



# RIWI CORP.

## MANAGEMENT'S DISCUSSION & ANALYSIS

**For the Three and Six Months Ended June 30, 2018 and 2017**

Containing information up to and including August 2, 2018

(Expressed in United States Dollars)

**RIWI CORP.**

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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 and six months ended June 30, 2018 and 2017, and is prepared as at August 2, 2018. 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, 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", "seeks," "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 is a global trend-tracking and prediction technology firm. Our cloud-based software solutions provide a digital intelligence platform to customers needing real-time citizen sentiment data anywhere in the world in order to make faster, improved decision-making. Our platform can be accessed by large numbers of users within any large enterprise customer, offering users continuous, live data feeds and constantly updating analytics. RIWI's machine-learning properties provide real-time applied analytics, forecasts, and data aggregation for our customers seeking actionable customer insights, eliminating the need for labour-intensive manual computations.

### **Operational Highlights (Sales and Products)**

Some key achievements made by the Company since April 1, 2018 and up to August 2, 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 and strong year-over-year revenue growth. All our key success metrics – including the growing proportion of our work dedicated to long-term recurring work – seek to ensure this goal.

#### **1. Global Finance business line:**

- a. RIWI continues to start new data collection projects in China, emerging markets and frontier markets for existing and new clients under long-term agreements ("LTAs").
- b. Analysts in different sectors and countries at RIWI's client, a top-10 international bank as measured by assets under management, now produce regular stock predictions, publications and hold analyst calls and conferences based on RIWI data for the bank's institutional clients across the world. To grow its finance client base, RIWI provides regular sales presentations to the bank's clients that request capabilities demonstrations of custom RIWI services.

#### **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. Our client is presenting RIWI's capabilities to partner organizations that we expect to engage RIWI in new, multi-year engagements beginning in late 2018 and early 2019.
- b. RIWI continues to conduct audience message research in regions of interest for a branch of the US State Department under its five-year long-term agreement with RIWI. Our client has shared RIWI's capabilities with other international organizations that we expect to engage RIWI in new, multi-year engagements beginning in late 2018 and early 2019.

#### **3. Global Citizen Engagement business line:**

- a. Work began on a new 70-country data collection study funded by Viacom and other clients.
- b. RIWI began work on a new LTA with our UK-based client, International Alert, for data collection in 16 countries. We expect to obtain additional funding to expand this initiative in 100 countries and to run the index annually.
- c. In collaboration with MTV, Viacom and the Joint United Nations Programme on HIV/AIDS (UNAIDS), RIWI has initiated a multi-country HIV/AIDS perceptions and awareness study.
- d. RIWI signed an agreement with the UK-based Institute for Strategic Dialogue to conduct video testing in parts of Africa.
- e. RIWI won a contract with the United Nations World Food Programme to monitor the economic and social conditions in Middle East and Northern African countries. This initial contract represents wave one of a multi-wave project. 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.

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### Operational Highlights (Sales and Products) (continued)

#### 4. Global Consumer business line:

- a. RIWI signed a new contract with a client to understand trends in different countries regarding consumers' perceptions of the impacts of cannabis policies.
- b. On behalf of a client and for sales and marketing purposes, RIWI successfully predicted the landslide victory of Mexico's President-elect Andrés Manuel López Obrador.
- c. RIWI is responding to solicited requests to prepare China- and all-Asia long-term data collection initiatives on behalf of a diverse number of corporate clients.
- d. For its consumer-focused data feeds, RIWI was named one of the "Top 50" most innovative data companies for the sixth year in a row by *Greenbook*.
- e. RIWI completed work on behalf of a major national political party in a G-7 nation. The client retains the right to renew this contract for further work in 2018 and beyond.

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

#### 1. Academic Highlights

- a. RIWI executives have presented on RIWI technologies to audiences at New York University, Harvard University, and The World Bank.
- b. The *Lancet* Global Health Commission on High Quality Health Systems has engaged RIWI as the Web-based survey collector in 12 countries to scientifically compare the healthcare user experience in these countries.
- c. The Peace Research Institute Oslo published a report funded by the Norwegian Research Council describing RIWI as "a global leader in economic and social surveys of reliable, randomized and replicable data in challenging locations."
- d. Peer-reviewed journal articles profiling RIWI data appeared in *MRS Bulletin*, the engineering journal and publication of Cambridge University Press, the *Journal of Psychiatry and Brain Science*, *Government and Opposition* (Cambridge University Press), *Research World*, the official journal of the European Society for Opinion and Marketing Research, and further technical coverage of RIWI is appearing in *Science & Technology*, a peer-reviewed Japanese publication series. Additional independent academic research describing the predictive nature of RIWI technology will be presented this year to the Japan Marketing Academy.
- e. Reports drawing on RIWI data, the Oxfam Global Income Inequality study and the Open for Business City Rankings, were released at the World Economic Forum in Davos, Switzerland.
- f. Overviews of RIWI technology have been written by researchers at the Australian National University, Oxfam, Honda, and by researchers at the UCLA School of Law.

#### 2. Patent Filings

- a. The Company 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. Public Relations

- a. Various clients of RIWI, including Viacom, Oxfam, the National Democratic Institute, Deloitte LLP, MTV, the European Trade Association of Advertising Media, and The World Bank, released public reports about RIWI technology.
- b. RIWI's national election prediction and election monitoring work in Mexico and Mali have been profiled in numerous media outlets, including in Canada's *Globe & Mail* and Mexico's *El Semanario*, *Sin Límites*, *ObturadorMX*, *Notimex*, and in Mali's *Malijaw.com* and *The Republican*.
- c. RIWI's work on behalf of clients in the corporate, government and humanitarian aid sectors continue to be profiled regularly in media around the world, including in Finland's *Italehti* newspaper, Brazil's *A Tribuna*, *O Estadão* and *Folha de Londrina*, Russia's *Sostav.ru*, *The Wall Street Journal*, Italy's *Pubblicità Italia*, *Millecanali*, and *La mescòLanza*, Taiwan's *International News Lens*, and Israel's *Jerusalem Post*, *The Times of Israel* and in *Haaretz*.

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

#### **Public Relations (continued)**

- d. RIWI reports used for stock picking by the finance sector were described in *US News & World Report*, *Benzinga*, *StreetInsider* and in other financial media. More than 15 of these reports highlighting RIWI services have been distributed to hundreds of our international banking client's institutional clients around the world, including many of the world's largest hedge funds.
- e. RIWI trend data on the 2017 flu affecting the United States were featured in a presentation by the US Centers for Disease Control and International SOS to Fortune 500 Executives.
- f. *Marketing News*, the publication of the American Marketing Association, released recommendations by Westat, a US-based consultancy, on how to best conduct online dialogues on controversial topics, citing RIWI data in online counter-marketing technology solutions.
- g. RIWI was the insights provider to RightsCon 2018, the largest digital human rights conference.

### **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 *General Data Protection Regulation* ("GDPR").
2. RIWI replaced password authentication with JSON Web Tokens (JWT) for protected data access for RIWI dashboard customers while enhancing dashboard users' anonymity.
3. To further ensure the integrity of its data feeds globally, RIWI has implemented new browser fingerprinting tools to immediately detect any potential survey or ad test visitor anywhere in the world who tries to share RIWI survey or ad test links.
4. RIWI's back-end Big Data analytics platform has been re-structured to maximize margins and deployment speeds for all contracts and clients.

### **New Products**

1. RIWI is selling to existing and potential clients information services that apply proprietary domain name system ("DNS") algorithms to provide insights into emerging global and regional demand for fast-moving consumer goods and brands in all parts of the world.
2. RIWI is offering new data fusion capabilities that enable clients to compare RIWI perceptions data to social media listening data and to other data streams (e.g., MMS/SMS data).
3. RIWI is offering new information services to various clients in the area of global online misinformation tracking and malicious website identification. These 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.
4. RIWI is increasingly providing unique video and ad test data mining services that provide our clients in the security, commercial, and humanitarian aid sectors with measurements to scientifically assess the effectiveness and return-on-investment of different digital advertisements and Web-based campaigns.

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## OUTLOOK

Across all of RIWI's business lines, the commercial outlook is excellent for accelerated 2018 revenue growth, and for dramatic revenue growth year-over-year.

1. In its Global Finance business line, the commercial outlook is strong. Due to RIWI's long-term global work with a top-10 bank, the bank's clients at hedge funds, sovereign wealth funds, private equity and asset allocation firms seeking differentiated data sets approach RIWI to negotiate long-term engagements. Clients in this sector are seeking an information edge from RIWI for improved asset allocation, stock selection, investment due diligence, and for identifying new trends in frontier markets and in emerging markets. RIWI expanded its sales team in this business line to boost sales. To help lead these sales efforts and related marketing, RIWI hired as its Head of Global Research Danielle Goldfarb, the former research director in global commerce at the Conference Board of Canada and the head of trade research at the C.D. Howe Institute.
2. In its Global Security business line, RIWI data solutions are now in use by G-7 agencies after testing, pilots, and technical reviews that have occurred since 2014. Contracts from these client agencies have now made RIWI eligible for sole-source, multi-year contracts ranging from \$1 million to \$20 million or more. RIWI expects its security work to increase substantially in the remainder of 2018, and over the next 20 years. Additional offerings for this sector may require new Big Data analytics expansions.
3. In its Global Citizen Engagement business line, RIWI is now able to capture fast-rising and longer-term revenues. Each new contract where RIWI serves as a prime contractor to G-7 agencies in this business line creates a range of \$250,000 to \$5 million or more in new revenues to RIWI. Government agencies and multilateral organizations engage RIWI in these sectors since these clients need privacy-compliant data to justify and measure the effectiveness and impact of global humanitarian aid investments.
4. In its Global Consumer business line, large contracts made available to RIWI are now renewable annually. Firms request RIWI data from global audiences that typically do not answer surveys or respond to digital ad tests of any other kind. RIWI has achieved its global recognition and awards in this business line without a dedicated marketing team, and has therefore recently expanded its content-marketing initiatives in this sector to build its brand further to increase sales.

Five recent and growing trends in the Big Data and applied analytics marketplace offer RIWI significant commercial advantages.

1. Data firms that collect, store, or transfer any personal data, such as emails or IP addresses, put customers and related parties at financial risk under strict new EU regulations. Firms collecting personal data are under increased scrutiny from US and EU regulatory agencies and from clients concerned about data breaches. Firms collecting personal data for ad targeting purposes or consumer preference insights now need to incur significant costs to continually monitor and prevent unauthorized disclosure of personal data to third-party customers. By contrast, the RIWI solution is privacy-compliant, collecting no personal data, since RIWI was designed in 2009 as a privacy-first, rapidly scalable global platform.
2. The exponential growth of "alternative data" sets for the finance sector that have not been independently proven scientifically are increasingly viewed as burdensome for analysts to use or to integrate into their knowledge dashboards. RIWI enjoys a competitive advantage in the finance sector since clients do not need to download new software to access RIWI's secure Web-based intelligence platform. Unlike most alternative data sets, RIWI has been validated by research units of G-7 government agencies and has been profiled in scientific publications such as *Nature* and *The Lancet*.
3. As environmental, social and governance ("ESG") becomes a dominant factor in assessing the future health and risks of stocks, it is increasingly important for financial analysts to gauge insights about Millennials' changing habits and preferences. The RIWI platform enjoys a competitive advantage over other data firms in accessing the views of the Millennial population in all regions of the world.

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**RIWI's Significant Commercial Advantages Due to Recent Trends** (continued)

4. As China becomes an increasingly dominant influence in the global economy, a growing client base is demanding what only RIWI can offer: continuous, uninterrupted, real-time data feeds from across all regions and cities in China. Cross Marketing Inc. (TYO: 3675) of Tokyo has committed its sales and marketing force to sell RIWI's "China Pulse" product to its customers wishing to track sales trends, economic trends, and consumers' purchase trends in China.
5. As social media companies, notably Facebook™ and Twitter™, face growing public scrutiny over millions of fake accounts, customers are questioning the veracity of data feeds that use social media data as the exclusive source of consumer trends. Further, social media firms now need to invest significant human resources expunging fake accounts and filtering out offensive content. Consumer insights firms applying social media content as the sole source of their data feeds need to invest significant resources in data cleansing to ensure the integrity of the data which they offer to clients.

**Growth Plan for the Next Five Years**

Over the next five years, RIWI expects to serve as a prime contractor to a vastly larger number of G-7 agencies and enterprise clients in the corporate sector. As revenues increase, RIWI will consider investing in the following activities to ensure higher revenues and to sustain delivery excellence for our customers:

1. Open offices with sales teams around the world to service our international clients.
2. Increase our machine learning and adopt new artificial intelligence tools to integrate into our citizen intelligence platform.
3. Automate new data science applications and new domain name system technologies and APIs for additional global intelligence, such as Internet-of-Things (IoT) data capture, of value to our clients.

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

The following is a discussion of the results of operations of the Company for the three and six months ended June 30, 2018 and 2017. The results should be read in conjunction with the unaudited condensed interim financial statements for the three and six months ended June 30, 2018 and 2017, and the related notes.

<b>Financial Results</b>	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Revenues	\$ 690,969	\$ 286,484	\$ 1,051,349	\$ 543,272
General and administrative expenses	(656,074)	(266,073)	(1,018,558)	(433,744)
Sales and marketing expenses	(12,883)	(34,600)	(26,806)	(60,356)
Technology costs	(90,140)	(209,457)	(154,681)	(318,429)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (68,128)</b>	<b>\$ (223,646)</b>	<b>\$ (148,696)</b>	<b>\$ (269,257)</b>
<b>Net loss per share: basic and fully diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
Total assets	1,979,200	1,795,842	1,979,200	1,795,842
Total non-current liabilities	-	-	-	-
Cash dividends	-	-	-	-

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#### For the three months ended June 30, 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 \$404,485 or 141% to \$690,969 during the three months ended June 30, 2018 compared to the same period last year. RIWI established a strong customer base and recurring revenue streams.

Total expenses increased by \$248,967 to \$759,097 during the three months ended June 30, 2018 compared to the same period last year. The key expenses are summarized as follows:

- a) **General and administrative expenses** increased by \$390,001 to \$656,074 during the three months ended June 30, 2018 compared to the same period last year. This increase included: the non-cash share-based payment expense of \$327,270 related to the grant of stock options to certain directors and an officer of the Company in May 2018, the additional costs of hiring a Head of Global Research in April 2018, a full-time Chief Financial Officer in July 2017 and moving the costs of the Chief Technology Officer to general and administrative expenses.
- b) **Sales and marketing** decreased by \$21,717 to \$12,883 during the three months ended June 30, 2018 compared to the same period last year. The reason for the decrease is that the Company is reviewing the return-on-investment of its sales and marketing expenses rigorously. RIWI has also now moved sales and marketing initiatives away from external consultants to be under the leadership of our new Head of Global Research.
- c) **Technology costs** decreased by \$119,317 to \$90,140 during the three months ended June 30, 2018 compared to the same period last year. This decrease is attributable to our shift from more research-based and testing activities, especially for the Global Security business line, 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 real-time data ingestion. Also, the decrease relates to moving the costs of the Chief Technology Officer to general and administrative expenses.

Net loss decreased by \$155,518 to \$68,128 during the three months ended June 30, 2018.

#### For the six months ended June 30, 2018 and 2017

Revenues increased by \$508,077 or 94% to \$1,051,349 during the six months ended June 30, 2018 compared to the same period last year. This six-month revenue represents 79% of revenues earned during the twelve months ended December 31, 2017.

Total expenses increased by \$387,516 to \$1,200,045 during the six months ended June 30, 2018 compared to the same period last year. The key expenses are summarized as follows:

- a) **General and administrative expenses** increased by \$584,814 to \$1,018,558 during the six months ended June 30, 2018 compared to the same period last year. This increase was due to various factors, including: the non-cash share-based payment expense of \$327,270 related to the grant of stock options to certain directors and an officer of the Company in May 2018, the additional costs of hiring a Head of Global Research in April 2018, 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 \$33,550 to \$26,806 during the six months ended June 30, 2018 compared to the same period last year. The reason for the decrease is that the Company is reviewing the return-on-investment of its sales and marketing expenses rigorously. RIWI has also now moved sales and marketing initiatives away from external consultants to be under the leadership of our new Head of Global Research.
- c) **Technology costs** decreased by \$163,748 to \$154,681 during the six months ended June 30, 2018 compared to the same period last year. This decrease is attributable to our shift from more research-based and testing activities, especially for the Global Security business line, to an increased focus on executing only profitable contracts with long-term customers. Also, the decrease relates to moving the costs of the Chief Technology Officer to general and administrative expenses.

Net loss decreased by \$120,561 to \$148,696 during the six months ended June 30, 2018.



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**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 June 30, 2018:

Summary of Quarterly Results <i>(in U.S. Dollars)</i>	2018		2017				2016	
	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30
Revenues	\$ 690,969	\$ 360,381	\$ 514,504	\$ 273,394	\$ 286,484	\$ 256,788	\$ 142,292	\$ 209,810
Net loss for the period	(68,128)	(80,568)	(18,961)	(451,119)	(223,646)	(45,610)	(206,721)	(147,007)
Net Loss per share: basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.03)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)

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 of 2017 generating over \$510,000 in revenue. The first half of 2018 continued the strong revenue trend by generating over \$360,000 in the first quarter and over \$690,000 in the second quarter, the Company's highest quarter of revenue to date. The 2018 second quarter's revenue represented a 92% increase from the first quarter of 2018. 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 toward enterprise customers across its four business lines.

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

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 \$305,806, with a corresponding adjustment to the deferred revenue balance. (Note that this represents an upwards revision from the MD&A for the three months ended March 31, 2018, which stated that the positive adjustment was \$275,958).

In Q2 of 2018 and Q3 of 2017, the Company incurred higher expenses mostly due to the non-cash share-based payment expense related to the stock options granted to certain directors and an officer of the Company.

**LIQUIDITY AND CAPITAL RESOURCES**

As at June 30, 2018, the Company had working capital of \$1,693,304 compared to working capital of \$1,205,070 as at December 31, 2017. This increase in working capital is primarily due to the increase in sales revenue.

	June 30, 2018	December 31, 2017
Current Assets	\$ 1,856,128	\$ 1,713,066
Current Liabilities	(162,824)	(507,996)
Working Capital	\$ 1,693,304	\$ 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 which began 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	July 1 - Dec. 31, 2018	Jan. 1, 2019 - Dec. 31, 2020	Jan. 1, 2021 - Dec. 31, 2022	Jan. 1, 2023 - beyond
Office lease	\$ 264,543	26,709	107,206	108,106	22,522

**CAPITAL STRUCTURE**

- a) **Common Shares:** As of August 2, 2018, the Company has 17,277,282 issued and outstanding common shares. The Company's closing share price prior to August 2, 2018 was CAD \$1.05 per share.

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

- b) **Stock Options:** As of August 2, 2018, the Company has 2,141,602 options outstanding.
- c) **Share Purchase Warrants:** As at August 2, 2018, the Company has 662,071 share purchase warrants outstanding.

**Common Shares, on a Fully Diluted Basis**

	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	\$ 2.00	390,000	
	December 31, 2024	\$ 0.86	28,000	
		\$ 1.48		2,141,602
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				20,080,955

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

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**TRANSACTIONS BETWEEN RELATED PARTIES**

- (a) For the six months ended June 30, 2018, included in technology costs are consulting fees and wages to the Company's Chief Technology Officer in the amount of \$nil (2017 – \$53,934). 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 expense under general and administrative expenses.
- (b) For the six months ended June 30, 2018, the Company recognized share-based payment expense of \$310,817 (2017 – \$6,336) for stock options granted to 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.

**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.

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## Management's Discussion &amp; Analysis

For the Three and Six Months ended June 30, 2018 and 2017

**Market risk** (continued)

- (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 June 30, 2018, financial instruments were converted at a rate of US\$1.00 to CAD\$1.3168 and Swiss Francs (CHF) 0.9922. Balances denominated in foreign currencies as at June 30, 2018 were as follows:

	In USD	In CAD	In CHF
Cash and cash equivalents	\$ 1,339,938	\$ 188,254	\$ -
Accounts Receivable	75,220	18,175	2,987
Accounts Payable	2,780	72,321	-

The estimated impact on net loss for the six months ended June 30, 2018 with a +/- 10% change in Canadian Dollar exchange rate is approximately \$55,000 (2017 – \$52,000).

**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.

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 \$305,806, with a corresponding adjustment to the deferred revenue balance. (Note that this represents an upwards revision from the MD&A for the three months ended March 31, 2018, which stated that the positive adjustment was \$275,958).

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## Management's Discussion &amp; Analysis

For the Three and Six Months ended June 30, 2018 and 2017

## (a) Adoption of new and amended accounting pronouncements (continued)

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

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 six months ended June 30, 2018 is noted in the table below:

	As reported	Adjustments	Balances without adoption of IFRS 15
Revenues			
Sales	\$ 1,040,453	\$ 556,759	\$ 483,694
Interest	10,896	-	10,896
Total revenues	\$ 1,051,349	\$ 556,759	\$ 494,590

## (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.