



# RIWI CORP.

## MANAGEMENT'S DISCUSSION & ANALYSIS

**For the Three Months Ended March 31, 2018 and 2017**

Containing information up to and including May 15, 2018

(Expressed in United States 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 three months ended March 31, 2018 and 2017, and is prepared as at May 15, 2018. This MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements for the three months ended March 31, 2018 and 2017 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.

**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. All dollar amounts referred to in this MD&A are expressed in United States dollars except where indicated otherwise. Historical financial information has been restated to U.S. dollars for comparative purposes.

**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](http://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 RIWI's registered and records office is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, V6C 2X8.

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 and specific equities; 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 prevent, 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 feeds. 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 and ad 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) evaluating 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 since January 1, 2018 and up to May 15, 2018 are noted below. Our goal is to increase our long-term contracts and recurring revenues across all our business lines in order to achieve healthy profitability in 2018. All our key success metrics – especially the fast-growing proportion of our work that is dedicated to long-term recurring work – seek to ensure this goal.

1. Global Finance business line:
  - a. RIWI continues to start new survey data collection projects in China for existing clients under long-term agreements (“LTAs”) in the finance and risk sectors. RIWI also presents proprietary data from China for sales purposes.
  - b. RIWI was awarded a second contract for one of the largest banks in the world to provide new services. RIWI earns recurring revenue with the bank under a three-year LTA signed in August 2017 for continuous surveys in all regions and all sectors of interest to the bank. RIWI collaborates with the bank to consider new contracts that meet ongoing data needs of this client.
2. Global Security business line:
  - a. RIWI's client, a G-7 government agency, is working with RIWI to define the work plan of a multi-year engagement. 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 five-year Long-Term Agreement, earning RIWI revenues of \$250,000 per year in message testing and related data analytics.
3. Global Citizen Engagement business line:
  - a. The British Council, a public corporation sponsored by the UK Foreign and Commonwealth Office, confirmed its financial support for ongoing work with our client, UK-based International Alert, for data collection in 15 countries. Work on this LTA has begun, and it is the client's intent to expand the project to approximately 100 countries and to run the index on an annual basis.
  - b. RIWI continues to collect data on behalf of long-term clients across the Middle East in relation to understanding trends in conflict and post-conflict stabilization efforts.
4. Global Consumer business line:
  - a. RIWI signed a new contract with one of the largest car manufacturers in the world to collect sales forecasting data across China.
  - b. RIWI is actively responding to requests to budget and prepare China- and all-Asia data collection initiatives on behalf of a diverse number of clients.

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### Operational Highlights (Academic, Patent Filings and Public Relations)

1. RIWI hired as its Head of Global Research Danielle Goldfarb, formerly the research director in global commerce at the Conference Board of Canada and the head of trade research at the C.D. Howe Institute, to lead content marketing for sales for the Global Finance division and in other areas.
2. RIWI's Chief Technology Officer and RIWI's Chief Executive Officer filed a new machine-learning patent application in the United States Patent and Trademark Office on April 20, 2018. The title of the described invention is: "*Systems and Methods for Optimizing Web Traffic Performance.*"
3. RIWI's large banking client increasingly profiles RIWI in the titles and content of its analyst reports distributed globally to hundreds of its institutional clients, such as sovereign wealth funds and hedge funds. As a result, media attention to RIWI's work in global finance is growing. For example, in an April 18, 2018 article in *US News & World Report*, the reporter highlighted the predictive work of a Bank of America & Merrill Lynch ("BAML") analyst who combined RIWI data with BAML's internal card data to predict that Walmart (WMT) is BAML's top stock pick in what BAML calls the "discount store decade."
4. 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.
5. RIWI data collected on behalf of the World Bank in Brazil continues to receive regular citations in South American media. For example, an article noting RIWI data in Brazil's *Folha de Londrina* (on May 1, 2018) was entitled "International Labor Day: Robots' Advance Challenges Worker's Future". Media about RIWI data in South America follows a March 7, 2018 World Bank report that profiled RIWI data on the perceived return on investment of higher education in Brazil.
6. A peer-reviewed journal article profiling RIWI data appeared in April 2018 in *MRS Bulletin*, the engineering journal and publication of Cambridge University Press. A March 2018 UCLA publication by scholars at the Williams Institute in the UCLA School of Law analyzed RIWI data to measure and compare sentiment on social attitudes across 141 countries.
7. Alexander Urbelis, RIWI's Head of Cyber Threat Assessment & Internet Policy, presented at an April 13, 2018 conference on digital diplomacy at New York University's Rennert Forum on "*Technology and International Relations: Disruption and Re-Calibration*".
8. Zack Medow of RIWI's Global Citizen Engagement business line gave a presentation on May 3, 2018 at Harvard Medical School on the applications of RIWI's global survey technology in global public health.
9. Following a competitive application process, RIWI's Global Citizen Engagement team was selected as the digital insights provider for Rightscon, the world's largest human rights and technology conference, in May 2018 in Toronto. RIWI will be presenting its findings to potential and existing RIWI clients.
10. *The Lancet* Global Health Commission on High Quality Health Systems has engaged RIWI as the Internet-based survey collector for paid data collection services in 12 countries to scientifically compare the healthcare user experience across these countries.

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### **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. RIWI has further optimized the front-end of the RIWI global survey and ad test platform to ensure increased continuous throughput and efficiencies. As such, we have achieved another three-fold increase in capacity for any daily volume of desired respondents in all regions of interest to our clients.
3. The Company has developed a machine-learning algorithm to discriminate under-performing respondent sources (i.e., websites) in real-time. This proprietary algorithm improves our Big Data platform's scalability, robustness and cost efficiencies in all geographic regions of interest to our clients.

### **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 continuous trends in consumer demand and technology adoption in all geographic markets and in all areas of consumer equities.

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 recurring 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, one 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. 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 or corporations. The 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.
2. RIWI is selling new capabilities that enable clients to compare RIWI perceptions data to social media listening data and to other open source data streams.
3. RIWI has enhanced mobile device detection for respondent data globally. RIWI can thereby sell to existing and future customers real-time insights from mapping anonymous RIWI respondent data continuously, in any region of interest to the client, to anonymous mobile phone device and model data.

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**FINANCIAL RESULTS – EXPRESSED IN U.S. DOLLARS**

The following is a discussion of the results of operations of the Company for the three months ended March 31, 2018 and 2017. The results should be read in conjunction with the unaudited condensed interim financial statements for the three months ended March 31, 2018 and 2017, and the related notes.

<b>Financial Results</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Revenues	\$ 360,381	\$ 256,788
General and administrative expenses	(362,484)	(167,671)
Sales and marketing	(13,923)	(25,756)
Technology costs	(64,541)	(108,972)
Net loss and comprehensive loss for the year	\$ (80,568)	\$ (45,610)
Net loss per share: basic and fully diluted	\$ (0.00)	\$ (0.00)
Total assets	1,843,445	1,807,839
Total non-current liabilities	-	-
Cash dividends	-	-

**For the three months ended March 31, 2018 and 2017**

Revenues are comprised of fees that are charged to customers for providing digital surveys or ad tests and automated analytics of the findings. Revenues increased by \$103,592 or 40% to \$360,381 during the three months ended March 31, 2018. 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.

*Change in Accounting Policy for Revenue Recognition*

The Company's customer contracts are becoming longer in term, and as a result the Company began recognizing revenue over time from January 1, 2018. The Company applied IFRS 15 using the cumulative effect method for contracts that were not fully completed, as an adjustment to the opening balance of equity as at January 1, 2018. Therefore, the Company has not restated comparative information and continues to be reported under IAS 18, Revenue. The positive adjustment to the opening balance of equity as at January 1, 2018 was \$275,958, with a corresponding adjustment to the deferred revenue balance.

Total expenses increased by \$138,550 or 46% to \$440,948 during the three months ended March 31, 2018. The key expenses are summarized as follows:

- a) **General and administrative** increased by \$194,813 or 116% to \$362,484 during the three months ended March 31, 2018. This increase included: the additional costs of hiring a full-time Chief Financial Officer in July 2017 and moving the costs of the Chief Technology Officer to general and administrative expenses. The Company also began offering health insurance benefits to employees.
- b) **Sales and marketing** decreased by \$11,833 to \$13,923 during the three months ended March 31, 2018. The reason for the decrease is that the Company is reviewing the return-on-investment of its sales and marketing expenses rigorously. The Company will look to expand its sales and marketing strategy at the appropriate time.
- c) **Technology costs** decreased by \$44,431 or 41% to \$64,541 during the three months ended March 31, 2018. This decrease is primarily attributable to our shift from more research-based activities to an increased focus on executing only profitable contracts with customers. This decrease also resulted from research and development advances to increase the frequency of analytic updates, improving near real-time data ingestion.

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Net loss increased by \$34,957 to \$80,568 during the three months ended March 31, 2018. As previously mentioned, the change in accounting policy for revenue recognition affected the net loss for the quarter, along with the costs of adding full-time staff as the Company grows.

**SUMMARY OF QUARTERLY RESULTS – EXPRESSED IN U.S. DOLLARS**

The following is a summary of selected results for the eight most recently completed quarters to March 31, 2018, expressed in U.S. Dollars:

Summary of Quarterly Results <i>(in U.S. Dollars)</i>	2018	2017				2016			
	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	
Revenues	\$ 360,381	\$ 514,504	\$ 273,394	\$ 279,657	\$ 256,788	\$ 142,292	\$ 209,810	\$ 146,618	
Net loss for the period	(80,568)	(18,961)	(451,119)	(222,434)	(45,610)	(206,721)	(147,007)	(660,719)	
Net Loss per share: basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.03)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.04)	

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 \$255,000 in revenue and the fourth quarter generating over \$510,000 in revenue. The first quarter of 2018 continued the strong trend by generating over \$360,000 in revenue. The RIWI team focuses only on signing new long-term 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.

**“Percentage of Completion” Revenue Recognition Policy and Rise in Equity Balance – January 1, 2018**

As mentioned above, the Company changed its revenue recognition policy to the “percentage of completion” method as at January 1, 2018, from the completed contract policy. As allowed under IFRS 15, the Company did not restate its comparative historical information. The impact of this policy change is that the Company increased its opening equity balance as at January 1, 2018 by \$275,958 to incorporate the revenue effect of the contracts that were not yet completed as at December 31, 2017.

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

In Q2 of fiscal 2016, the Company incurred higher technology costs due to obtaining more technology advisory services. The Company also incurred higher sales and marketing expenses, due to the recruitment of marketing and business-scaling consultants, and from higher travel expenses to promote the Company's business and novel offerings.

**LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2018, the Company had working capital of \$1,401,757, compared to working capital of \$1,205,070 as at December 31, 2017. This 16% increase in working capital is primarily due to the increase in sales revenue since 2017.

	March 31, 2018	December 31, 2017
Current Assets	\$ 1,717,815	\$ 1,713,066
Current Liabilities	(316,058)	(507,996)
Working Capital	\$ 1,401,757	\$ 1,205,070

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.



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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 \$8,903 per month beginning on June 1, 2018, increasing to \$9,009 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	April 1 - Dec. 31, 2018	Jan. 1, 2019 - Dec. 31, 2020	Jan. 1, 2021 - Dec. 31, 2022	Jan. 1, 2023 - beyond
Office lease (USD)	\$ 268,994	31,160	107,206	108,106	22,522

**CAPITAL STRUCTURE**

- a) **Common Shares:** As of May 15, 2018, the Company has 17,277,282 issued and outstanding common shares. The Company's closing share price prior to May 15, 2018 was CDN \$2.00 per share.

In April 2018, 28,000 stock options were cashlessly exercised in exchange for 15,635 common shares.

- b) **Stock Options:** As of May 15, 2018, the Company has 1,751,602 options outstanding.
- c) **Share Purchase Warrants:** As at May 15, 2018, the Company has 662,071 share purchase warrants outstanding.

	Expiry date	Exercise Price (CAD)	Number of securities	Number of shares
Common shares issued and outstanding				17,277,282
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	567,000	
	December 31, 2021	\$ 2.21	282,500	
	December 31, 2022	\$ 2.02	520,000	
	December 31, 2023	\$ -	-	
	December 31, 2024	\$ 0.86	28,000	
		\$ 1.36		1,751,602
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				19,690,955

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

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**TRANSACTIONS BETWEEN RELATED PARTIES**

- (a) For the three months ended March 31, 2018, included in technology costs are consulting fees and wages to the Company's Chief Technology Officer in the amount of \$nil (2017 – \$27,023). 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 three months ended March 31, 2018, the Company recognized share-based payment expense of \$19,867 (2017 – \$4,508) for stock options granted and vested for directors and officers.

**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:

<b>Financial Instruments</b>	<b>Category</b>	<b>Measurement Method</b>
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 Canadian dollars ("CAD"). The Company has not entered into foreign exchange rate contracts to mitigate this risk.

As at March 31, 2018, financial instruments were converted at a rate of US\$1.00 to CAD\$1.2894 and Swiss Francs (CHF) 0.9564. Balances denominated in foreign currencies as at March 31, 2018 were as follows:

	In USD	In CAD	In CHF
Cash and cash equivalents	\$ 1,036,990	\$ 411,710	\$ -
Accounts Receivable	158,357	128,200	43,000
Accounts Payable	12,057	92,000	-

The estimated impact on net loss at March 31, 2018 with a +/- 10% change in Canadian Dollar exchange rate is approximately \$25,000 (2017 – \$81,000).

## 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) Adoption of new and amended accounting pronouncements

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

IFRS 9 replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement. 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.

In the current period the Company has applied IFRS 9. The Company has chosen to apply IFRS 9 to the current period only and has retained its prior period figures as allowed by the standard. There was no impact of IFRS 9 on the Company's financial statements.

#### (ii) IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

In the current period the Company has applied IFRS 15, which clarifies the principles for recognizing revenue from contracts with customers. The Company's customer contracts are becoming longer in term, and as a result the Company now recognizes revenue over time. The Company transitioned to the new standard based on the cumulative effect method for contracts that were not fully completed prior to January 1, 2018 and has retained its prior period figures as allowed by the standard.

IFRS 15 uses the terms "contract asset" and "contract liability" to describe what might more commonly be known as "accrued revenue" and "deferred revenue", however the standard does not prohibit an entity from using alternative descriptions in its Statement of Financial Position.

**RIWI CORP.**

## Management's Discussion &amp; Analysis

For the Three Months ended March 31, 2018 and 2017

The Company applied IFRS 15 using the cumulative effect method for contracts that were not fully completed, as an adjustment to the opening balance of equity as at January 1, 2018. Therefore, the Company has not restated comparative information and continues to be reported under IAS 18, Revenue. The adjustment to the opening balance of equity as at January 1, 2018 was \$275,958 with a corresponding adjustment to the deferred revenue balance.

The Company previously followed the completed contract revenue recognition policy. Under IFRS 15, the Company now recognizes revenue over time, based on different contract milestones being reached. The impact of adopting IFRS 15 on the Company's unaudited interim financial statements for the three months ended March 31, 2018 is noted in the table below:

	As reported	Adjustments	Balances without adoption of IFRS 15
Revenues			
Sales	\$ 355,850	\$ 14,464	\$ 370,314
Interest	4,530	-	4,530
Total revenues	\$ 360,380	\$ 14,464	\$ 374,844

(b) Accounting pronouncements issued but not yet effective

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.