



RIWI CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three and Six Months Ended June 30, 2019 and 2018

Containing information up to and including August 14, 2019

(Expressed in United States Dollars)

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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, 2019 and 2018, and is prepared as at August 14, 2019. 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, 2019 and 2018 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.

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, under the Company's profile.

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OVERVIEW

RIWI is a public company and its shares are all common shares 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 while the Founder and Chief Executive Officer led a research unit affiliated with Massey College in the University of Toronto. The Company later fully commercialized in 2017, when it hired a full-time Chief Technology Officer, a full-time Chief Financial Officer, raised hedge-fund financing, and hired sales and other staff dedicated to rapid growth and profit. The head office is at 180 Bloor Street West, Suite 1000, Toronto, Ontario, M5S 2V6 and our registered and records office is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, V6C 2X8. The Company also maintains an office in Vancouver, BC.

RIWI is a global trend-tracking and prediction technology firm. Our patented, cloud-based software solutions provide a unique global digital intelligence platform to clients seeking real-time citizen sentiment data anywhere in the world in order to make faster, improved decision-making to grow their earnings, assess consumer behavior, and to monitor and reduce violent conflict. Our platform can be accessed by users within any large enterprise customer, offering our clients 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 business insights, eliminating the need for labour-intensive manual computations. The Company earns revenues through monthly, quarterly and annual subscriptions and long-term, multi-year agreements with clients in three business lines: Global Private Enterprise, Global Security, and Global Citizen Engagement.

RIWI Highlights for the Three and Six Month Periods Ended June 30, 2019 – Expressed in U.S. Dollars

- a) RIWI's second quarter of revenue was its highest in the Company's history. Revenue grew by 23% to \$841,431, compared to the three months ended June 30, 2018. For the six months ended June 30, 2019, revenue grew by 46%, to \$1,515,006.
- b) Although the Company had a net loss of \$151,052 for three months ended June 30, 2019, this was mainly affected by the non-cash share-based payment expense of \$538,392 related to the stock option grant in May 2019 to non-executive directors. For the six months ended June 30, 2019, the Company was profitable, having net income of \$85,848 despite the non-cash share-based payment expense noted above.
- c) The Company generated \$228,449 in cash from operations for the six months ended June 30, 2019, ending the second quarter with over \$2.07 million in cash.
- d) For the last 12 months, RIWI grew its revenue year-over-year by 72%, reaching revenues of \$3,142,230 for the 12 months ended June 30, 2019, compared to the same period last year.
- e) RIWI won the "Rising Star" award at the Battle of the Quants 2019, New York City, for data that yields an investment edge. RIWI expects to win new recurring revenues and diversify its financial client base.
- f) On June 13, 2019, RIWI announced that it has signed a one-year contract expansion with a G7 government agency valued at US\$780,000. RIWI is committed to serving the international security community with innovative data solutions that meet demanding technical requirements.

Operational Highlights

1. Growing Quarterly Revenue and Strong Profitability for 2019

RIWI arose from a set of core values: all opinions matter to advance the cause of liberty, and the broadest set of true opinions from any location can offer clients predictive insights and trend-identification. Over time, we have built a global machine-learning Web architecture that conducts continuous, privacy-compliant surveys and ad tests in all countries with ever-stronger barriers to entry that extend far beyond our intellectual property stack.

RIWI's second quarter results for 2019 represent a focus on growth – our highest revenue quarter to date – and the continued refinement of sales processes for sustained growth: productization for new sales; building market awareness for diverse clients; striking new collaboration agreements to increase sales; and boosting recurring revenues across all three business lines to ensure growing quarterly revenue and strong profitability for 2019.

Our relentless focus is on foundational value metrics to shareholders: growth, profitability, and cash in the bank.

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2. Factors Driving RIWI's Growth Path

We believe the market maturity and growth trajectory for privacy-compliant real-time public sentiment collection – from data firms such as RIWI whose systems collect no personally identifiable data – is where online commerce was in the mid-1990s. We foresee a data marketplace in the next 2-5 years when the practice of collecting any personally identifiable data online is unfathomable to the vast majority of businesses and government agencies. In order to ensure customer delivery excellence and to capture a large share of this fast-growing total addressable market, RIWI has configured its data capture solutions and technology infrastructure in a highly scalable manner that serves government agencies and businesses efficiently without incurring significant labour costs. In this context, management feels that RIWI's fundamentals are solid and will improve further based on the following:

A. Recurring Revenues

By "recurring revenues", management refers to customers who re-engage the Company for new contracts on a monthly, quarterly or annual basis. At this stage of our business, approximately two-thirds of our revenues are recurring in nature. By example, as noted in its June 13, 2019 news release, RIWI began work on a contract in the amount of \$780,000 for expanded work with an existing client in its Global Security business line. As we seek to expand and diversify our client base, the percentage of revenues that can be classified as recurring may fluctuate as we onboard new clients that may or may not choose to renew their business with us due to budget constraints, changing economic conditions or due to other reasons.

At present, RIWI continues its work for Bank of America Merrill Lynch pursuant to its three-year master services agreement, scheduled for renewal in 2020. Management expects the size and duration of revenues from this client to increase over the next 12-18 months. Other clients that offer RIWI recurring revenues include: the United States Department of State (varied agencies), the United Nations World Food Programme, YipitData, Freedom House, The World Bank (varied units), the National Endowment for Democracy, the United Nations Development Fund, the United States Agency for International Development, the Government of Canada, the Government of Israel, Humanity United, Message House, Harvard University, Australian National University, MTV, RNW Media and funders of our clients at International Alert, the British Council and at the Bill & Melinda Gates Foundation. Added together, these clients have requested that RIWI be on rapid response to collect data in all countries.

B. Diverse Client Base

Management measures its quarterly and annual success based partially on net new customers generated as a result of sales efforts. Due to our research strategy that began in 2018 to promote market awareness of RIWI's unique offerings, we are now benefiting from the growth in the number of inbound inquiries and outbound sales efforts that are resulting in signed contracts and solicited proposals for new contracts with new customers.

RIWI's investment in thought leadership to generate sales is paying dividends for the Company's growth agenda. By example, across its business lines, our thought leadership has led to customer inquiries in the second quarter of 2019, resulting in RIWI submitting costed proposals in this quarter for revenues in excess of \$3 million.

All new hires and partnerships struck by the Company are intended to increase RIWI's exposure to new buyers and to diversify our client base. For example, in July 2019, RIWI signed non-exclusive agreements with: (i) a US-government and foundation-funded organization based in Washington, DC, and (ii) a quantitative hedge fund in order to productize, sell and market RIWI data feeds to a diverse set of new private- and public-sector customers and investors in these organizations. These agreements and others under active consideration serve the Company's growth plan to ensure higher revenues and to sustain delivery excellence for customers through: the augmentation of our citizen intelligence platform in order to identify anomalous events of potential concern to clients in any geography; the monetization of our historic, archived privacy-compliant longitudinal data sets, especially for data related to financial and consumer habits; and the capacity to reach new clients in new markets and ensure the Company's vitality during economic downturns in any one jurisdiction.

RIWI thought leadership regularly appears in prominent general, finance-focused and academic publications around the world, enabling the sales funnel of the Company to grow through in-bound sales opportunities. RIWI executives continue to receive high-profile invitations to present the Company's technology and research at events around the world for business leaders, including, most recently, to speak at the World Trade Organization in Geneva in October 2019 and at an event hosted by the International Labor Organization in November, also in Geneva. RIWI data are frequently presented by its client, Bank of America Merrill Lynch, at investor conferences,

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and RIWI executives have recently been invited to speak at events for bond investors and for finance experts concerned with the market risks associated with the trade disputes between the United States and China.

In this quarter, the most significant thought leadership increasing RIWI's market awareness have been peer-reviewed certifications and/or publications about RIWI's privacy-compliant and continuous surveys across all rural and urban parts of China. Recent advances include:

- After three months of technical review by a jury of data scientists reviewing submissions from firms across the globe, RIWI was presented with the Battle of the Quants "Rising Star" award in New York City in May 2019 for its unique data sets that offer investment firms an edge to potentially beat the stock market;
- RIWI research concerning changing perceived health risks and travel intentions in China was accepted in July 2019 for publication in the *International Journal of Travel and Global Health*;
- RIWI research on Chinese sentiment toward US products amid the trade war disputes was profiled in the *China Insiders Report* published by the Canadian Embassy in Beijing in July 2019; and
- An independent analysis of RIWI led by a researcher at Honda, accepted recently for publication in the *International Journal of Business Innovation & Research* (in press) found that RIWI data collection in China was more reliable and diverse in its reach than current methods of surveying the Chinese public.

A paper published on August 7, 2019 in the top-tier medical journal *PLOS Medicine*, studying the expectations of healthcare quality expressed by 18,000 people in 12 low- and middle-income countries, describes why the authors selected RIWI – "it has important advantages over other internet surveying methods such as internet panels and email-based sampling." The paper, led by researchers at Harvard University, is the latest independent support for RIWI's scientific validity: <https://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1002879>

RIWI's client base continues to expand based on its record of accomplishment for customers requiring strong delivery excellence and privacy compliance in all nations. In October 2018, the US Government conducted a formal review of the quality, timeliness, cost control, management and regulatory compliance of the Company's work and operations. The US government gave RIWI a positive contract performance assessment, recommending RIWI for similar global data collection work – i.e., surveys or message testing in any country of the world – that may be required to be commissioned by any US government agency. This positive contract performance review is now viewable to any US government buyer reviewing RIWI's capabilities or comparing RIWI to other vendors.

C. Lower Technology Costs as Sales Expand

Technology costs decreased by \$34,521 to \$55,619 during the three months ended June 30, 2019 compared to the same period in 2018. We saw this decrease in costs despite our strongest revenue by quarter to date. We continue to focus on the automation and optimization of all our processes. The machine-learning and automation processes that drive our offerings provide what management sees as strong barriers to entry from competitors. RIWI's 2018 investments in machine-learning research and development have advanced our capacity to maintain strong margins and to keep costs low even as we expand long-term contracts across diverse markets of the world. This machine-learning capacity also enables us to keep our staff count low as we expand our sales.

D. Low General and Administrative Costs

Excluding the share-based payment expense of \$538,392, our General and Administrative expenses for the three months ended June 30, 2019 were \$395,628. Management does not foresee our General and Administrative expenses growing substantially as a proportion of revenues over the next 12 to 18 months. Management strives to limit all costs that do not foster revenue growth.

E. Cash in the Bank

The Company ended the second quarter with over \$2.07 million in cash. As at June 30, 2019, the Company had working capital of \$3,032,958 compared to working capital of \$2,349,503 as at December 31, 2018. This 29% increase in working capital is primarily due to the increase in sales revenue and controlling costs. As revenues climb, our client base diversifies and as the Company maintains low costs associated with sales, the availability of cash on hand is important to deploy to hire staff who can help the Company's sales grow further.

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At present, based on its projections for strong revenues for the remainder of 2019, low costs associated with growing sales, and a second profitable year for 2019, management does not feel the necessity, at this time, to seek to raise more funds in the public markets. However, management continually evaluates the potential return-on-investment to future Company revenues that may result from equity financings.

F. Evaluate RIWI's Profitability on an Annual Basis

Since there continues to be some seasonality to RIWI's business based on existing agreements, with large-size private and public sector contracts for data services being issued by RIWI customers in the June-December period, management feels that our track record of profitability is best evaluated on an annual basis. The non-cash stock option grant during this quarter to non-executive Directors further illustrates that an evaluation of profitability in any one quarter does not reveal RIWI's full financial vitality.

G. Rising Market Demand for Privacy Compliance

In European Union ("EU") countries and in the United States, social media, technology, and other data collection firms face increasing regulatory scrutiny and fines for business practices that rely on collecting, re-publishing, using or putting at risk customers' personal information. Demonstrating that the RIWI global platform differentiates itself from most data vendors in the world since it does not collect personally identifiable data whatsoever has been very helpful to RIWI signing significant contracts in 2019. In light of recent high-profile data breaches reported in the media, and lawsuits and fines levied against data and technology firms that collect or store personally identifiable data, RIWI's customer base and new, interested customers are demanding that data vendors have safeguards against potential data breaches that put customers' personal data at risk.

In July 2019, a widely reported study in *Nature Communications* demonstrated that methods now used by technology firms to anonymize personally identifiable data after it has been collected – computer algorithms that seek to strip the data of identifying characteristics like names and email addresses – are ineffective, since even anonymized datasets can be traced back to individuals using machine learning, a type of artificial intelligence. Management therefore believes it will become even more difficult and costly for data vendors that collect personally identifiable information, such as mobile phone numbers or email addresses, to comply with the EU's *General Data Protection Regulation* or the *California Consumer Privacy Act*. Management feels that RIWI benefits from growing market awareness for the need to avoid vendor solutions that ever collect any personally identifiable data, and that RIWI benefits still further from the rising total addressable market for this level of data privacy compliance.

To showcase market awareness of its global privacy compliance in all countries, RIWI was selected to present at and served for the second year in a row as the official data insights provider for RightsCon, the largest digital rights conference and assembly of top data privacy advocates in the world, held this year in Tunis in June 2019.

In 2018, RIWI's key leadership and technical personnel earned the required clearances needed to support clients that mandate the highest degree of trust, security, data privacy protocols and confidentiality. Due to the anonymous nature of random inbound audience interaction, RIWI's technology has been exempted or approved from Institutional Research Ethics Board ("IRB") scrutiny at several leading Universities, including Harvard University, the University of Toronto, and Australian National University. The fact that RIWI has now collected opinion data and message testing data without any personally identifiable information from more than 200 countries and territories in the world – on behalf of clients and/or for the purposes of peer-reviewed scientific publications such as *Nature* or *The Lancet* – enables the Company to shorten the sales cycle and rapidly pass through due diligence privacy compliance reviews during sales and contracting processes.

H. Zero Debt

The Company carries no debt. At this stage of the Company, and in keeping with our core business values of prizing profit, management believes there to be no benefit to the Company of assuming debt obligations.

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New Intellectual Property Development

RIWI's Chief Executive Officer and Chief Technology Officer filed a new machine learning patent application in the United States Patent and Trademark Office on April 18, 2019. This application claimed priority from the U.S. Provisional Patent that RIWI previously filed on April 20, 2018. The title of the described invention written by the above-noted RIWI Officers is: "Systems and Methods for Optimizing Web Traffic Performance." The invention, which RIWI has been using for clients for over 16 months, has enabled RIWI to reduce its technology costs for data collection in all countries of the world.

New Operational Highlights (Technical Advances and Business Benefits)

A. Random Subsets: Some clients may demand an extremely large number of survey or message test questions in any country. However, it is unreasonable to expect respondents to answer a large number of questions, especially in areas of the world with electricity constraints or political or civil unrest. RIWI's technical solution is to randomly select a subset of questions to limit respondent fatigue. Management has found that its Random Subsets solution now positions the Company to win more business.

B. Data Tables: RIWI visualizations now contain built-in data munging features (also referred to as "data wrangling") that are valuable to analysts using RIWI data. Specifically, these features – such as column aggregation, row and column summaries – are automatically exposed to clients when using our real-time data dashboards via data tables such that analysts can work with RIWI raw data in their preferred analytic tools.

C. Province/State-Level Visualizations: RIWI visualizations are now capable of working with data at the province/state/region level using ISO 3166-2 subdivisions. This feature can be extended to choropleth maps (i.e., thematic maps) to illustrate province- or state-level data. For example, these maps are shaded or patterned in proportion to the measurement of the statistical variable being displayed on the map, such as regional support for local criminal gangs, consumer confidence or per-capita income.

D. Categorized Crosstabs: Statistical computations generated by the RIWI analytical dashboard are normally rendered as numeric results. However, there are instances when visualizations are better rendered as categories (vs. numeric groupings). RIWI has introduced features into its visualization platform that categorize cross-tabulation computations using custom algorithms. This is a convenience feature for data analysts among our existing clients and for new clients. For example, in the political voting context in the United States, categorized crosstabs can render the intensity of "Red", "Blue" and "Purple" states using state-level choropleth maps.

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, 2019 and 2018. The results should be read in conjunction with the unaudited condensed financial statements for the three and six months ended June 30, 2019 and 2018, and the related notes.

Financial Results	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
Revenues	\$ 841,431	\$ 684,603	\$ 1,515,006	\$ 1,040,453
General and administrative expenses	(934,020)	(656,074)	(1,302,233)	(1,018,558)
Sales and marketing expenses	(11,079)	(12,883)	(19,853)	(26,806)
Technology costs	(55,619)	(90,140)	(122,681)	(154,681)
Net interest income	8,235	6,366	15,610	10,896
Net income/(loss) and comprehensive income/(loss)	\$ (151,052)	\$ (68,128)	\$ 85,848	\$ (148,696)
Net income/(loss) per share: basic and fully diluted	\$ (0.01)	\$ (0.00)	\$ 0.00	\$ (0.01)

	June 30, 2019	December 31, 2018
Total assets	\$ 3,563,061	\$ 2,649,337
Total non-current liabilities	131,245	11,800
Cash dividends	-	-

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For the three months ended June 30, 2019 and 2018

Revenues are comprised of fees that are charged to customers for providing digital surveys or ad tests and automated analytics of the findings. RIWI's second quarter of revenue was its highest in the Company's history. Revenues increased by \$156,828 or 23% to \$841,431 during the three months ended June 30, 2019 compared to the same period in 2018. This increase in revenues resulted from RIWI increasing its customer base and recurring revenue streams.

Total expenses increased by \$241,621 to \$1,000,718 during the three months ended June 30, 2019 compared to 2018. The key expenses are summarized as follows:

- a) **General and administrative expenses** increased by \$277,946 to \$934,020 during the three months ended June 30, 2019 compared to 2018. This increase was due primarily to the non-cash share-based payment expense of \$538,392 related to the May 2019 annual stock option grant to its non-executive directors. The Company's non-executive directors do not receive cash compensation. The non-cash share-based payment expense in the same period in 2018 was \$327,270. Salaries expense increased due to hiring of additional staff. Other expenses remained fairly stable.
- b) **Sales and marketing** decreased by \$1,804 to \$11,079 during the three months ended June 30, 2019 compared to 2018. The Company continually reviews the return-on-investment of its sales and marketing expenses rigorously. RIWI has moved sales and marketing initiatives away from external consultants to bring these activities in-house, which has reduced the sales and marketing expenses.
- c) **Technology costs** decreased by \$34,521 to \$55,619 during the three months ended June 30, 2019 compared to 2018. The decrease is due to our technological advances that have reduced our technology costs linked to sales. The Company is always looking at ways to increase its efficiency, automate its processes and thereby reduce its technology costs associated with increased sales.

RIWI was in a net loss position for the three months ended June 30, 2019, but this was significantly affected by the non-cash expense related to the stock option grant noted above. The net loss was \$151,052 during the three months ended June 30, 2019, compared to a net loss of \$68,128 during the three months ended June 30, 2018.

For the six months ended June 30, 2019 and 2018

Revenues increased by \$474,553 or 46% to \$1,515,006 during the six months ended June 30, 2019 compared to the same period in 2018.

Total expenses increased by \$244,722 to \$1,444,767 during the six months ended June 30, 2019 compared to 2018. The key expenses are summarized as follows:

- a) **General and administrative expenses** increased by \$283,675 to \$1,302,233 during the six months ended June 30, 2019 compared to 2018. This increase was due primarily to the non-cash share-based payment expense of \$541,043. The share-based payment expense in the same six-month period in 2018 was \$359,423. Salaries expense increased due to hiring of additional staff. The other expenses remained fairly stable.
- b) **Sales and marketing** decreased by \$6,953 to \$19,853 during the six months ended June 30, 2019 compared to 2018. The Company continually monitors the return-on-investment of its sales and marketing expenses rigorously. RIWI has moved sales and marketing initiatives away from external consultants to bring these activities in-house, which has reduced the sales and marketing expenses.
- c) **Technology costs** decreased by \$32,000 to \$122,681 during the six months ended June 30, 2019 compared to 2018. The decrease is due to our technological advances that have reduced our technology costs linked to sales, as described above.

RIWI is pleased to report that it generated a profit during the six months ended June 30, 2019, despite the large share-based payment expense. The team focused on generating repeat and recurring sales along with rigorously reviewing the return-on-investment of all expenditures. The Company generated net income of \$85,848 during the six months ended June 30, 2019, compared to a net loss of \$148,696 during the same period in 2018, a positive variance of \$234,544.

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

This is a summary of selected results for the eight most recently completed quarters to June 30, 2019.

Summary of Quarterly Results <i>(in U.S. Dollars)</i>	2019		2018				2017	
	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30
Revenues	\$ 841,431	\$ 673,575	\$ 825,789	\$ 801,435	\$ 684,603	\$ 355,850	\$ 514,504	\$ 271,978
Net income/(loss) for the quarter	(151,052)	236,900	266,549	298,683	(68,128)	(80,568)	(18,961)	(448,781)
Net income/(loss) per share:								
basic	\$ (0.01)	0.01	\$ 0.02	\$ 0.02	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.03)
diluted	\$ (0.01)	0.01	\$ 0.01	\$ 0.02	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.03)

Note: the prior year results may differ by an immaterial amount due to the foreign exchange reconciliation of the CAD figures to the USD figures.

Overall, RIWI has increased its revenues since 2017, culminating in RIWI's highest quarterly revenue in the Company's history. The RIWI team continues to focus on diversifying its client base, signing new long-term contracts and establishing strong recurring revenue streams with clients in all major markets.

An analysis of revenue-recognition activity over the past two years reveals that there appears to be some seasonality to RIWI's revenue trajectory, given that the nature of RIWI's current client base tends to activate and/or accelerate new projects later in the calendar year, which means that revenues earned by the Company tend to grow over the course of any calendar year.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2019, the Company had working capital of \$3,032,958 compared to working capital of \$2,349,503 as at December 31, 2018. This 29% increase in working capital is primarily due to the increase in sales revenue and controlling costs.

	June 30, 2019		December 31, 2018	
Current Assets	\$	3,291,604	\$	2,536,997
Current Liabilities		(258,646)		(187,494)
Working Capital	\$	3,032,958	\$	2,349,503

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.

Contractual Obligations and Commitments

The Company's head office currently shares space with a third-party firm. The total lease payments are \$8,686 per month beginning on June 1, 2018, increasing to \$8,789 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, 2019	Jan. 1, 2020 - Dec. 31, 2021	Jan. 1, 2022 - Dec. 31, 2023	Jan. 1, 2024 - beyond
Office leases	\$ 209,926	30,015	105,207	74,704	-

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CAPITAL STRUCTURE

- a) **Common Shares:** As of August 14, 2019, the Company has 17,648,742 issued and outstanding common shares. The Company's closing share price prior to August 14, 2019 was CAD \$2.95 per share.
- b) **Stock Options:** As of August 14, 2019, the Company has 1,984,500 options outstanding.
- c) **Share Purchase Warrants:** As at August 14, 2019, the Company has 662,071 share purchase warrants outstanding.

Common Shares, on a Fully Diluted Basis – as of August 14, 2019

	Expiry date	Exercise Price (CAD)	Number of securities	Number of shares
Common shares issued and outstanding				17,648,742
Stock options, at weighted average exercise price				
expiring in the year ending:	December 31, 2020	\$ 0.86	394,000	
	December 31, 2021	\$ 2.21	282,500	
	December 31, 2022	\$ 2.02	520,000	
	December 31, 2023	\$ 2.00	390,000	
	December 31, 2024	\$ 3.08	398,000	
		\$ 2.02		1,984,500
Warrants, at weighted average exercise price				
expiring in the year ending:	December 31, 2019	\$ 3.50	656,571	
	December 31, 2020	\$ 0.86	5,500	
		\$ 3.48		662,071
Common shares, on a fully diluted basis				20,295,313

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related party transactions are comprised solely of compensation for the Company's key management personnel.

- (a) For the six months ended June 30, 2019, the Company recognized share-based payment expense of \$538,392 (six months ended June 30, 2018 – \$310,817) for stock options granted to non-executive directors and officers.

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FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As at June 30, 2019, the Company's financial instruments are comprised of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The amounts reflected in the statement of financial position are carrying amounts and approximate their fair values due to their short-term nature. These financial instruments are classified as at June 30, 2019 as follows:

- Cash and cash equivalents – amortized cost
- Accounts receivable – amortized cost
- Accounts payable and accrued liabilities – other financial liabilities

The evaluation of the financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 of the fair value hierarchy includes unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 of the hierarchy includes inputs that are observable for the asset or liability, either directly or indirectly; and
- Level 3 includes inputs for the asset or liability that are not based on observable market data.

The Company has no financial instruments measured at fair value through profit or loss ("FVTPL").

The following is a discussion of the Company's risk exposures:

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.

- Interest rate risk:* The Company has cash balances and no interest-bearing debt, and is not exposed to any significant interest rate risk.
- 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, 2019, financial instruments were converted at a rate of US\$1.00 to CAD\$1.3087. Balances denominated in foreign currencies as at June 30, 2019 were as follows:

	In USD	In CAD
Cash and cash equivalents	\$ 2,053,176	\$ 23,637
Accounts Receivable	247,846	85,478
Accounts Payable	(5,118)	23,493

The estimated impact on net income for the three months ended June 30, 2019 with a +/- 10% change in Canadian Dollar exchange rate is approximately \$15,000 (June 30, 2018 - \$55,000).

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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.

IFRS 16, Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16, Leases. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. 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.

The Company adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening Statement of Financial Position on January 1, 2019.

On transition, the Company has opted to apply the following practical expedients:

- (i) Used a single discount rate to the operating leases; and
- (ii) Opted not to apply IFRS 16 to operating leases for which the lease term ends within 12 months of the date of initial application.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are stated as assets of the Company at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated amortization and impairment losses. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Finance costs are charged to profit or loss over the term of the relevant lease so as to produce an interest charge on the remaining balance of the lease obligations each month.

Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019, which was 6%. A minor adjustment was made to the lease obligation calculation from the disclosure in the March 31, 2019 financial statements.

As at	January 1, 2019
Operating lease obligations as at December 31, 2018	\$ 232,025
Discounted using the Company's incremental borrowing rate of 6%	203,610
Lease obligations as at January 1, 2019	\$ 203,610
Current portion of lease obligations	41,013
Non-current lease obligations	162,597
Lease obligations as at January 1, 2019	\$ 203,610

The right-of-use assets of \$189,455 were measured at the amount equal to the lease obligations of \$203,610, reduced by the prior period lease inducement of \$14,155. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.