss for the period	(288,652)	(60,762)	(277,654)	(192,829)	(859,529)	(444,343)	(184,033)	(214,931)
Loss per share (basic and diluted)	(0.02)	(0.00)	(0.03)	(0.01)	(0.06)	(0.03)	(0.01)	(0.01)

The Company's operations are not significantly impacted by seasonality.

Overall, the Company has seen an increase in revenue between the last few quarters, reaching \$362,911 in Q2 2017, the highest quarterly revenue so far. The reason for this increase is the execution of revenue-generating contracts subsequent to establishing sales relationships with enterprise customers from the prior fiscal year and from Q1 2017.

In Q2 of fiscal 2016, the Company incurred higher technology costs due to obtaining more services from a media company located in Munich, Germany for technology advisory services as part of the Company's expansion process. The Company also incurred higher sales and marketing expenses in Q1 and Q2 of fiscal 2016 than all other quarters in 2015 to 2017, which was largely due to the recruitment of marketing consultants, and from higher travel expenses that were incurred by Officers and marketing consultants as a result of promoting the Company's business to various clients. Consequently, the Company also experienced a higher comprehensive loss in Q1 and Q2 in fiscal 2016 due to the temporarily higher expenses incurred, and these expenses were cut dramatically in Q3 2016.

**LIQUIDITY AND CAPITAL RESOURCES**

As at June 30, 2017, the Company had working capital of \$1,796,446, compared to working capital of \$517,345 as at December 31, 2016. This increase in working capital is primarily due to the net proceeds received during the three months ended March 31, 2017 from a non-brokered private placement whereby the Company issued 656,571 units at \$2.45 per unit for gross proceeds of \$1,608,599.

The Company will continue to assess the necessity for debt or equity financing as we proceed with the development of our business. We may, from time to time, develop additional new products or services to expand our operations beyond the scope that is presently contemplated. This could result in a requirement to seek new financing in order to finance such undertakings. There is no assurance that we will be able to achieve such financings if and when required.

<b>Working Capital</b>	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Current Assets	\$2,308,572	\$843,977
Current Liabilities	\$512,126	\$326,632
Working Capital	\$1,796,446	\$517,345

## RIWI CORP.

Management's Discussion & Analysis  
For the Quarter ended June 30, 2017

---

### CAPITAL STRUCTURE

- a) **Common Shares:** As of August 24, 2017, the Company has 17,256,647 issued and outstanding common shares. The Company's closing share price prior to August 24, 2017 was \$1.90 per share.
- b) **Stock Options:** As of August 24, 2017, the Company has 1,459,602 options outstanding.
- c) **Share Purchase Warrants:** As at August 24, 2017, the Company has 910,893 share purchase warrants outstanding.

### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

### RELATED PARTY TRANSACTIONS

- (a) For the six months ended June 30, 2017, included in technology costs are consulting fees to the Company's Chief Technology Officer in the amount of \$72,000 (2016 – \$72,000).
- (b) Included in accounts payable and accrued liabilities as at June 30, 2017, is \$50,000 (June 30, 2016 – \$nil) due to the Company's Chief Executive Officer for his performance bonus payable, as approved by the Company's Board of Directors on June 13, 2017.
- (c) For the six months ended June 30, 2017, the Company recognized stock-based compensation of \$8,458 for stock options granted and vested for directors (2016 – \$244,039 for directors and the former Chief Financial Officer).

### FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition all financial instruments, including derivatives, are recognized on the balance sheet at fair value. Subsequent measurement is then based on the financial instruments being classified into one of the following categories: fair value through the statement of loss and comprehensive loss, held-to-maturity, loans and receivables, available-for-sale and other liabilities. The Company has designated its financial instruments into the following categories applying the indicated measurement methods:

Financial Instruments	Category	Measurement Method
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

The Company will assess at each reporting period whether any financial assets are impaired. An impairment loss, if any is recorded on the statement of loss and comprehensive loss.

It is management's opinion that the Company is not exposed to significant interest rate risk or credit risk. The fair values of these financial instruments approximate their carrying value due to the relatively short-term maturity of these instruments.

**Credit risk** is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's trade accounts receivable are due from customers and HST input tax credits due from the Government of Canada and are subject to normal credit risk.

## RIWI CORP.

Management's Discussion & Analysis  
For the Quarter ended June 30, 2017

**Liquidity risk** is the risk that the Company will not be able to meet its financial obligations as they are due. The Company has in place a planning and budgeting process which helps determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

The Company's financial liabilities consist of accounts payable and accrued liabilities and consist of invoices payable to trade suppliers for Internet advertising technology services, general and administrative and other expenses and are paid within one year.

The Company expects to fund these liabilities through the use of existing cash resources and funds raised through equity financings.

**Market risk** is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

- (i) *Interest rate risk:* The Company has cash balances and no interest-bearing debt, and is not exposed to any significant interest rate risk.
- (ii) *Foreign currency risk:* The Company's activities are conducted in foreign jurisdictions and a portion of the Company's cash is denominated in US dollars (US\$). The Company has not entered into foreign exchange rate contracts to mitigate this risk.

As at June 30, 2017, financial instruments were converted at a rate of \$1.00 Canadian to US\$0.7706 and CHF\$0.7385. Balances denominated in foreign currencies as at June 30, 2017 were as follows:

	In CAD\$	US\$	In CAD\$	CHF\$
Cash	735,480	566,761	–	–
Accounts receivable	107,708	83,000	1,354	1,000
Accounts payable	6,277	4,837	–	–

The estimated impact on net loss at June 30, 2017 with a +/- 10% change in US dollars would result in a change in net loss of \$68,000 (June 30, 2016 – \$29,000).

## RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after the date of this MD&A.

### (a) IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement, on the classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivable. Financial assets will be classified into one of two categories on initial recognition, financial assets measured at amortized cost or financial assets measured at fair value. Gains and losses on re-measurement of financial assets measured at fair value will be recognized in the Statement of Loss and Comprehensive Loss, except that for an investment in an equity instrument which is not held-for-trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company is evaluating the potential impacts of IFRS 9 on the Company's financial statements.

**RIWI CORP.**

Management's Discussion &amp; Analysis

For the Quarter ended June 30, 2017

---

**(b) IFRS 15, Revenue from Contracts with Customers ("IFRS 15")**

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 is effective for periods beginning on or after January 1, 2018 and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (i.e. service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning January 1, 2018, and may consider earlier adoption. The extent of the impact of adoption of IFRS 15 has not yet been determined.

**(c) IFRS 16, Leases ("IFRS 16")**

In January 2016, the IASB issued IFRS 16, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its financial statements.