



RIWI CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three Months Ended March 31, 2020 and 2019

Containing information up to and including April 28, 2020

(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 months ended March 31, 2020 and 2019, and is prepared as at April 28, 2020. This MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements for the three months ended March 31, 2020 and 2019 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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RIWI OVERVIEW

RIWI is a public company and its shares are all common shares listed on the Canadian Securities Exchange (CSE: RIW). The Company was 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 the CEO and Founder stopped his University teaching responsibilities. 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.

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, (ii) surprises in nonfarm payrolls and unemployment in the United States and (iii) real-time COVID-19 testing activity and symptoms in 16 nations.

1. RIWI Highlights for the Three-Month Period Ended March 31, 2020 – Expressed in U.S. Dollars

- a) RIWI's revenue was its highest in the Company's history. Revenue grew by 96% to \$1,322,216 compared to \$673,575 in the first quarter of 2019.
- b) The Company had a profitable quarter, generating net income of \$498,437, an increase of 110%, compared to the first quarter of 2019.
- c) RIWI generated \$128,002 in cash from operations for the three months ended March 31, 2020, ending the quarter with over \$3.2 million in cash.
- d) On March 26, 2020, RIWI announced that it signed an agreement with ThinkData Works Inc. valued at \$1,037,200 to service a *Fortune 500* healthcare client, which needs RIWI data gathered from 16 countries facing challenges posed by COVID-19.
- e) On April 6, 2020, RIWI was recognized by the *Financial Times* as one of the top 500 companies in its first annual ranking of *The Americas' Fastest Growing Companies 2020*. RIWI is proud to be part of the approximately 10 percent of public companies on this ranking.
- f) In our CEO's Annual Letter to Shareholders of March 25, 2020, RIWI announced that it had signed more than \$2.5 million in recurring revenue business so far this year.

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2. RIWI's Financial Vitality and Unchanging Growth Strategy

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

In the first quarter of 2020, our revenue was its highest in the Company's history. Revenue grew by 96% to \$1,322,216 compared to \$673,575 in the first quarter of 2019. We enjoyed a strongly profitable quarter, generating net income of \$498,437, an increase of 110%, compared to the same period in 2019. As noted in our December 31, 2019 Management Discussion & Analysis, RIWI's goals continue to be: "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."

We ended the first quarter of 2020 with over \$3.2 million in the bank. We generated \$128,002 in cash from operations for the three months ended March 31, 2020. We maintain strong cash reserves since it enables us to invest in new sales activity and sales-focused marketing to build recurring revenues, and to boost innovation to serve our current and future clients. We carry no debt and we strive to limit all costs that do not foster a clear path to revenue growth.

The COVID-19 pandemic has increased the number of sales opportunities in our pipeline from customers requesting data capture solutions for which RIWI technologies can provide a unique, predictive lens into business trends, public health risks, international security and consumer activity in all areas of the world. Certain customer requests from the private and public sector have required joint agreements between RIWI and data integration companies in order to deliver our offerings through third-party portals. None of these developments have interrupted our core business strategy of hiring new sales personnel, increasing our sales opportunities and diversifying our client base while increasing recurring revenues. We have taken measures to mitigate risks of COVID-19, including: closing our offices and having all staff work from home; enacting strict travel restrictions in accordance with provincial and federal rules; and recommending all staff to practice safe physical distancing in accordance with the guidelines of the health authorities.

3. RIWI's Recurring Revenue Mission and Growth Agenda

So far in 2020, we have secured more than \$2.5 million in recurring revenue business. With recurring revenue comes increased profit, new sales, increased durability – and a clearer path to our goal of \$30 million in revenues for 2024. Our recurring revenue flows from long-term global customers, such as BofA Securities, the US Department of State and one G7 Central Bank, that demand excellence and dependable data solutions in times of uncertainty and during periods of prosperity. Our new contract signings in 2020 include:

- a) January 2, 2020: a new contract of more than \$1.1 million to complete a series of rapid-response task orders on behalf of a G7 agency mandated to protect international security.
- b) January 21, 2020: a new contract of more than \$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.
- c) March 26, 2020: a new contract with ThinkData Works valued at more than \$1 million to service a *Fortune* 500 healthcare client, which needs RIWI data gathered from 16 countries burdened by COVID-19.

Our definition of recurring revenue includes: (i) ongoing subscription-based services, and (ii) long-term contracts of six months or longer that have a reasonably strong chance of being renewed or expanded.

4. Ongoing Public Communication of our Progress

Management is dedicated to continually communicating our progress and milestones. We encourage shareholders to review the Company's regular publication of News Releases, public events profiling RIWI and progress reports available on the Company's website at: <https://riwi.com/investor-info/>. Through our public communications, management seeks to update shareholders and the public on our growing customer base, new technical and regulatory developments, material contract wins or extensions, and the growing financial and general international media and marketing attention highlighting Company activities.

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FINANCIAL RESULTS – EXPRESSED IN U.S. DOLLARS

The following is a discussion of the results of operations of the Company for the three months ended March 31, 2020 and 2019. The results should be read in conjunction with the unaudited condensed financial statements for the three months ended March 31, 2020 and 2019, and the related notes

Financial Results	Three Months Ended March 31	
	2020	2019
Revenues	\$ 1,322,216	\$ 673,575
General and administrative expenses	(289,680)	(223,391)
Sales and marketing expenses	(381,999)	(104,517)
Technology costs	(160,757)	(116,141)
Net interest income	8,658	7,374
Net income and comprehensive income	\$ 498,437	\$ 236,900
Net income per share: basic and diluted	\$ 0.03	\$ 0.01

	March 31, 2020	December 31, 2019
Total assets	\$ 5,215,397	\$ 4,452,806
Total non-current liabilities	107,229	118,689
Cash dividends	-	-

For the three months ended March 31, 2020 and 2019

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 revenue for the three months ended March 31, 2020 was the highest in the Company's history. Revenue grew by 96% or \$648,641 to \$1,322,216 compared to the same period in 2019. 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 \$388,388 for the three months ended March 31, 2020 compared to the same period in 2019. Effective January 1, 2020, the Company modified its classification of operating expenses by nature, including allocating personnel costs between the general and administrative, sales and marketing, and technology expense categories. Previously, all of the Company's employee salaries and benefit costs were allocated to the general and administrative expense category. The comparative historical information has been updated to reflect the allocation.

The key expenses are summarized as follows:

- a) **General and administrative expenses** increased by \$66,289 to \$289,680 during the three months ended March 31, 2020 compared to the same period in 2019. The increase was mainly due to the foreign exchange loss, which increased from \$487 to \$46,131 due to the fluctuations in the US Dollar vs. the Canadian Dollar. The other general and administrative expenses did not materially fluctuate, despite the Company's growth. Management strives to limit all costs that do not foster a clear path to revenue growth.
- b) **Sales and marketing expenses** increased by \$277,482 to \$381,999 during the three months ended March 31, 2020 compared to the same period in 2019. The Company hired its Chief Revenue Officer in February 2020, and incurred recruiting fees related to the hiring process. RIWI also had three US-based sales consultants for the entire first quarter of 2020, compared to one part-time consultant during the same period in 2019. The strategic partnership payments during the first quarter of 2020 relate to external referral fee commissions paid in conjunction with certain new sales contracts. RIWI is committed to hiring additional sales and marketing staff, to help grow RIWI to new markets and customers.

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- c) **Technology expenses** increased by \$44,616 to \$160,575 during the three months ended March 31, 2020 compared to the same period in 2019. Project costs increased this quarter due to up-front data integration costs to address certain customer requests from the private and public sector in order to deliver our offerings through third-party portals.

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

This is a summary of selected results for the eight most recently completed quarters to March 31, 2020.

Summary of Quarterly Results <i>(in U.S. Dollars)</i>	2020		2019				2018		
	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	
Revenues	\$ 1,322,216	\$ 589,505	\$ 1,006,368	\$ 841,431	\$ 673,575	\$ 825,789	\$ 801,435	\$ 684,603	
Income/(loss) from operations	489,779	90,732	535,162	(159,287)	226,577	259,554	292,913	(74,494)	
Net income/(loss)	498,437	279,994	543,974	(151,052)	236,900	266,549	298,683	(68,128)	
Net income/(loss) per share:									
basic	\$ 0.03	\$ 0.02	\$ 0.03	\$ (0.01)	\$ 0.01	\$ 0.02	\$ 0.02	\$ (0.00)	
diluted	\$ 0.03	\$ 0.01	\$ 0.03	\$ (0.01)	\$ 0.01	\$ 0.01	\$ 0.02	\$ (0.00)	

Overall, RIWI has had strong quarters since early 2018, with revenue and profits growing on an annual basis. The RIWI team continues to focus on diversifying its client base, signing new long-term contracts and establishing strong recurring revenue streams.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2020, the Company had working capital of \$4,304,387 compared to working capital of \$3,759,534 as at December 31, 2019. This 14% increase over the first quarter of 2020 was primarily due to the Company's increase in sales revenue.

	March 31, 2020		December 31, 2019	
Current Assets	\$	4,797,836	\$	4,022,706
Current Liabilities		(493,449)		(263,172)
Working Capital	\$	4,304,387	\$	3,759,534

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 currently CAD \$5,925 (US \$4,176) per month, increasing to CAD \$5,995 (US \$4,226) 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 CAD \$900 (US \$693) and the lease expires on December 31, 2020.

Contractual Obligations	Payments due by Period				
	Total	Apr. 1 - Dec. 31, 2020	Jan. 1, 2021 - Dec. 31, 2022	Jan. 1, 2023 - Dec. 31, 2024	Jan. 1, 2025 - beyond
Office leases	\$ 166,181	43,640	101,413	21,128	-

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CAPITAL STRUCTURE

- a) **Common Shares:** As of April 28, 2020, the Company has 17,934,428 issued and outstanding common shares. The closing share price prior to April 28, 2020 was CAD \$2.66 per share.
- b) **Stock Options:** As of April 28, 2020, the Company has 1,512,500 options outstanding.

Common Shares on a Diluted Basis – as of April 28, 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 three months ended March 31, 2020, the Company recognized share-based payment expense of \$nil (three months ended March 31, 2019 – \$2,650) for stock options granted to one officer.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As at March 31, 2020, 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 March 31, 2020 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.

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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. The following table provides information regarding the aged trade receivables:

	Current	31-60 days	61-90 days	91 days +
March 31, 2020	100%	0%	0%	0%
December 31, 2019	52%	48%	0%	0%

At each period end, the Company reviews the collectability of outstanding receivables. The specific accounts are only written off once all the collection avenues have been explored or when legal bankruptcy has occurred. The Company has a \$nil balance for allowance for doubtful accounts as at March 31, 2020 and December 31, 2019.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company has in place a planning and budgeting process which helps determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company's financial liabilities consist of accounts payable and accrued liabilities and consist of invoices payable to trade suppliers for online advertising technology services, server hosting, general and administrative, and other expenses and are paid within one year. The Company expects to fund these liabilities through the use of existing cash resources and funds raised through equity financings, if required.

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

- (i) *Interest rate risk:* The Company has cash balances and no interest-bearing debt, and is not exposed to any significant interest rate risk.
- (ii) *Foreign currency risk:* The Company's activities are conducted in foreign jurisdictions; the majority of the Company's operating expenses are in Canadian dollars; and a portion of the Company's cash and cash equivalents is denominated in Canadian dollars. The Company has not entered into foreign exchange rate contracts to mitigate this risk.

As at March 31, 2020, financial instruments were converted at a rate of US\$1.00 to CAD\$1.4187. Balances denominated in foreign currencies as at March 31, 2020 were as follows:

	In CAD	Converted to USD
Cash and cash equivalents	\$ 438,786	\$ 309,300
Accounts receivable	28,250	19,913
Accounts payable and accrued liabilities	195,283	137,655

The estimated impact on net income for the three months ended March 31, 2020 with a +/- 10% change in Canadian Dollar exchange rate is approximately \$7,000 (2019 – \$2,000).

RECENT ACCOUNTING PRONOUNCEMENTS

There are no recent accounting pronouncements that materially affect the Company.