



RIWI CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended December 31, 2019 and 2018

(Expressed in United States Dollars)

RIWI CORP.

Management's Discussion & Analysis

For the years ended December 31, 2019 and 2018

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 years ended December 31, 2019 and 2018, and is prepared as at March 5, 2020. This MD&A should be read in conjunction with the Company's audited financial statements for the years ended December 31, 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, the CEO and Founder stopped his University teaching responsibilities, and the CEO hired staff dedicated to profit, top-line growth, and recurring revenues. The Company's head office is located at 180 Bloor Street West, Suite 1000, Toronto, Ontario, M5S 2V6 and RIWI's registered 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 and machine-learning software solutions provide a unique, global digital intelligence platform for clients seeking real-time citizen sentiment data anywhere in the world in order to make faster, improved decision-making to grow their earnings or investments, evaluate consumer or citizen behavior, and to monitor, predict 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 advance warnings for customers seeking data-enabled business insights, eliminating the need for: (a) labour-intensive manual computations, (b) online panel firms in different countries, (c) market research insights professionals in different countries, or (d) external statistical firms. The Company earns revenues through monthly, quarterly, and annual subscriptions and long-term, multi-year agreements with clients.

In the past year, we combined our three previously discrete business lines - Global Private Enterprise, Global Security, and Global Citizen Engagement - to form an integrated family of business offerings that enjoy strong and growing competitive advantages in the global data marketplace. Our global platform and dashboards offer customers high-frequency, broad-based, and scientifically rigorous sentiment data in order to predict and monitor volatility that may impact a client's business operations, customer demands or risk forecasts in any region of the world. RIWI functions as a DaaS ("data as a service") recurring-revenue business powered by machine-learning. We offer clients Web-based dashboards with continually updating data, analytics, and reports.

Our global flow of source data is unique, expanding, and exclusive to RIWI. So far, we have collected response data from more than 1.6 billion interviewees in 229 countries and territories without collecting any personally identifiable information. Our technology has been extensively peer-reviewed and enjoys growing, recurring usage by top-tier clients working on otherwise impossible or labour-intensive data collection challenges, such as gaining advance predictions on: (i) rates of manufacturing in China, or (ii) surprises in nonfarm payrolls in the United States.

RIWI Highlights for the year end December 31 2019 (in U.S. Dollars):

- a) The Company had its second consecutive profitable year in 2019, generating net income of \$909,816, an increase of 118%, compared to 2018.
- b) RIWI's 2019 revenue was its highest in the Company's history. Revenue in 2019 grew by 17% to \$3,110,878 compared to \$2,667,677 in 2018.
- c) RIWI generated \$1,147,021 in cash from operations in 2019, ending the year with over \$3.04 million in cash. This represented a 264% increase in cash from operations, compared to 2018.
- d) As at December 31, 2019, the Company had working capital of \$3,759,533 compared to \$2,349,503 as at December 31, 2018. This 60% increase results primarily from the Company's increase in sales revenue, and from controlling costs.
- e) RIWI enjoyed positive earnings per share growth in 2019, \$0.05 per share compared to \$0.02 in 2018.

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1. Two Years of Profitability, Growth and a Healthy Return on Equity

One year ago, our MD&A for the year ended December 31, 2018 highlighted that management seeks to ensure strong revenue and profitable growth year-over-year through the increased diversification of our client base, the increased proportion of our revenues that are recurring in nature, access to new clients in new markets, financial vitality during economic downturns, and the increased relevance and diversity of our product offerings.

In 2019, this strategy proved successful in delivering us two consecutive years of profitability, a second year of double-digit revenue growth (17%), positive earnings-per-share growth in 2019 (\$0.05 compared to \$0.02), net income growth (118%) and working capital growth (60%). The strategy proved successful in boosting our cash from operations by 264% to ensure a vibrant, durable business. Commitment to our continued efforts to increase the underlying value of our Company offers a return on equity ("ROE") - without any debt - that steadily increases cash on hand. Cash enables us to invest in sales activity and sales-focused marketing in order to build recurring revenues, and to boost innovation to serve our current and future clients. RIWI's ROE for 2019 was 17%. We reached our results partly since our machine-learning data collection platform achieved further cost-efficiencies in all countries. Our business also enjoys an increasingly recurring business model such that our costs associated with technology stay flat or decline even as our revenues and customers grow.

2. Management Discipline to Constrain Costs and to Deploy Capital Efficiently

RIWI prides itself in delivering the markers of foundational value: growth, profitability, and cash in the bank.

In this context, it is important to emphasize the cost constraint discipline that management has imposed on itself in order to get where it is today - in the interests of improving continuous improvement in our financial metrics, emulating the path blazed by every successful, durable company that recognized early in its growth stage that the purpose of a company is to make a profit by delivering value to long-term customers. Unlike many software firms, we have one class of shares, being common shares. We carry no debt on our balance sheet. We have kept general and administrative costs low as compared to industry averages. Our founding shareholders, our board of directors, and our key management personnel, are aligned with shareholder value and maintain an equity interest in both the short- and long-term success of our Company.

Management strives to limit all costs that do not foster a clear path to revenue growth, in order to have the cash to invest intelligently in the things that do help accelerate recurring sales. Technology costs decreased by 23% in 2019 compared to 2018, despite a 17% increase in revenue. We continue to focus on the automation and optimization of all our processes. The machine-learning and automation processes that drive our product offerings provide what management sees as stronger and stronger barriers to entry from competitors.

RIWI ended 2019 with over \$3.04 million in cash, compared to \$1.75 million on December 31, 2018. This 74% increase in cash results primarily from the Company's increase in sales revenue, and from controlling costs. As revenues climb, and as we continue to manage our costs, the availability of cash on hand is important to hire staff who can help RIWI's sales, profit, and cash on hand grow even further.

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3. Moving Increasingly to Recurring Revenues; Revenue Recognition Effects on Public Reporting

In addition to our goals of sustained profits and increasing cash in the bank, RIWI seeks to win quality revenues. Quality revenues stem from long-term value customers for which RIWI can offer enduring data solutions and thereby win recurring revenues. Long-term value customers express ongoing demands for RIWI's differentiated data services, and our clients provide management with a high degree of certainty that they will renew a six- or 12-month or multi-year agreement (e.g., BofA Securities). Our revenue currently falls into the following three types:

- a) approximately 50% is subscription-based recurring revenue;
- b) approximately 40% relates to long-term contracts of six months or longer that have a reasonably strong chance of being renewed or expanded; and
- c) approximately 10% is work that is fluctuating in nature but falls under the stable umbrella of a long-term rapid-response contract vehicle that RIWI has won following a competitive tender RFP process (e.g., the UN World Food Programme).

Management seeks to sell as much subscription-based recurring revenue as possible during 2020 and beyond. Management has learned that in order to reach its goal of \$30 million in annual revenues by 2024, we must remain focused on increasing recurring revenue and turning more renewable contracts into long-term, subscription-based recurring revenue. For certain clients, notably in the finance sector, management has learned that this strategy requires selling variations of the same product to a wide number of clients - such as when and why consumer demand in China rises or falls for a large number of US consumer-facing products and services; or the changing strength of supply chains in China and in other countries during the current new coronavirus outbreak (COVID-19).

At this stage of our business, RIWI's recurring revenue focus manifests some, but not all, of the traditional features of a SaaS-based business model. Unlike some SaaS businesses, RIWI does not report annual recurring revenue ("ARR") for a one-year subscription immediately after a contract has been signed, even if the contract has a certain likelihood of continuation past the completion period stipulated in the contract. Instead, RIWI recognizes revenue over the duration of any project, under *International Financial Reporting Standard 15, Revenue from Contracts with Customers* ("IFRS 15"). We recognize revenue over time, once any of the four technical delivery milestones has been completed. Of the four revenue recognition milestones, typically three milestones are completed during the early stages of the project, where the majority of RIWI's time and effort occur. Then, the fourth and final milestone coincides with the project completion. For example, for a \$300,000 project, 75% or \$225,000 of the revenue will be recognized during the early stages of the project, and then the remaining 25% or \$75,000 of the revenue will be recognized upon project completion. Given the varying time intervals between technical milestones, significant recurring revenue on any large contract can, from time to time, appear as uneven during the course of any fiscal year. This explains why our 2019 fourth quarter revenue is lower than our third quarter revenue.

Our billing timelines can vary from client to client, and our billing is separate from our revenue recognition milestones. Generally, billing occurs after revenue recognition, resulting in unbilled revenue ("current asset" in our financial statements) until we send the invoice. However, if RIWI receives a deposit from customers before revenue is recognized, the deposit is recognized as deferred revenue ("current liability" in our financial statements). Deferred revenue is recognized as revenue when RIWI completes the milestones under the contract.

Our revenue growth, profit and cash from operations can vary year over year, and especially quarter over quarter, and therefore, all these factors should be looked at together over time to assess the degree to which we are meeting our Company's goals, including our goal of \$30 million in annual revenues by 2024.

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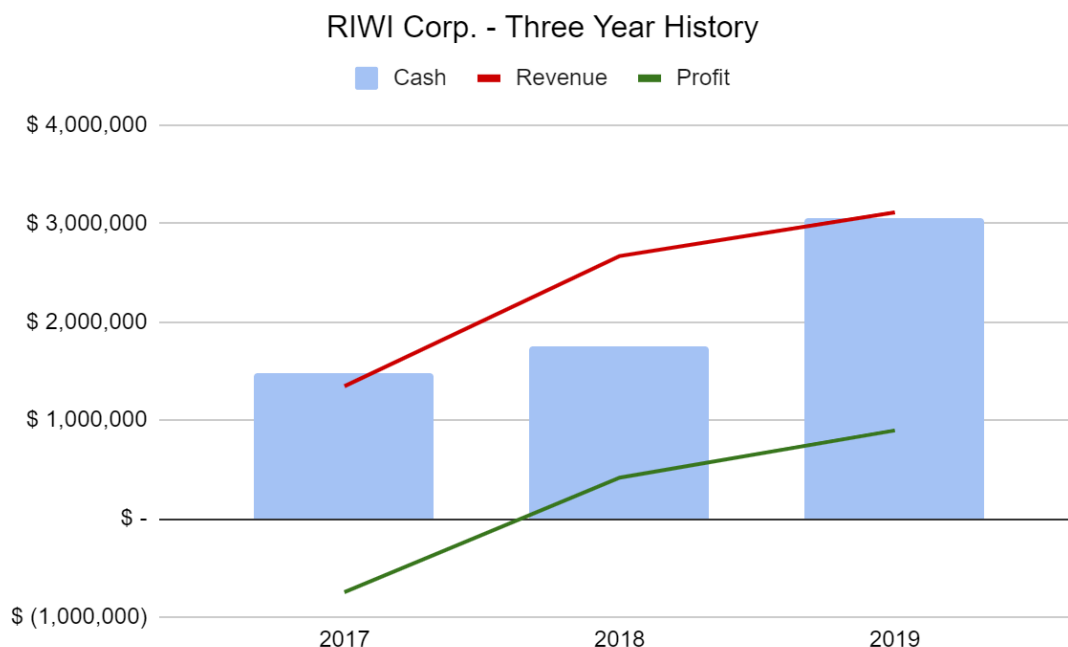
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4. Three Year History, Growth Successes and Challenges - and a Path Forward

On September 27, 2019, RIWI announced that it had placed Number 5 of Canadian public companies on the first *Report on Business* ranking of Canada's Top Growing Companies. Canada's Top Growing Companies ranks Canadian companies on three-year revenue growth. RIWI earned its spot with three-year growth of 351%. When making our announcement, we noted: "Not only do we care about revenue growth, but we also cherish the foundational metrics of value to our shareholders, including strong annual profitability, innovation, increasing cash, and staying debt-free. We continue our unwavering pursuit of operational and sales excellence".

For the period ending December 31, 2019, the chart below shows our revenue growth, profit and cash trajectory:



What is evident from the chart above is that RIWI has surpassed the need to demonstrate that we can generate strong cash from operations and profit. We are not in the mindset of "growth at all costs" - which imposes sustainability challenges for any business, but especially so in the data sector. That type of "data-by-acquisition growth strategy": (a) demands investor faith in a "path for profitability"; (b) requires high marketing spend; (c) suffers from no barriers to entry except cash, and (d) suffers from low or negative margins associated with labour-intensive analytics in order to assess the veracity, value and privacy-compliance of third-party datasets purchased from an ever-increasing number of sources (e.g., email receipt data, Web traffic data). RIWI is not in the capital-intensive data aggregation or data brokerage business, but rather in the business of providing to our customers high-value, high-margin, high-frequency predictive data streams, data-enabled predictive insights, and, ultimately, wisdom fueled by 11 years of machine-learning analytics about how sentiment can be gathered scientifically in any region. Our "always-learning" data streams thereby empower clients to make critical business decisions that predict events before they are officially reported, such as monthly US nonfarm payrolls or monthly manufacturing activity announcements in China. Our work in the prediction of key monthly indicators in both the United States and China were peer-reviewed by finance experts in 2019, and we now enjoy multiple positive performance reviews from our current long-term clients, such as the United States Department of State. Independent expert public reviews are important because they accelerate our ability to win new long-term business.

A sustainably profitable, growth-oriented data firm with low costs of customer acquisition that is not reliant on acquiring outside datasets can weather economic storms. RIWI's strategy is to be an enduring success amid a period of disruption in the data industry, marked increasingly by high-profile data breaches and regulatory pressure around the world to avoid certain of our competitors' business models that run the material risks of exposing personal data.

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4. Three Year History, Growth Successes and Challenges - and a Path Forward (continued)

Despite our 2019 successes, we encountered some challenges associated with a growing business at the beacon of innovation in the data sector: (a) long sales cycles (roughly 12 months on average) wherein long-term value clients require time to review our historic data in order to validate our value proposition; (b) limited historic data from a recurring-revenue business model under IFRS 15 (from January 1, 2018 onward) to enable clear revenue projections; and most importantly, (c) a lack of quota-based sales staff whose exclusive focus is sales as opposed to project management, technical innovation, or business development.

These challenges have led management to focus on building out our sales team, beginning with the hiring of a Chief Revenue Officer whose focus is to eliminate the gaps in our sales systems (e.g., the lack of junior lead generation sales representatives who can target new customers with our predictive analytics case studies) and to productize and market our existing offerings in a manner that makes it faster and easier to buy RIWI services.

Under our IFRS 15 revenue recognition model, we met our expectations in 2019 to maintain a growth trajectory through an increase in contract size of our services for G7 security clients, whose legal mandate is to assess, predict and counter violent extremism using RIWI's data and high-frequency analytics. On January 2, 2020, RIWI reported in a News Release that it had signed a new contract of more than US\$1.1 million to complete a series of rapid-response task orders in this sector. We expect this type and scale of rapid-response security-focused work to continue on a recurring basis over the next 20 years.

We met similar goals of contract size expansion and recurring revenue growth in our humanitarian aid and development work. On January 21, 2020, RIWI reported in a News Release that it had signed a new contract of more than US\$300,000 with an international non-profit organization that works with private-sector vendors to monitor peace, stability and critical media infrastructure in more than 100 countries around the world.

We did not meet our revenue projections for 2019 for our finance-related work due to delayed milestones, delayed contract signings, and due to management's learnings relating to the amount of time it takes for independent third parties and customers to validate our historic work. We are pleased that high-profile validations of our work in this sector occurred in 2019. These validations included an expert review, noted in a News Release of December 9, 2019, which found that RIWI's proprietary datasets on US employment trends over four years had revealed that RIWI data outperformed all other benchmarks in predictive accuracy for a surprise in nonfarm payrolls, i.e., when official US monthly nonfarm payrolls data diverge materially from the consensus prediction of Wall Street economists. We also received high-profile 2019 validations of our predictive work in China, including winning an award from the "Battle of the Quants", announced on May 24, 2019. More recently, RIWI data streams have been independently assessed by a former G7 central bank senior economist as predictive of the official manufacturing purchasing managers index in China, and of sector-based employment data in China.

These validations resulted in agreements signed in late 2019 with a G7 agency mandated to regulate the financial health of a national economy using RIWI's datasets, and with one of the largest risk analytics and business media firms in the world wherein the goal of RIWI and of our client is to service country teams in the same manner as we do with one of our long-term recurring revenue clients, BofA Securities. RIWI is now uniquely positioned to grow its revenues from the rapidly expanding number of market participants seeking to be on the leading edge of receiving facts, trends, and data before these data make headline news, and to be in a position to minimize or remove the embedded derivative risk to a client's investment allocations in any equity, business sector, or area of the world. We are well-positioned for the growing data marketplace seeking proven alternative datasets that yield an investment edge. According to industry research published on February 21, 2020 by BattleFin and AlternativeData.org, finance firms are increasingly buying unique datasets; most finance buyers prefer to buy on an annual subscription basis; alternative datasets that capture sentiment are seen as the "most valuable dataset" by 39% of buyers, and "alternative data is accepted and valued more than it's ever been" according to the industry report.

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4. Three Year History, Growth Successes and Challenges - and a Path Forward (continued)

In summary, we met or exceeded our expectations of profit, cash on hand, cash from operations, contract signings - but we fell short of what we expected as a substantial increase in our 2019 sales in our private sector business, notably our work in the finance sector. To ensure our revenues increase materially - while also maintaining a commitment to increased year-over-year profit and year-over-year cash on hand - we plan to: (i) increase the number of long-term value customers who sign deals with RIWI each quarter; (ii) increase the average dollar size of a contract to approximately \$100,000; (iii) increase the recurring nature of all deals; (iv) increase the number of deals in our sales pipeline; (v) increase the number of solicited proposals requested by new clients in the private and public sectors; (vi) increase the number of for-profit implementation partnerships which service public-sector funding agencies in the US and the UK; and (vii) increase the number of private sector partnerships that sell to end customers whose geographic focus includes China, India or areas of the world, such as emerging markets in Africa, from which high-value, proven sentiment-gathering options do not otherwise exist, or where RIWI offers data and data privacy far superior in quality as compared to the next best alternative. Although our already high rates of customer retention (or "low churn") and delivery excellence will continue to be important measures of success (with minimal "execution risk" on any contract), we are increasingly careful to avoid clients whose available budget allocation for data collection may end after an initial period of performance under a contract.

5. Increasing the Breadth and Skill Sets of a Proven Management Team

Since our full-scale commercialization in 2017, RIWI has maintained a lean, profit- and product-focused management team led by our Founder and Chief Executive Officer, Neil Seeman, and by our founding Chief Technology Officer, Alton Ing. However, in order to achieve our growth goals, we recognized in 2019 that we need to add someone new to our senior executive team who can take the helm on sales, identify and fix gaps in our sales personnel and sales processes, and who can map together our research, marketing and sales efforts in a manner that lowers our customer acquisition costs (mostly associated with the time invested in our current 12-month sales cycle). One of the many added benefits of this strategy is to enable our CEO to focus on increasing the Company's expanding work on behalf of the G7 security sector and on increasing private sector partnerships. Following a review of our needs, we hired Neil Weitzman to join as Chief Revenue Officer as of February 24, 2020.

Mr. Weitzman has served as a senior sales leader in SaaS- or software-based data analytics companies selling data offerings to business clients for more than 20 years. He has held senior sales, partnerships and marketing leadership roles at the executive level for data collection firms such as Nielsen, Environics Analytics, Deloitte, and Rogers Communications. Mr. Weitzman joins a senior management team where each of our executives has 20 years or more of successive leadership experience in their respective areas of expertise: Alton Ing, CTO (network infrastructure and predictive analytics); Daniel Im, CFO (public company finance, compliance, and law); Danielle Goldfarb, Head of Global Research (economic research and international risk); Eric Meerkamper, Global Head of Citizen Engagement and Senior Vice President (online research methodologies and public sector partnerships); and Neil Seeman, CEO (online data collection, alternative data, Big Data, and entrepreneurial leadership).

6. Lower our Cost of Customer Acquisition through Targeted Marketing and Thought Leadership

As we have noted before, RIWI is a profit- and purpose-driven data firm. RIWI's work and operations promote our core values: all opinions matter to advance the cause of liberty, and the broadest set of true opinions and facts from any location offer clients predictive insights and early trend-identification. In 1997, Steve Jobs observed that "marketing is about values; it's a complicated and noisy world, and we're not going to get a chance to get people to remember much about us." This cautionary note about the limits afforded by communicating any company's brand applies vastly more today than in 1997; RIWI has been able to heed Mr. Jobs' prescient insight by positioning itself as a leader in communicating novel, counter-intuitive observations and predictions that have proven to be correct and precise. These predictions include Apple user growth projections ahead of its May 2018 earnings report (on behalf of our client, BofA Securities); the November 2018 US Senate election outcomes (on behalf of a hedge fund client); and a wide variety of election and referendum outcomes including in India, France, Japan, the United States, the United Kingdom, Turkey, Italy, Egypt, Mexico, and Ireland.

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6. Lower our Cost of Customer Acquisition through Targeted Marketing and Thought Leadership (continued)

Although published RIWI reports have won us strong international media coverage in general audience and in specialized media (e.g., for the finance, sports or humanitarian aid sector) without any material marketing spend, our strategy to win recurring revenues through marketing changed in 2018, and increasingly so in 2019, with a focus on presenting novel insights about the state and direction of the Chinese economy and the changing attitudes of the Chinese consumer and business owner across rural and urban China.

Management believes that spending heavily on brand-awareness marketing is neither sustainable nor effective in a heavily saturated marketplace of competitor data offerings focused on the US market. For this reason, we seek to be widely recognized as the global leader in high-frequency sentiment collection in China. We continue to draw on our track record of proven credibility, peer-reviewed publications, and years of experience tracking fast-changing public health concerns originating in China. Our work in tracking confidence in public health officials in China was featured in videos presented by a RIWI data dissemination partner, travel risk firm International SOS. We are increasingly focused on leveraging our data collection efforts in China in order to expand our private sector client base. Focusing on data collection activities in China, for which US-based customer demand is high but our competitor set is low and/or scientifically unproven, enables us to reduce our cost of customer acquisition powered by marketing. The long-term value of US or UK customers with data needs in China is also tactical, since these tend to be customers with a global footprint. This means that our work in China can be readily replicated to other regions of the world. We have learned that our differentiated China-based data collection wins us business where clients tend to hire us more quickly and on the basis of vital data needs that are otherwise unavailable without RIWI. Our data offer insights into changing Chinese healthcare needs, changing business risks, and brand risks associated with fast-moving disease outbreaks, supply chain disruptions, trade war disputes, and dynamic geo-political tensions.

RIWI's enterprise clients value the rigorous and increasing academic peer-review of the unique access, statistical validity, and global accuracy offered exclusively by our patented technology. These include peer review in the past year by data scientists at Harvard University and at Honda, as well as past publications in top scientific publications validating RIWI technology, such as *PLOS Medicine* (a journal of the Public Library of Science), *The Lancet* and *Nature*. Winning a "Battle of the Quants" award in New York City in 2019 cemented RIWI as a global leader for the finance sector when collecting continuous sentiment across China.

RIWI's 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 now receive regular invitations from finance experts concerned about the market risks associated with political risk amid trade disputes, and how to reliably measure trends and risks in all parts of the world.

7. Increase Defendable Competitive Advantages; Always-Innovating Product Development

Management seeks to increase its "moat" by selling profitable, high-margin data products on a recurring basis to more customers based on the tactical marketing initiatives noted above. For RIWI, increased profit and cash from operations are the twin engines of innovation to increase our competitive advantages. This is due to the inherent nature of our global machine-learning survey and message-testing platform, which continually learns how to source, diversify, and to increase data quality, speed, automated analytics, and cost efficiencies in any Web-enabled region of the world when working on paid client work, or when working on unpaid marketing. Whenever we conduct paid client work in any region of the world, we can simultaneously collect sentiment data or engagement data (e.g., the degree to which business owners in Brazil support a vision about the future direction of the local retail economy) for our own concurrent marketing and ongoing machine-learning purposes.

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7. Increase Defendable Competitive Advantages; Always-Innovating Product Development (continued)

Beyond the “always-on” RIWI intelligence machine, we build and maintain a suite of robust barriers to entry that go far beyond our intellectual property:

- a) Two US government positive performance assessments, based on the government's formal review of the quality, timeliness, cost control, management and regulatory compliance of RIWI's work for the US Department of State. The positive performance assessments recommend RIWI for global data collection work for any US government agency.
- b) Compliance with essential privacy laws, since RIWI does not collect, store or transfer personally identifiable data. RIWI thereby protects its clients that require continuous sentiment data.
- c) Due to the anonymous nature of random inbound audience interaction, RIWI's technology has been exempted and/or approved from Institutional Research Ethics Board (“IRB”) scrutiny at many leading universities, including Harvard University, the University of Toronto, and Australian National University. Currently RIWI continues to service research teams at more than 12 universities across the world.
- d) RIWI's key leadership and technical personnel have earned the official security clearances to serve long-term clients that mandate the highest degree of trust, security, data privacy protocols, and confidentiality in order to safeguard the secrecy of our collective sources and methods.

Our growing Big Data platform, which expands as the usage of the Web expands around the world, is what fuels our long-term value, recurring revenue opportunities and improves our business fundamentals. Our growth from operations and customer feedback drives our innovation, and, as a result, we do not organize personnel into top-down product developers and experiment with “moonshot” products whose return-on-investment is unclear. By contrast, customers increasingly tell us they value our broad geographic distribution of survey and message test respondents - whether across the United States or Iran or across China - since this offering is not available by do-it-yourself survey firms, panel-based survey systems, or by social media analytics firms, without significant labour-intensive re-weighting of the data after the duration of the data collection period. Instead, at RIWI, we have introduced refined “load balancing” to ensure there is an automated, proportionate and accurately representative level of continuous observations for survey or message testing questions across different device types in any region, and split in a representative fashion across rural and urban areas. Our “always-learning”, “always-improving” machine-learning algorithms give our clients high-frequency insights into a representative customer or citizen population in real-time as opposed to in episodic periods of time. Automatic algorithms within RIWI's Big Data platform derive, supplement, and build upon historic source data, historic usage data, historic response data, and meta-data from past survey-takers to trigger new insights into a region of interest that we can thereafter offer to a current or new customer (e.g., the increasing speed with which random survey respondents or investors in the US or the UK may abruptly register concern about environmental or privacy concerns associated with a large brand or stock, or about a geopolitical event, such as Brexit).

Another 2019 customer-driven innovation relates to the increasing client demand for privacy compliance with new laws. This, management feels, is an increasing competitive advantage. We continue to believe that the market for privacy-compliant data collection - or the much broader area of “global digital engagement” (“GED”) systems and services in which RIWI operates - is where e-commerce was, in terms of maturity, in the late 1990s. As RIWI has collected responses from more than 1.6 billion separate interviewees since our inception without collecting or retaining any personal information, we are uniquely capable of keeping our customers comforted with a variety of quick-to-implement technical solutions to new legislation, such as the *California Consumer Protection Act*, which became law on January 1, 2020. This means that RIWI does not need to introduce costly, labour-based processes to de-anonymize already collected personal information; the efficacy of such processes is questionable based on current advances in machine learning that can easily re-identify individuals whose personal data have already been submitted online. This means, further, that RIWI does not need to invest in labour-intensive processes to re-contact individuals in the event of a real or potential data breach, or to obtain, on a continuous basis, new consent from individuals whose personal data may be in the process of being used by a third-party for purposes that the individuals did not contemplate when originally providing consent to the collection of their personal data.

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7. Increase Defendable Competitive Advantages; Always-Innovating Product Development (continued)

To the extent we invest in new datasets, this involves complementing existing RIWI datasets, or “data fusion”, in order to offer customers increased value for which we have identified an existing customer need. For example, we can now fuse real-time domain name registration data (i.e., domain name registrations in any country, on any topic) with RIWI's proprietary sentiment data in order to obtain or infer multiple signals to validate, or support, insights about future commercial activity, or buyer intent, concerning a commodity, a basket of goods, or economic trends. Data fusion also manifests itself in our clients' interests in real-time adjustments to our proven economic indicators, such as the official purchasing manufacturers index (“PMI”) in China, or surprises in nonfarm payroll results in the US. Another high-demand innovation involves combining social media meta-data, in any jurisdiction or globally, with RIWI sentiment feeds, in order to measure the difference between what the broad-based high-frequency sentiment (RIWI) says will happen (e.g. amid an election, a violent protest, or amid a protracted business dispute between two consumer brands) as compared to what loud voices expressed on social media (i.e., so-called “influencers”) say about the same topic. Multiple signals of data are of immense value to clients that require the best evidence to prove or disprove a hypothesis about the future in any region of the world.

As we anticipated in our MD&A of one year ago, our historic datasets can now be mined to prospect for new clients and can now be sold to interested buyers. We are pleased that we have already sold or piloted a broad range of historic datasets in China and in other regions of the world that not only prove out our predictive capacities for finance-sector buyers but also help them improve their financial modelling for future investment decisions. This is an area of investment-for-growth activity for our Company as we hire sales-focused individuals who will offer our pre-existing datasets to buyers in the private sector around the world. Additionally, management is learning that these historic datasets are of great interest to sectors beyond finance, such as the pharmaceutical sector, which values, for example, otherwise unavailable datasets that track the changing demand for different medications and medical devices, as well as the population cohorts most in need of these offerings, across Asia.

8. Operational Highlights (Technical Advances and Associated Business Benefits)

- a) **Operational Telemetry:** RIWI's project costs and timing were historically challenging to estimate. Using operational data analytics, RIWI can update cost and timing predictions on demand or with automated alerts. This innovation lets us manage complex multi-country and multi-dimensional projects with change control for optimized cost, precise timing estimates, staffing efficiencies, customer satisfaction, and delivery excellence.
- b) **Continuous Integration/Continuous Delivery:** As new features transition from the exploratory pilot-testing phase to productization, RIWI adopts continuous integration/continuous delivery processes and automated tooling to accelerate the “new features pipeline”. This approach is iterative, offering rapid customer feedback and learning for both continuous product and process improvement.
- c) **California Consumer Privacy Act (“CCPA”) compliance:** In accordance with the CCPA, which took effect on January 1, 2020, RIWI has taken the same measures for the *EU General Data Protection Regulation* (“GDPR”) in order to protect the privacy of California residents. Such measures include the anonymization of IP addresses, geolocation and user agent data. Cookies do not contain any personal information and are strictly used for the proper functionality of our survey or message test websites. Furthermore, all cookies are ephemeral (i.e., limited to four hours) and then dropped afterwards. RIWI strictly ensures that the anonymity of its respondents is protected, without degradation to the quality of any statistically aggregated data.

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9. Growth Plan for the Next Four Years

We said in our MD&A of one year ago that RIWI expects to serve as a prime contractor to a larger number of G7 agencies and enterprise clients in the private and public sectors. We have kept this promise. Examples include the US-based financial technology investment firm Flourish, the National Democratic Institute, the United States Agency for International Development ("USAID"), Freedom House, Humanity United, the National Endowment for Democracy, the US Department of State (varied agencies), the Fundamental Freedoms Fund of the US Department of State's Bureau of Democracy, Human Rights and Labor ("DRL"), BofA Securities (varied analyst, sector and country research teams), the UN World Food Programme, the UN Development Fund, Message House, Equal Access International, Harvard University, Australian National University, the World Bank, MTV, a G7 agency charged with overseeing and regulating national financial services, RNW Media, and funders of our clients at International Alert, the British Council, the Bill & Melinda Gates Foundation, and at certain G7 agencies mandated to protect international security.

We told our investors one year ago in our MD&A that as revenues and profits rise, management would consider investing in varied activities to ensure higher revenues and to sustain delivery excellence for our customers:

- a) **Open offices with sales teams around the world to service our international clients.** We kick-started this process by investing in a Chief Revenue Officer, and in US-based sales consultants in New York and Washington, DC. The next step is to intelligently sequence up our growing sales team in a manner that drives revenues, profits, and increasing cash on hand to make our recurring-revenue business thrive.
- b) **Increase our machine learning and adopt new artificial intelligence tools** to integrate into our citizen intelligence platform in order to increasingly identify anomalous events of potential concern to clients in any geography and across all our business lines. We have advanced this process by filing, in April 2019, a machine learning patent application in the US Patent and Trademark Office. The invention, which RIWI has been using for almost two years, continually enables RIWI to reduce its technology costs for data collection in all markets of the world. Further, our machine-learning capabilities now offer current and future customers longer surveys, trend-monitoring and message testing data feeds without compromising any data integrity and data quality. This invention increases the value of ongoing, recurring work.
- c) **Automate new data science applications and new domain name system technologies and APIs** for additional global intelligence of value to our clients. As noted earlier in this MD&A, we have created augmented data offerings that integrate multiple signals of data that are of additive value to clients demanding the best evidence to prove or disprove a theory about the future (e.g., whether the coal sector in China will suffer a downturn as a result of the current COVID-19 outbreak).
- d) **Monetize, package and sell our historic, archived privacy-compliant longitudinal datasets**, especially for data related to financial and consumer habits, to clients wishing to predict sales or other consumer purchase behaviour trends across different countries and across diverse sectors. As noted earlier in this MD&A, we are now seeing the fruits of our past data collection as an increasing number of prospective and new clients onboard with us after assessing our historic datasets from the United States, China or from elsewhere in the world. This strategy increases the value of ongoing, recurring work.
- e) **Enter into new strategic partnerships** with organizations that enable the Company to reach new clients in new markets and ensure the Company's vitality during economic downturns in any one jurisdiction. In this area RIWI has made significant strides but has a long way to go. Not all partnerships are valuable, and management has imposed discipline on evaluating which partnerships can offer us significant revenues. Management has hired a Chief Revenue Officer whose experience lies in creating revenue-generating recurring-revenue data partnerships, and management has formalized select data reseller partnerships and test trials with a number of firms leveraging our past historic work, and work that is easily programmable in tandem with work on behalf of paying clients.

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9. Growth Plan for the Next Four Years (continued)

As we have noted before in 2019, our growth plan hinges on continuing the following activities diligently:

(I) Winning Increasing Revenues through New, Diverse and Agile Contract Structures

RIWI has emerged to earn revenues through diverse rapid procurement contracts. Based on past delivery excellence and positive performance reviews by US and other government agencies, RIWI now leverages a wide variety of contract vehicles to increase recurring revenues. These contract vehicles include: (i) sub-contracting on a rapid-response basis to existing RIWI clients that maintain long-term supplier agreements to the US government and that have US indefinite delivery/indefinite quantity ("IDIQ") status; (ii) direct contracting with the US government following two years of client positive performance assessments; (iii) contracting with universities and NGO implementation partners for awards from government agencies and multilaterals; (iv) contracting under multi-year existing agreements with global multinationals and government agencies, such as the UN World Food Programme and the United States Agency for International Development, enabling RIWI to win new work under these agreements on a rapid-response basis; (v) contracting under new and existing agreements with a US-based minority-owned small business (SBA-certified) that serves US government agencies directly, and that serves US government departments under United States Government General Service Agreement ("GSA") contracts; (vi) multi-year agreements with financial institutions, such as BofA Securities; and (vii) "Open Case" offerings where multiple hedge funds can buy the same RIWI data feeds.

(II) Persistent Pursuit of Best-in-Class Privacy Compliance in all Nations

RIWI defines itself as a market leader in data privacy. RIWI's growing cash on hand offers the Company the opportunity to evaluate inbound requests to partner with a wide variety of data-privacy businesses in order for RIWI to: (i) win new long-term revenues and, more broadly, (ii) emerge in the next four years as a one-stop, end-to-end solution for diverse enterprise clients in all regions of the world that require the secure collection, dissemination and storage of sentiment, predictive analytics, and country-trends data. The total addressable market for RIWI therefore extends beyond the already significant markets for international security, international development and predictive analytics for the finance sector.

10. Ongoing Public Communication of our Progress

Management is dedicated to communicating our progress over the course of the 2024 growth plan outlined in this MD&A. We encourage shareholders to review the Company's regular publication of News Releases, international media and public events profiling RIWI, and our monthly progress reports (Form 7s), published on the Canadian Securities Exchange website, and on the Company's website at: <https://riwi.com/investor-info/>.

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FINANCIAL RESULTS – EXPRESSED IN U.S. DOLLARS

The following is a discussion of the results of operations for the years ended December 31, 2019 and 2018. The results should be read in conjunction with the audited financial statements for the years ended December 31, 2019 and 2018, and the related notes.

Financial Results	2019	2018
Revenues	\$ 3,110,878	\$ 2,667,677
General and administrative expenses	(2,063,667)	(1,830,850)
Sales and marketing expenses	(98,316)	(111,604)
Technology costs	(255,711)	(332,348)
Net interest income	32,633	23,661
Tax recovery	184,000	-
Net income and comprehensive income	\$ 909,816	\$ 416,536
Net income per share: basic and diluted	\$ 0.05	\$ 0.02

	December 31, 2019	December 31, 2018
Total assets	\$ 4,452,806	\$ 2,649,337
Total non-current liabilities	118,689	11,800
Cash dividends	-	-

For the years ended December 31, 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 2019 revenue was the highest in the Company's history. Revenue grew by 17% or \$443,201 to \$3,110,878 compared to 2018. This increase resulted from RIWI increasing its customer base and recurring revenue streams, and the increased focus on sales activities for new markets and customers.

Total expenses increased by 6% to \$2,417,694 during the year ended December 31, 2019 compared to 2018. The key expenses are summarized as follows:

- a) **General and administrative expenses** increased by 13% or \$232,817 to \$2,063,667 during the 2019 compared to 2018. The non-cash share-based payment expense of \$545,117 related to the May 2019 annual stock option grant to its non-executive directors, was \$128,848 higher than in the previous year. The Company's non-executive directors do not receive cash compensation. The other categories of general and administrative expenses did not materially fluctuate, despite the Company's growth during the year. Management strives to limit all costs that do not foster a clear path to revenue growth, in order to have the cash to invest intelligently in the things that do help accelerate recurring sales.
- b) **Sales and marketing** decreased by 12% or \$13,288 to \$98,316 during the 2019 compared to 2018. The Company continues to review the return-on-investment of its sales and marketing expenses rigorously. RIWI has begun spending more on attending events around the world, to help introduce RIWI to new markets and customers.
- c) **Technology costs** decreased by 23% or \$76,637 to \$255,711 during 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 had its second consecutive profitable year in 2019, generating a net profit of \$909,816, an increase of 118%, compared to \$416,536 during 2018.

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Fourth quarter – three months ended December 31, 2019

Our fourth quarter revenue was \$589,505. As mentioned earlier in this MD&A, due to the varying time intervals between our four revenue recognition milestones, our revenue can appear as uneven during the course of any fiscal year. This explains why our 2019 fourth quarter revenue is lower than our third quarter revenue. Total expenses decreased by \$64,513 for the quarter when compared to the same period last year, as we continue to limit all costs that do not foster a clear path to revenue growth.

Net income for the fourth quarter was \$279,994, which was in part related to a year-end adjustment. RIWI recognized the benefits of a deferred income tax asset in the amount of \$184,000 as at December 31, 2019. Deferred income tax assets are generally recognized for all deductible temporary differences, unused tax credits carried forward and unused tax losses to the extent that it is probable that there will be taxable income against which deductible temporary differences can be utilized.

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

This is a summary of selected results for the eight most recently completed quarters to December 31, 2019.

Summary of Quarterly Results <i>(in U.S. Dollars)</i>	2019				2018			
	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31
Revenues	\$ 589,505	\$ 1,006,368	\$ 841,431	\$ 673,575	\$ 825,789	\$ 801,435	\$ 684,603	\$ 355,850
Income/(loss) from operations	90,732	535,162	(159,287)	226,577	259,554	292,913	(74,494)	(85,098)
Net income/(loss)	279,994	543,974	(151,052)	236,900	266,549	298,683	(68,128)	(80,568)
Net income/(loss) per share:								
basic	\$ 0.02	\$ 0.03	\$ (0.01)	\$ 0.01	\$ 0.02	\$ 0.02	\$ (0.00)	\$ (0.00)
diluted	\$ 0.01	\$ 0.03	\$ (0.01)	\$ 0.01	\$ 0.01	\$ 0.02	\$ (0.00)	\$ (0.00)

Overall, RIWI has had strong quarters since early 2018, producing two consecutive profitable years. 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.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2019, the Company had working capital of \$3,759,533 compared to working capital of \$2,349,503 as at December 31, 2018. This 60% increase results primarily from the Company's increase in sales revenue, and from controlling costs.

	December 31, 2019	December 31, 2018
Current Assets	\$ 4,022,706	\$ 2,536,997
Current Liabilities	(263,172)	(187,494)
Working Capital	\$ 3,759,533	\$ 2,349,503

Contractual Obligations and Commitments

The Company's head office currently shares space with a third-party firm, and it is responsible for 50% of the monthly lease payments. The Company's total lease payments are \$4,562 per month beginning on June 1, 2018, increasing to \$4,616 per month on June 1, 2020. The office lease expires on May 31, 2023. The Company also leases space in a shared working environment in Vancouver, BC. The monthly lease payments are \$693 and the lease expires on December 31, 2020.

Contractual Obligations	Payments due by Period				
	Total	Jan. 1 - Dec. 31, 2020	Jan. 1, 2021 - Dec. 31, 2022	Jan. 1, 2023 - Dec. 31, 2024	Jan. 1, 2025 - beyond
Office leases	\$ 197,285	63,432	110,775	23,078	-

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CAPITAL STRUCTURE

- a) **Common Shares:** As of March 5, 2020, the Company has 17,934,428 issued and outstanding common shares. The closing share price prior to March 5, 2020 was CAD \$2.50 per share.
- b) **Stock Options:** As of March 5, 2020, the Company has 1,512,500 options outstanding.

Common Shares on a Diluted Basis – as of March 5, 2020

	Expiry date	Exercise Price (CAD)	Number of securities	Number of shares
Common shares issued and outstanding				17,934,428
Stock options, at weighted average exercise price				
expiring in the year ending:	December 31, 2020	\$ 0.86	70,000	
	December 31, 2021	\$ 2.21	282,500	
	December 31, 2022	\$ 2.02	400,000	
	December 31, 2023	\$ 2.00	390,000	
	December 31, 2024	\$ 3.08	370,000	
		\$ 2.30		1,512,500
Common shares, on a diluted basis				19,446,928

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL COMPENSATION

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

- (a) For the year ended December 31, 2019, the Company recognized share-based payment expense of \$545,117 (2018 – \$379,541) for stock options granted to directors and officers.
- (b) For the year ended December 31, 2019, the Company incurred wages and benefits of \$619,291 (2018 – \$589,778) for the Company's senior management team, including CEO, CFO, CTO and Global Head, Citizen Engagement. The Company's directors are compensated exclusively through stock option grants.

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FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As at December 31, 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 December 31, 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 the Statement of Profit or Loss.

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 December 31, 2019, financial instruments were converted at a rate of US\$1.00 to CAD\$1.2988. Balances denominated in foreign currencies as at December 31, 2019 were as follows:

	In CAD	Converted to USD
Cash and cash equivalents	\$ 385,612	\$ 296,883
Accounts receivable	840	647
Accounts payable and accrued liabilities	158,407	121,958

The estimated impact on net income for the year ended December 31, 2019 with a +/- 10% change in Canadian Dollar exchange rate is approximately \$23,000 (2018 – \$26,000).

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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")

The Company initially applied IFRS 16 from January 1, 2019. A number of other new standards were also effective from January 1, 2019 but they do not have a material effect on the Company's financial statements.

Effective January 1, 2019, the Company adopted IFRS 16, which supersedes previous accounting standards for leases, including IAS 17, Leases ("IAS 17") and IFRIC 4, Determining Whether an Arrangement Contains a Lease ("IFRIC 4"). IFRS 16 introduced a single accounting model for lessees. A lessee is generally required to recognize, on its statement of financial position, a right-of-use asset, representing its right to use the underlying leased asset, and a lease liability, representing its obligation to make lease payments. As a result of adopting IFRS 16, the Company recognized a significant increase to both assets and liabilities on our Statement of Financial Position, as well as a decrease to operating costs (for the removal of rent expense for leases), an increase to depreciation and amortization (due to depreciation of the right-of-use asset), and an increase to finance costs (due to accretion of the lease liability). The accounting treatment for lessors remains largely the same as under IAS 17.

The Company adopted IFRS 16 with the cumulative effect of initial application recognized as an adjustment to retained earnings within shareholders' equity on January 1, 2019. The Company did not restate comparatives for 2018 reporting period. At transition, the Company applied 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.

For leases that were classified as operating leases under IAS 17, lease liabilities at transition have been measured at the present value of remaining lease payments, discounted at the related incremental borrowing rate as at January 1, 2019. Right-of-use assets at transition have been at an amount equal to the corresponding lease liabilities, adjusted for any lease incentives in relation to the lease.

The Company does not have any contracts in which they are the lessor.

Accounting policy prior to January 1, 2019

Prior to the adoption of IFRS 16, leases of property and equipment were recognized as finance leases if the Company obtained substantially all the risks and rewards of ownership of the underlying assets. All other leases were classified as operating leases for which the Company recognized an operating lease expense in operating costs on the Statement of Income on a straight-line basis over the term of the lease.

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RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

IFRS 16, Leases ("IFRS 16") (Continued)

Impact on transition

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. 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%.

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.