



RIWI CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three and Six Months Ended June 30, 2020 and 2019

Containing information up to and including July 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 and six months ended June 30, 2020 and 2019, and is prepared as at July 28, 2020. 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, 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 TSX Venture Exchange (TSXV: RIWI). 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 software solutions provide a global digital intelligence platform to clients seeking real-time consumer and citizen sentiment data anywhere in the world in order to improve business performance, evaluate program effectiveness, enhance customer engagement, and to monitor and reduce emerging threats and 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 downloadable 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 across the world.

1. RIWI Highlights

- a) RIWI had net income of \$615,582 during the six months ended June 30, 2020, an increase of 617% compared to net income of \$85,848 during the same period in 2019.
- b) RIWI's revenues were \$2,322,881 for the six months ended June 30, 2020, an increase of 53% compared to revenues of \$1,515,006 during the same period in 2019.
- c) The Company had a profitable second quarter in 2020, generating net income of \$117,144 despite the Company's expenses associated with stock option grants and cash compensation provided during the quarter to independent directors and made retroactive to January 1, 2020.
- d) RIWI generated \$490,768 in cash from operations for the three months ended June 30, 2020, ending the quarter with over \$3.7 million in cash.
- e) On July 27, the Company began trading its common shares on the TSX Venture Exchange ("TSXV"). This advances management's commitment to expand our investor base and increase our global visibility in the capital markets. RIWI has been designated as a "Tier 1 Technology Issuer". Tier 1 is the TSXV's premier tier and is reserved for the TSXV's most advanced companies with the most significant financial resources.
- f) In July, BofA Securities signed its second General Services Agreement with RIWI, which lasts until July 31, 2023. Following a competitive tender process and technical review, RIWI received notice in July that it had won a new three-year agreement for data collection services for the United Nations World Food Programme, and the client enjoys the option to extend this new agreement for two additional years. Both of these new agreements enable all country and analyst teams at these client organizations to issue rapid-response task orders for RIWI surveys and audience analytics in any part of the world.

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2. RIWI's Hybrid Commitment to Value and Growth in a Turbulent Global Economy

RIWI prides itself in delivering the markers of foundational value: growth, profitability, and cash in the bank. Management remains committed to activities that make RIWI a value- and growth-style investment.

Our revenues for the six months ending June 30, 2020 have climbed to \$2,322,881. This growth represents 75% of our entire 2019 revenues. We enjoyed continued profitability in the second quarter of 2020. In the first six months of 2020, our profit has grown 617% compared to the same period in 2019. Our cash in the bank as of June 30, 2020 exceeded \$3.7 million, signifying a rise of more than \$500,000 in cash over the prior quarter.

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 generated \$618,770 in cash from operations for the six months ended June 30, 2020. We maintain strong cash reserves since this 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 costs that do not foster a clear path to further growth and profit. Amid a global economic downturn, RIWI's cash reserves enable us to invest in marketing and sales, and thereby partner with a diversity of data resellers in different sectors requesting RIWI's distinctive global data feeds in order to grow their businesses.

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 fast-changing business trends, public health risks, international security, and consumer activity in all areas of the world. New investments in sales and marketing personnel have led to increased joint agreements between RIWI and channel partners in order to deliver our data feeds in different structures and formats.

During the second quarter of 2020, as a consequence of COVID-19, certain of our clients needed to adjust their security business protocols in a work-from-home environment. This delayed the recognition of some revenues for RIWI. By mid-July, these clients confirmed to us that these delays are no longer expected in the current year.

None of the above-noted events related to COVID-19 have interrupted our 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 enabling staff to work from home; enacting strict travel restrictions in accordance with public health guidance; and recommending all staff to practice safe physical distancing in accordance with the guidelines of health authorities. In the interests of additional safety and to increase sales efficiencies, we have planned, beginning in September 2020, for access to new, flexible meeting space in Toronto that enables safe physical distancing for staff and clients.

3. RIWI's Commitment to Creating Sustained Value and Growth for our Shareholders

Although RIWI's technology platform is unique, management's approach to creating a value-based, steady growth and profit trajectory is traditional. We carry no debt. We have one class of shares. After hitting our stride with two years of being a profitable technology company, we promised our shareholders in 2020 that this year we would invest in increasing sales while remaining focused on increasing our profit and cash in the bank.

Based on this strategy, our milestones to create sustained growth and value in 2020 include:

- a) Maintaining our recurring revenue model, where roughly 92% of our revenues for the six months ended June 30, 2020 are recurring. 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.
- b) Ensuring our current pace of 2020 revenue growth during the second half of the calendar year in order to repeat – and seek to exceed – our current six-month recognized revenues in 2020. RIWI's revenue for the six months ended June 30, 2020 grew by 53% or \$807,876 to \$2,322,881 compared to the same period in 2019.

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- c) Increasing the number of experienced sales and business development personnel such that our revenues and recurring revenues grow steadily. Management seeks to increase annualized revenue at a pace that positions us well to invest in new data products and services, to increase intellectual property development and to recruit exceptional staff.
- d) Expanding the diversity of our client base to ensure resilience and further growth.
- e) Expanding our channel partner sales through increased marketing and sales.
- f) Continuing to constrain our general and administrative expenses in order to ensure operational excellence and shareholder value. Total expenses for the Company decreased by \$110,732 for the three months ended June 30, 2020 compared to the same period in 2019. Despite growth in sales-focused personnel this year, total expenses only increased by \$277,655 or 19% for the six months ended June 30, 2020 compared to the same period in 2019.
- g) Growing our year-over-year profit in order to recruit top talent and expand our global footprint.

4. RIWI's increased Rapid-response Technology to meet Growing Channel Partner Needs

RIWI has introduced event-driven architecture and event-sourcing into our technology stack. As such, RIWI benefits from scalability, dependency decoupling and increased data pipeline opportunities such as partner integration. For example, a wide range of consulting firms and "platform" companies - i.e., data aggregators and data access firms for finance, pharmaceutical or other data-focused industries - can now easily ingest RIWI's raw data and normalize our data to fit the parameters of their data delivery systems.

This technology approach offers RIWI scalability and a competitive advantage: (a) we can sell our data feeds in a curated form if our clients request our dashboard access, or (b) we can export our raw data - without any personally identifiable elements - into the systems of our growing number of channel partners, including resellers such as Vividata, a source of consumer insights for Canadian marketers; data access providers to international clients, such as our partner Thinkdata Works; and alternative financial data marketplaces, such as our partner Eagle Alpha. In this manner, RIWI can empower the operations of other data firms that may or may not possess proprietary or global data of their own.

FINANCIAL RESULTS

The following is a discussion of the results of operations of the Company for the three and six months ended June 30, 2020 and 2019. The results should be read in conjunction with the unaudited condensed financial statements for the three and six months ended June 30, 2020 and 2019, and the related notes.

	Three Months Ended June 30		Six Months Ended June 30	
Financial Results	2020	2019	2020	2019
Revenues	\$ 1,000,665	\$ 841,431	\$ 2,322,881	\$ 1,515,006
General and administrative expenses	(426,979)	(775,897)	(716,659)	(999,288)
Sales and marketing expenses	(256,102)	(113,525)	(638,101)	(218,042)
Technology costs	(206,906)	(111,296)	(367,663)	(227,437)
Net interest income	6,465	8,235	15,123	15,610
Net income and comprehensive income	\$ 117,144	\$ (151,052)	\$ 615,582	\$ 85,848
Net income per share: basic and diluted	\$ 0.01	\$ (0.01)	\$ 0.03	\$ 0.00

	June 30, 2020	December 31, 2019
Total assets	\$ 5,019,281	\$ 4,452,806
Total non-current liabilities	95,596	118,689
Cash dividends	-	-

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Operating Expenses

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.

(a) General and Administrative Expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2020	2019	2020	2019
Personnel costs	\$ 152,299	\$ 146,924	\$ 317,528	\$ 292,865
Director cash compensation	175,903	-	175,903	-
Consulting and professional fees	21,200	15,066	38,564	29,491
Share-based payment expense	30,832	538,392	30,832	541,043
Occupancy and office costs	38,280	59,694	85,797	105,673
Depreciation	15,484	16,429	28,922	30,338
Foreign exchange loss/(gain)	(7,019)	(609)	39,112	(122)
	<u>\$ 426,979</u>	<u>\$ 775,897</u>	<u>\$ 716,659</u>	<u>\$ 999,288</u>

(b) Sales and Marketing Expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2020	2019	2020	2019
Personnel costs	\$ 196,235	\$ 102,446	\$ 326,379	\$ 198,189
Third party consulting fees	45,054	-	98,255	8,000
Promotion and Travel	14,372	11,079	15,648	11,853
Recruiting fees	441	-	42,239	-
Strategic partnership payments	-	-	155,580	-
	<u>\$ 256,102</u>	<u>\$ 113,525</u>	<u>\$ 638,101</u>	<u>\$ 218,042</u>

(c) Technology Expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2020	2019	2020	2019
Personnel costs	\$ 46,558	\$ 55,677	\$ 94,642	\$ 104,756
Third party consulting fees	15,879	513	19,115	1,789
Project costs	144,469	55,105	253,906	120,892
	<u>\$ 206,906</u>	<u>\$ 111,296</u>	<u>\$ 367,663</u>	<u>\$ 227,437</u>

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For the three months ended June 30, 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 June 30, 2020 grew by 19% or \$159,234 to \$1,000,665 compared to the same three-month 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 decreased by \$110,732 for the three months ended June 30, 2020 compared to the same period in 2019.

The key expenses are summarized as follows:

- a) **General and administrative expenses** decreased by \$348,918 to \$426,979 during the three months ended June 30, 2020 compared to the same period in 2019. The decrease was mainly due to the change in the compensation structure for independent directors. After the 2020 annual meeting of the shareholders, the Company began compensating its independent directors with a combination of cash and stock options, compared to exclusively stock options in the past. Historically, the annual grant of stock options to the independent directors occurred during the second quarter, resulting in a large non-cash share-based payment expense. In the second quarter of 2020, the Company granted fewer stock options to the independent directors than in previous years, and provided cash compensation retroactive to January 1, 2020. Going forward, the independent directors will receive their cash compensation on a quarterly basis. 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 \$142,577 to \$256,102 during the three months ended June 30, 2020 compared to the same period in 2019. The Company hired its Chief Revenue Officer in February 2020 along with other sales and marketing personnel during the second quarter of 2020. RIWI also had several US-based sales consultants for the second quarter of 2020, compared to none during the same period in 2019. RIWI is committed to hiring additional sales and marketing staff in order to help grow RIWI to new markets and customers.
- c) **Technology expenses** increased by \$95,610 to \$206,906 during the three months ended June 30, 2020 compared to the same period in 2019. Project costs increased this quarter due to additional projects in the field and data integration costs to address certain customer requests from the private and public sector, including improving the ease and speed with which our channel partners can integrate and normalize our data streams in accordance with their technology architectures. The Company also hired a part-time consultant during the second quarter of 2020 to assist with technical matters.

RIWI had another profitable quarter, generating net income of \$117,114 during the three months ended June 30, 2020, compared to a net loss of (\$151,052) during the same period in 2019.

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For the six months ended June 30, 2020 and 2019

RIWI's revenue for the six months ended June 30, 2020 grew by 53% or \$807,876 to \$2,322,881 compared to the same six-month 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 only increased by \$277,655 or 19% for the six months ended June 30, 2020 compared to the same period in 2019.

The key expenses are summarized as follows:

- a) **General and administrative expenses** decreased by \$282,629 to \$716,659 during the six months ended June 30, 2020 compared to the same period in 2019. The decrease was mainly due to the change in the compensation structure for independent directors as noted above. Historically, the annual grant of stock options to the independent directors occurred during the second quarter, resulting in a large non-cash share-based payment expense (\$541,043 in 2019). In the second quarter of 2020, the Company granted fewer stock options to the independent directors than in previous years (share-based payment expense of \$30,832), and provided cash compensation retroactive to January 1, 2020 (\$175,903). Going forward, the independent directors will receive their cash compensation on a quarterly basis. 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 \$420,059 to \$638,101 during the six months ended June 30, 2020 compared to the same period in 2019. The Company hired its Chief Revenue Officer in February 2020 along with other sales and marketing personnel during the second quarter of 2020, incurring recruiting fees related to the hiring process. RIWI also had several US-based sales consultants in 2020, compared to one part-time consultant for just two months 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 in order to help grow RIWI to new markets and customers.
- c) **Technology expenses** increased by \$140,226 to \$357,663 during the six months ended June 30, 2020 compared to the same period in 2019. Project costs increased due to additional projects in the field and data integration costs to address certain customer requests from the private and public sector including improving the ease and speed with which our channel partners can integrate and normalize our data streams in accordance with their technology architectures. The Company also hired a part-time consultant in 2020 to assist with technical matters.

RIWI generated net income of \$615,582 during the six months ended June 30, 2020, an increase of 617% compared to net income of \$85,848 during the same period in 2019.

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SUMMARY OF QUARTERLY RESULTS

This is a summary of selected results for the eight most recently completed quarters to June 30, 2020.

Summary of Quarterly Results <i>(in U.S. Dollars)</i>	2020		2019				2018	
	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30
Revenues	\$ 1,000,665	\$ 1,322,216	\$ 589,505	\$ 1,006,368	\$ 841,431	\$ 673,575	\$ 825,789	\$ 801,435
Income/(loss) from operations	110,679	489,780	90,732	535,162	(159,287)	226,577	259,554	292,913
Net income/(loss)	117,144	498,438	279,994	543,974	(151,052)	236,900	266,549	298,683
Net income/(loss) per share:								
basic	\$ 0.01	\$ 0.03	\$ 0.02	\$ 0.03	\$ (0.01)	\$ 0.01	\$ 0.02	\$ 0.02
diluted	\$ 0.01	\$ 0.03	\$ 0.01	\$ 0.03	\$ (0.01)	\$ 0.01	\$ 0.01	\$ 0.02

Overall, RIWI has had strong quarters since 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 June 30, 2020, the Company had working capital of \$4,499,718 compared to working capital of \$3,759,534 as at December 31, 2019. This 20% increase was primarily due to the Company's increase in sales revenue.

	June 30, 2020	December 31, 2019
Current Assets	\$ 4,615,725	\$ 4,022,706
Current Liabilities	(116,007)	(263,172)
Working Capital	\$ 4,499,718	\$ 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 lease payments are CAD \$5,995 (US \$4,399) per month and 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 \$660) and the lease expires on December 31, 2020.

Contractual Obligations	Payments due by Period				
	Total	July 1 - Dec. 31, 2020	Jan. 1, 2021 - Dec. 31, 2022	Jan. 1, 2023 - Dec. 31, 2024	Jan. 1, 2025 - beyond
Office leases	\$ 157,922	30,356	105,573	21,994	-

CAPITAL STRUCTURE

- Common Shares:** As of July 28, 2020, the Company has 18,004,428 issued and outstanding common shares. The closing share price prior to July 28, 2020 was CAD \$2.85 per share.
- Stock Options:** As of July 28, 2020, the Company has 1,531,312 options outstanding.

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Common Shares on a Diluted Basis – as of July 28, 2020

Expiry date	Exercise Price (CAD)	Number of securities	Number of shares
Common shares issued and outstanding			18,004,428
Stock options, at weighted average exercise price			
expiring in the year ending: December 31, 2021	\$ 2.21	282,500	
December 31, 2022	\$ 2.02	400,000	
December 31, 2023	\$ 2.00	390,000	
December 31, 2024	\$ 3.25	370,000	
December 31, 2025	\$ 3.56	88,812	
	<u>\$ 2.44</u>		<u>1,531,312</u>
Common shares, on a diluted basis			<u>19,535,740</u>

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL COMPENSATION

- (a) For the six months ended June 30, 2020, the Company provided cash compensation to independent directors retroactive to January 1, 2020 in the amount of \$175,903 (six months ended June 30, 2019 – \$nil), and recognized share-based payment expense of \$30,832 (six months ended June 30, 2019 – \$541,043) for stock options granted to independent directors and one officer.
- (b) In April 2020, the Company entered into a consulting agreement with a former director of the Company, who is a relative of a current director, for assistance on technical matters and sales. The consideration for services provided is a monthly fixed fee of CAD \$6,500 and a 15% commission of any sales generated by this individual. The Company may, at any given time, give 30 days' advance notice to terminate this consulting agreement. The terms and conditions of these transactions were no more favorable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis. For the six months ended June 30, 2020, the transaction value in relation this consulting contract amounted to \$9,982 (June 30, 2019 – \$nil). The balance payable at June 30, 2020 is \$nil (June 30, 2019 – \$nil).

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As at June 30, 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 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 +
June 30, 2020	93%	4%	4%	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 June 30, 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.

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 June 30, 2020, financial instruments were converted at a rate of US\$1.00 to CAD\$1.3628. Balances denominated in foreign currencies as at June 30, 2020 were as follows:

	In CAD	Converted to USD
Cash and cash equivalents	\$ 46,558	\$ 34,164
Accounts receivable	77,273	56,703
Accounts payable and accrued liabilities	58,608	43,007

The estimated impact on net income for the six months ended June 30, 2020 with a +/- 10% change in Canadian Dollar exchange rate is approximately \$60,000 (2019 – \$15,000).

RECENT ACCOUNTING PRONOUNCEMENTS

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