



RIWI CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Years Ended December 31, 2017 and 2016

Containing information up to and including April 17, 2018

(Expressed in Canadian Dollars)

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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 years ended December 31, 2017 and 2016, and is prepared as at April 17, 2018. This MD&A should be read in conjunction with the Company's audited annual financial statements for the years ended December 31, 2017 and 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. 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", "does not anticipate", "believes", "objective", "strives" 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.

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, under the Company's profile.

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OVERVIEW

RIWI is a public company and its common 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 180 Bloor Street West, Suite 1000, Toronto, Ontario, M5S 2V6 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 ("global surveys, ad testing and predictive analytics") technology platform. RIWI operates four growing business lines: (i) Global Finance; (ii) Global Security; (iii) Global Citizen Engagement; and (iv) Global Consumer.

- (i) For our Global Finance contracts, RIWI's live data feeds support financial institutions, such as international banks and hedge funds, that wish to assess a wide range of topics including: real-time regional automobile sales data; stock markets; local housing markets; changing demand for currency and alternative assets; and changing purchase trends in any country of interest. RIWI's Elections Group, which predicts outcomes of referenda and elections in all parts of the world, supports clients in Global Finance seeking to capitalize on RIWI predictions of volatility and systemic risk flowing from geopolitical events. Our Global Finance division increasingly focuses on the needs of clients wishing to understand consumer trends in every region of China.
- (ii) RIWI's Global Security business line provides government agencies and private firms data in order to measure, understand, predict 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 paid research and development pilot tests, followed by technical reviews, then followed by long-term agreements with recurring revenues.
- (iii) RIWI's Global Citizen Engagement business line operates through long-term agreements or direct contracting with non-governmental implementation organizations, with government aid and humanitarian relief agencies, and with organizations in the private and public sectors funded as prime contractors to those organizations and agencies.
- (iv) RIWI's Global Consumer business line serves international companies directly for long-term contracts and also serves market research and consulting firms that, in turn, service those global companies. This business line further offers regional (e.g. all-Asia) and global indices for multi-country studies and for many clients simultaneously and cost-efficiently.

RIWI is an Information-as-a-Service firm since its cloud-based software provides global surveys, ad testing and predictive analytics 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 automated machine-learning properties enable applied analytics, time series, forecasts, and data aggregation for our customers for directly actionable customer insights, eliminating RIWI's need for labour-intensive manual computations. Our agile Big Data platform also works through application programming interfaces ("APIs") to integrate with privacy-compliant data sets from third parties, such as demographic data, in order to improve the utility and quality of the overall data sets. The RIWI digital survey and ad testing 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.

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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 product and 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.

Operational Highlights (Sales and Products)

Some key achievements made by the Company during 2017 and up to April 17, 2018 are noted below. RIWI now has recurring revenues in each of its four business lines – (i) Global Finance, (ii) Global Security, (iii) Global Citizen Engagement and (iv) Global Consumer – that exceed the recurring revenues that accrued to the Company in 2017.

1. In its Global Finance business line:

- a. RIWI was awarded a second contract for a top-10 international bank (as measured by assets under measurement) to provide new services. Under this three-year renewable Long-Term Agreement (“LTA”), RIWI has signed over \$100,000 per month with the client since Fall 2017. RIWI earns recurring revenue with the bank under a three-year LTA signed in August 2017. The bank releases the white-labelled RIWI data in reports to its institutional investors and to its equities analysts on a regular basis, and to the international media. The Company expects revenues with this client and with other financial institutions to grow in 2018.
- b. RIWI has expanded continuous survey data collection in China for existing clients under LTAs in the finance and risk business lines.

2. In its Global Security business line:

- a. RIWI's client, a G-7 government agency, has notified RIWI that the initial paid research and development contract conducted from November 2017 to March 2018 was successful, and the client will now engage RIWI under a long-term expanded contract. Work on this long-term contract will begin in the summer of 2018.
- b. RIWI continues to plan and deploy new audience messaging and digital ad tests in regions of interest for the US State Department under its 5-year Long-Term Agreement, earning RIWI revenues of US\$250,000 per year. RIWI completed a commissioned report on best practices in digital engagement in all regions of the world that has been shared with senior leadership at the US State Department.

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3. In its Global Citizen Engagement business line:

- a. RIWI has partnered with implementation partners UK-based International Alert, and has entered into an initial contract for Phase 1 of more than US \$100,000 of a Long-Term Agreement with subsequent phases and paid contracts for RIWI. In Phase 1, RIWI will collaborate on the creation of global indices relating to the perceptions of peace and freedom internationally in 15 countries. The work will commence immediately. The intent of the client under the LTA is to expand the project to approximately 100 countries and to run the index on an annual basis
- b. RIWI won a contract with the United Nations World Food Programme to monitor the economic and social conditions of people in six Middle East and Northern African countries. This contract represents wave one of a multi-wave project, and work began in March 2018. The client enjoys the right to renew this contract for the same or different countries under the terms of a Long-Term Agreement signed in December 2017 for RIWI data collection in up to 72 countries.
- c. RIWI has expanded its client relationships with some of the world's leading research institutions since its technology platform was exempted from Institutional Research Ethics Board ("IRB") scrutiny from several Universities, including Harvard University and the University of Sydney, due to the anonymous nature of audience interaction with the RIWI platform. RIWI has already completed IRB-exempted projects with several universities.
- d. The International Lesbian, Gay, Bisexual, Trans and Intersex Association ("ILGA") has confirmed expanded financial and marketing support for the *ILGA-RIWI 2018 Sexual and Gender Minorities Report*, recurring work that also provides RIWI media coverage globally.

4. In its Global Consumer business line:

- a. Cross Marketing Inc. (TYO: 3675) of Tokyo announced in a News Release, widely reported in Asian media, that its sales and marketing force will be selling RIWI's "China Pulse" product to its customers wishing to track sales trends, economic trends, and consumers' purchase trends in China. The "China Pulse" product enables clients the capacity to track monthly consumer purchasing trends across China, targeting consumers in major cities and in rural areas.
- b. One of the largest car manufacturers in the world has committed to being one of the first customers for the China Pulse project in order for the client to collect sales forecasting data across China. Work began on this contract in March 2018. The client enjoys the right to renew the contract on an on-going basis. RIWI has completed work on its second contract for one of the largest car manufacturers in the world to collect comparative market share data.

Operational Highlights (Academic, Patent Filings and Public Relations)

1. For government and corporate clients requiring global online corporate threat assessments, RIWI is offering joint technology solutions, in conjunction with New York and Washington-based cyber-law firm, The Blackstone Law Group LLP ("Blackstone").
2. RIWI's market-sizing data relating to the impact of the planned legalization of recreational cannabis across Canada in Summer 2018, prepared in conjunction with Deloitte LLP, continues to receive regular citations by financial media and by financial market participants around the world.
3. RIWI's client Egta, the European trade association ("Trade Association") for marketers of advertising solutions, released RIWI-generated data from 50 countries. The results measure consumer engagement with television as compared to other media on emotional response, social sharing and effectiveness. These data were reported in major Italian media, such as *Pubblicità Italia*, *Millecanali*, and *La mescolaLanza*, and in a News Release by the Trade Association on February 28, 2018.

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4. On February 9, 2018, as part of an economic research series published by *The International News Lens*, based in Taiwan and Hong Kong, RIWI data were analyzed to explain why certain countries in Asia perform less well on key economic indicators as compared to non-Asian countries.
5. RIWI filed a new patent with the United States Patent Office on October 16, 2017. United States Provisional Application No. 62/572,992 by RIWI Corp. is entitled "Systems and Methods of Monitoring Receptivity to Digital Messages." The Company is actively working on new patent filings.
6. RIWI CEO Neil Seeman was invited by the US Presidential Commission on *Combating Drug Addiction and the Opioid Commission* to provide advice on how novel survey methods, Big Data Analytics and Internet-based data mining techniques can track and understand the opioid epidemic. The US Presidential Commission's Report was published on October 31, 2017.
7. On January 22, 2018, RIWI co-marketed and co-released the *Oxfam Global Income Inequality* study at the World Economic Forum in Davos, Switzerland. Management has been active in promoting, for sales and marketing purposes, the global media attention paid to this study.
8. RIWI management has been invited to present on RIWI data and service offerings this year at *New York University*, at *Harvard University's T.H. Chan School of Public Health* and at the 2018 *Devex International Development* conference in Washington, DC.

Operational Highlights (Technical)

1. Management has ensured that all of the Company's data collection, system architecture, security and data privacy protocols and data storage activities are fully compliant with the new EU General Data Protection Regulation ("GDPR").
2. In September 2017, RIWI opened its Vancouver, British Columbia office. Mr. Alton Ing, the Company's Chief Technology Officer leads the office, supervising software developers, consultants and data analysts to service a growing client base.
3. Since July 1, 2017, RIWI split its distributed architecture into separate components, and, more specifically, into discrete isolated "docker containers". Docker containers facilitate rapid deployments to meet growing customer demands with velocity. Containers are vendor- and hardware-agnostic such that deployments in field are compatible with any cloud platform which customers may require for private configurations and/or for system integration. Docker containers also open up the opportunity for orchestrated scaling on all cloud platforms in order to meet the demands for growing capacity.

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OUTLOOK

RIWI's objective is to be the leading digital survey, global message testing, and global prediction firm in the world. We strive to be increasingly recognized for uncompromising delivery excellence and exceptional data quality and utility across sectors, with deep expertise in providing data to counter violent extremism in all regions of the world, and in helping the global finance industry understand trends in consumer demand and technology adoption. Across our four business lines, with the work to be completed in 2018, we have already signed contracts in 2018 exceeding our 2017 revenues.

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 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 US government, enables us to position our techniques as distinctive to international commercial brands.

Develop New Products

1. Using its proprietary Domain Name System algorithms, RIWI is tracking the changing worldwide usage, adoption and consumer demand for diverse Blockchain technologies – and all crypto-currencies enabled by Blockchain technologies – for the finance, consumer and humanitarian aid sectors.
2. RIWI can provide new technology solutions for online counter-marketing to remove false or threatening information from the Web that may be harming the brand of government agencies, people or corporations. The technology solutions are capable of identifying active online frauds and cyber vulnerabilities, such as online espionage and potential data breaches that can threaten a firm's global reputation and customer trust.
3. RIWI is selling new capabilities that enable clients to compare RIWI perceptions data to social media listening data and to other data streams (e.g., MMS/SMS).

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FINANCIAL RESULTS

The following is a discussion of the results of operations of the Company for the years ended December 31, 2017 and 2016. The results should be read in conjunction with the audited annual financial statements for the years ended December 31, 2017 and 2016, and the related notes.

Financial Results	2017	2016
Revenues	\$ 1,691,645	\$ 808,524
General and administrative expenses	(1,711,202)	(1,334,006)
Sales and marketing	(156,447)	(399,346)
Technology costs	(760,194)	(849,527)
Net loss and comprehensive loss for the year	\$ (936,198)	\$ (1,774,355)
Loss per share: basic and fully diluted	\$ (0.06)	\$ (0.12)
Total assets	2,267,935	866,535
Total non-current liabilities	-	-
Cash dividends	-	-

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Sales revenues are comprised of fees that are charged to customers for providing digital surveys or video message tests and automated analytics of the findings. Sales revenues from fully completed contracts increased by \$880,104 or 109% to \$1,688,628 during the year ended December 31, 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. Specific contract wins were detailed in the above Operational Highlights section.

Total expenses increased by \$44,965 or 2% to \$2,627,843 during the year ended December 31, 2017. The key expenses are summarized as follows:

- a) **General and administrative** increased by \$377,196 or 28% to \$1,711,202 during the year ended December 31, 2017. This increase included: the additional costs of hiring a full-time Chief Financial Officer in July 2017 and the associated one-time recruitment expense; a higher non-cash share-based payment expense in 2017; and the higher foreign exchange impact due to the fluctuations in the Canadian dollar.
- b) **Sales and marketing** decreased by \$242,899 or 61% to \$156,447 during the year ended December 31, 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. In 2016, there was also a one-time signing bonus of \$100,000 paid to sales staff that was not applicable in 2017. Overall, RIWI is reviewing its expenses carefully to ensure it is using its resources efficiently.
- c) **Technology costs** decreased by \$89,332 or 11% to \$760,194 during the year ended December 31, 2017. This decrease is primarily attributable to our shift from more research-based activities to an increased focus on executing only profitable contracts with customers, as well as a movement away from proof-of-viability marketing 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 \$838,157 or 47% to \$936,198 during the year ended December 31, 2017. As previously mentioned, revenues more than doubled, while expenses only increased minimally during 2017.

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SUMMARY OF QUARTERLY RESULTS

The following is a summary of selected results for the eight most recently completed quarters to December 31, 2017.

Summary of Quarterly Results <i>(in Canadian Dollars)</i>	2017				2016			
	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31
Revenues	645,446	341,196	362,911	342,093	191,055	275,208	190,735	151,526
Net (loss) for the period	(23,787)	(562,997)	(288,652)	(60,762)	(277,564)	(192,829)	(859,529)	(444,343)
Loss per share: basic and diluted	\$ (0.00)	\$ (0.03)	\$ (0.02)	\$ (0.00)	\$ (0.03)	\$ (0.01)	\$ (0.06)	\$ (0.03)

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

Overall, the Company has seen a significant increase in revenue since 2016, with the first three quarters in 2017 generating over \$340,000 in revenue and the fourth quarter generating over \$645,000 in revenue. The RIWI team has focused on signing new contracts and establishing strong recurring revenue streams. The Company has also targeted its sales and marketing efforts with enterprise customers across its four business lines.

In Q3 of fiscal 2017, the Company incurred higher expenses mostly due to the non-cash share-based payment expense of \$332,854 related to the stock options granted.

In Q2 of fiscal 2016, the Company incurred higher technology costs due to obtaining more technology advisory services from a media company located in Munich, Germany 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 from 2015 to 2017, which was largely due to the recruitment of marketing and business-scaling consultants, and from higher travel expenses that were incurred by Officers and these marketing consultants as a result of promoting the Company's business and novel offerings to various clients.

FOURTH QUARTER

During the fourth quarter of 2017, the Company generated over \$645,000 in completed contract revenue – its highest revenue quarter in the Company's history. With the expenses remaining in line with previous recent quarters, the Company reduced its net loss significantly for the fourth quarter of 2017.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2017, the Company had working capital of \$1,511,760, 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. Each unit consisted of one common share and one share purchase warrant exercisable to purchase one common share at \$3.50 per share expiring on September 24, 2018.

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.

	December 31, 2017	December 31, 2016
Current Assets	2,149,042	843,977
Current Liabilities	(637,282)	(326,632)
Working Capital	1,511,760	517,345

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Contractual Obligations and Commitments

The Company's head office currently shares space with a third-party firm. The total lease payments are \$11,850 per month beginning on June 1, 2018, increasing to \$11,991 per month on June 1, 2020. The Company is responsible for 50% of the monthly lease payments. The office lease expires on May 31, 2023.

Contractual Obligations	Payments due by Period				
	Total	Jan. 1 - Dec. 31, 2018	Jan. 1, 2019 - Dec. 31, 2020	Jan. 1, 2021 - Dec. 31, 2022	Jan. 1, 2023 - beyond
Office lease	\$ 358,031	41,474	142,691	143,889	29,977

CAPITAL STRUCTURE

- a) **Common Shares:** As of April 17, 2018, the Company has 17,261,647 issued and outstanding common shares. The Company's closing share price prior to April 17, 2017 was \$2.00 per share.
- b) **Stock Options:** As of April 17, 2018, the Company has 1,779,602 options outstanding.
- c) **Share Purchase Warrants:** As at April 17, 2018, the Company has 662,071 share purchase warrants outstanding.

	Expiry date	Exercise Price	Number of securities	Number of shares
Common shares issued and outstanding				17,261,647
Stock options, at weighted average exercise price				
expiring in the year ending:	December 31, 2018	\$ 0.57	354,102	
	December 31, 2019	\$ -	-	
	December 31, 2020	\$ 0.86	595,000	
	December 31, 2021	\$ 2.21	282,500	
	December 31, 2022	\$ 2.02	520,000	
	December 31, 2023	\$ -	-	
	December 31, 2024	\$ 0.86	28,000	
		\$ 1.35		1,779,602
Warrants, at weighted average exercise price				
expiring in the year ending:	December 31, 2018	\$ 3.50	656,571	
	December 31, 2019	\$ -	-	
	December 31, 2020	\$ 0.86	5,500	
		\$ 3.48		662,071
Common shares, on a fully diluted basis				19,703,320

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

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TRANSACTIONS BETWEEN RELATED PARTIES

- (a) For the year ended December 31, 2017, included in technology costs are consulting fees and wages to the Company's Chief Technology Officer in the amount of \$96,000 (2016 – \$144,000). During September 2017, the Company's Chief Technology Officer transitioned from being a consultant to being appointed an officer of the Company, and those costs were moved to salaries expenses under general and administrative expenses.
- (b) For the year ended December 31, 2017, the Company recognized share-based payment expense of \$279,908 (2016 – \$278,509) for stock options granted and vested for directors and officers.
- (c) For the year ended December 31, 2017, the Company incurred wages of \$654,160 (2016 – \$386,250) for the Company's senior management team, including the CEO, CFO, former CFO, CTO and Global Head, Citizen Engagement. The Company's directors are compensated through stock option grants.

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 are subject to normal credit risk.

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 online advertising technology services, server hosting, 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, if required.

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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 and cash equivalents is denominated in US dollars (US\$). The Company has not entered into foreign exchange rate contracts to mitigate this risk.

As at December 31, 2017, financial instruments were converted at a rate of \$1.00 Canadian to US\$0.7971. Balances denominated in foreign currencies as at December 31, 2017 were as follows:

	In CAD	In USD
Cash	\$ 1,028,594	\$ 819,923
Accounts Receivable	193,572	154,302
Accounts Payable	24,308	19,377

The estimated impact on net loss at December 31, 2017 with a +/- 10% change in US dollar exchange rate is approximately \$158,006 (December 31, 2016 – \$57,613).

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. IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company is evaluating the potential impacts of IFRS 9 on its financial statements, and expects measurement differences to not be significant.

(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. The Company's customer contracts are becoming longer in term, and as a result the Company will recognize revenue over time upon adoption of IFRS 15. The Company will transition to the new standard based on the cumulative effect method for contracts that are not fully completed prior to January 1, 2018. The Company is currently in the process of calculating the impact of the change on adoption.

RIWI CORP.

Management's Discussion & Analysis

For the Years ended December 31, 2017 and 2016

(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 evaluating the potential impacts of IFRS 16 on its financial statements.

REVENUE RECOGNITION METHOD CHANGE: JANUARY 1, 2018

RIWI will be recognizing revenue over time for fiscal periods beginning on January 1, 2018 upon adoption of IFRS 15, in order to more accurately portray its business model of long-term contracts.

Prior to January 1, 2018, the Company did not record revenues for a contract until all of the following occurred:

1. The contract is complete (i.e., all the deliverables have been formally approved by the client); and
2. It is reasonable for RIWI to conclude it will receive the amount that the client has agreed to pay.

The performance (or period-to-period earnings comparisons) of companies like RIWI can often be difficult. RIWI is often in receipt of payments in advance of a contract being completed or has money due in respect of work completed. Contracts are typically signed well in advance of completion. Practically speaking, the only significant element of uncertainty is the specific accounting period in which revenue earned by RIWI can be recorded due to the requirements of the revenue recognition policy.

CHANGE IN REPORTING CURRENCY TO U.S. DOLLARS

The Company changed its functional and reporting currency in its financial statements from Canadian dollars to U.S. dollars, for fiscal periods beginning on January 1, 2018, as a result of changes in its business, which is now predominantly U.S. dollar denominated. Historical financial information will be restated to U.S. dollars for comparative purposes.