



RIWI CORP.

ANNUAL FINANCIAL STATEMENTS

For the Years ended December 31, 2020 and 2019

(Expressed in United States Dollars)



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, Ontario, L4K 0J3
Telephone (905) 265-5900
Fax (905) 265-6390
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of RIWI Corp.

Opinion

We have audited the financial statements of RIWI Corp (the Entity), which comprise:

- the statements of financial position as at December 31, 2020 and December 31, 2019
- the statements of income and comprehensive income for the years then ended
- the statements of changes in equity for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020 and December 31, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Pardeep Singh Gill.

Vaughan, Canada
March 3, 2021

RIWI CORP.

Statements of Financial Position

As at December 31, 2020 and December 31, 2019

(Expressed in U.S. Dollars)

	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 4,058,588	\$ 3,047,399
Accounts receivable (Note 4)	692,926	155,530
Unbilled revenue (Note 10(b))	437,455	762,283
Prepaid expenses and other current assets	88,084	57,494
Total current assets	5,277,053	4,022,706
Property and equipment (Note 5(a))	17,182	21,436
Right-of-use assets (Note 6)	103,664	146,560
Intangible assets (Note 5(b))	70,149	78,104
Deferred tax asset (Note 12)	8,284	184,000
Total assets	\$ 5,476,332	\$ 4,452,806
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 275,370	\$ 128,253
Income taxes payable (Note 12)	94,864	-
Current portion of lease obligations (Note 9)	46,886	43,909
Deferred revenue (Note 10(b))	77,115	91,010
	494,235	263,172
Non-current lease obligations (Note 9)	71,803	118,689
Total liabilities	566,038	381,861
Shareholders' equity		
Share capital (Note 7)	\$ 4,940,930	\$ 4,782,546
Contributed surplus (Note 7)	2,008,266	1,983,835
Accumulated deficit	(2,038,902)	(2,695,436)
Total shareholders' equity	4,910,294	4,070,945
Total liabilities and shareholders' equity	\$ 5,476,332	\$ 4,452,806

Nature of business and continuing operations (Note 1)

Approved and authorized for issuance on behalf of the Board on March 3, 2021.

*"Neil Seeman" (signed)*Neil Seeman
Chairman of the Board and
Chief Executive Officer*"Annette Cusworth" (signed)*Annette Cusworth
Chair of the Audit Committee

(The accompanying notes are an integral part of these annual financial statements)

RIWI CORP.

Statements of Income and Comprehensive Income
For the years ended December 31, 2020 and 2019
(Expressed in U.S. Dollars)

	Year Ended December 31	
	2020	2019 (Note 11)
Revenues (Note 10)	\$ 4,580,738	\$ 3,110,878
Expenses		
General and administrative (Note 11)	1,400,775	1,455,138
Sales and marketing (Note 11)	1,287,263	506,454
Technology costs (Note 11)	978,365	456,102
Total expenses	3,666,403	2,417,695
Income before interest and taxes	914,335	693,183
Net interest income	12,780	32,633
Income before taxes	927,115	725,816
Income tax expense/(recovery) (Note 12)	270,581	(184,000)
Net Income and comprehensive Income	\$ 656,534	\$ 909,816
Net income per share		
Basic	\$ 0.04	\$ 0.05
Diluted	\$ 0.03	\$ 0.05
Weighted average number of common shares outstanding		
Basic	17,954,671	17,601,386
Diluted	19,027,171	18,938,886

(The accompanying notes are an integral part of these annual financial statements)

RIWI CORP.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in U.S. Dollars)

	Number of Shares	Share Capital Amount	Contributed Surplus	Accumulated Deficit	Total Equity
Balance, December 31, 2018	17,475,742	\$ 4,553,291	\$ 1,502,004	\$ (3,605,252)	\$ 2,450,043
Share-based payment expense	-	-	545,117	-	545,117
Stock options exercised	270,458	224,458	(62,036)	-	162,422
Warrants exercised	5,500	4,797	(1,250)	-	3,547
Net income and comprehensive income for the year	-	-	-	909,816	909,816
Balance, December 31, 2019	17,751,700	\$ 4,782,546	\$ 1,983,835	\$ (2,695,436)	\$ 4,070,945
Balance, December 31, 2019	17,751,700	\$ 4,782,546	\$ 1,983,835	\$ (2,695,436)	4,070,945
Share-based payment expense	-	-	92,496	-	92,496
Stock options exercised	252,728	158,384	(68,065)	-	90,319
Net income and comprehensive income for the year	-	-	-	656,534	656,534
Balance, December 31, 2020	18,004,428	\$ 4,940,930	\$ 2,008,266	\$ (2,038,902)	\$ 4,910,294

(The accompanying notes are an integral part of these annual financial statements)

RIWI CORP.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in U.S. Dollars)

	Year Ended December 31	
	2020	2019
Operating activities		
Net income for the year	\$ 656,534	\$ 909,816
Less: non-operating net interest income	(12,780)	(32,633)
Items not involving cash:		
Amortization of property and equipment, right-of-use assets, and intangible assets	60,115	61,079
Deferred tax asset	175,716	(184,000)
Share-based payment expense	92,496	545,117
	972,081	1,299,379
Changes in non-cash operating working capital:		
Accounts receivable	(537,396)	(4,051)
Unbilled revenue	324,828	(181,776)
Prepaid expenses and other assets	(30,588)	(1,211)
Accounts payable and accrued liabilities	147,117	(32,095)
Income taxes payable	94,864	-
Deferred revenue	(13,895)	66,774
Net cash generated by operating activities	957,011	1,147,021
Investing activities		
Interest income	21,449	32,633
Additions of property and equipment, right-of-use assets, and intangible assets	(5,011)	(5,384)
Net cash provided by investing activities	16,439	27,249
Financing activities		
Lease payments	(52,578)	(41,568)
Exercise of stock options	90,317	165,969
Net cash provided by financing activities	37,739	124,401
Change in cash and cash equivalents	1,011,188	1,298,671
Cash and cash equivalents, beginning of the year	3,047,399	1,748,728
Cash and cash equivalents, end of the year	\$ 4,058,588	\$ 3,047,399

(The accompanying notes are an integral part of these financial statements)

RIWI CORP.

Notes to the Financial Statements

Years ended December 31, 2020 and 2019

(Expressed in U.S. Dollars)

1. NATURE OF OPERATIONS

RIWI Corp. (“RIWI” or the “Company”) is a public company and its shares are all common shares listed on the TSX Venture Exchange (TSXV: RIWI). The Company was originally incorporated under the laws of Canada pursuant to the *Canada Business Corporations Act* on August 17, 2009. 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.

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.

These financial statements of the Company for the year ended December 31, 2020 (the “Financial Statements”) have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

2. BASIS OF PRESENTATION

These Financial Statements have been prepared in accordance with *International Financial Reporting Standards* (“IFRS”) issued by the *International Accounting Standards Board* (“IASB”) and interpretations issued by the *International Financial Reporting Interpretations Committee* (“IFRIC”).

These Financial Statements were authorized for issuance by RIWI's Board of Directors on March 3, 2021.

These Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at amortized cost, consistent with the Company's significant accounting policies. The Company's functional and reporting currency is the United States Dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Use of estimates and judgments**

The preparation of these Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies regarding certain types of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts are as follows:

(i) Asset carrying values and impairment charges

Management exercises judgement at each reporting period to determine whether there are indicators of impairment of RIWI's non-financial assets. If such indicators are identified, management will perform an impairment test to determine whether the recoverable amount of the asset is in excess of the carrying value of RIWI's one cash generating unit (“CGU”). In order to determine the recoverable amount, management must use judgement to determine the appropriate methodology to use to determine the fair value less costs of disposal and value in use. Determining the recoverable amounts requires the use of estimates such as estimated future cash flows, terminal growth rates and discount rates.

RIWI CORP.

Notes to the Financial Statements

Years ended December 31, 2020 and 2019

(Expressed in U.S. Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Use of estimates and judgments (continued)

(ii) Income taxes and recoverability of potential deferred income tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income considering applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and judgements regarding the application of existing tax laws. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates and judgements can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred income tax assets. The Company reassesses unrecognized income tax assets on an annual basis.

(iii) Measurement of share-based compensation

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the share awards are determined at the date of grant using the Black-Scholes Method. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors.

(iv) Depreciation and amortization

The Company makes estimates when determining the estimated useful lives of its property, equipment and intangible assets, taking into consideration company specific factors such as the intended use of the assets and technological advancements. Management also applies judgement when determining the pattern in which the assets' future economic benefits are expected to be consumed by the Company.

(v) Revenue

The Company exercises judgement in measuring its progress towards complete satisfaction of its performance obligation. RIWI uses the output method to measure progress. Each of the Company's contracts is comprised of one performance obligation comprising a number of milestones, and the Company assesses the stage of completion at each milestone.

(b) Cash and cash equivalents

Cash and cash equivalents consists of cash held on deposit in bank accounts and short-term guaranteed investments with original maturities less than ninety days that can be readily converted into cash.

(c) Property and equipment

Property and equipment are recorded upon initial recognition at cost and the Company begins recognizing depreciation when the asset is ready for its intended use. After commencing recognition of depreciation, property and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded over the useful lives of the assets using the straight-line method.

The Company conducts an annual assessment of the residual values, useful lives and depreciation methods being used for property and equipment, and any changes in estimates arising from the assessment are applied by the Company prospectively.

An item of property and equipment is derecognized upon disposal. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of income and comprehensive income.

RIWI CORP.

Notes to the Financial Statements

Years ended December 31, 2020 and 2019

(Expressed in U.S. Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Intangible assets

The costs of acquiring intangible assets are capitalized when they meet the criteria in IAS 38 – *Intangible Assets*. Upon initial recognition, intangible assets are measured at cost. The Company begins recognizing amortization when the asset is ready for its intended use. After commencing recognition of amortization, intangible assets are subsequently carried at cost less accumulated amortization and accumulated impairment losses. Costs are amortized using the straight-line method over the estimated useful life of the intangible asset.

The Company conducts an annual assessment of the residual values, useful lives and amortization methods being used for intangible assets, and any changes in estimates arising from the assessment are applied by the Company prospectively.

An intangible asset is derecognized upon disposal. Any gain or loss arising on disposal of the intangible asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of income and comprehensive income.

(e) Impairment

The Company groups its assets into CGUs for purposes of testing each CGU for impairment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company assets all comprise one CGU. At the end of each reporting period, the Company's CGU is reviewed to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the CGU is estimated in order to determine the extent of the impairment, if any. An impairment exists if the carrying value of the CGU is in excess of the recoverable amount of the CGU. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of income and comprehensive income for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of income and comprehensive income.

RIWI CORP.

Notes to the Financial Statements

Years ended December 31, 2020 and 2019

(Expressed in U.S. Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Revenue, Unbilled Revenue and Deferred Revenue

The Company receives payments from customers based on previously agreed upon billing schedules, as established in each contract. The timing of revenue recognition, billings and cash collections might result in the recognition of: (x) accounts receivable; (y) unbilled revenue; and (z) deferred revenue on the Statement of Financial Position.

Generally, billing occurs after revenue recognition, resulting in unbilled revenue until billing occurs. However, if the Company receives deposits from customers before revenue is recognized, the payments are recognized as deferred revenue. Deferred revenue is recognized as revenue when the Company performs under the contract.

Performance obligations and revenue recognition

RIWI records revenue from contracts with customers in accordance with the five steps in IFRS 15, Revenue from Contracts with Customers as follows:

- (i) identify the contract with a customer;
- (ii) identify the performance obligations in the contract;
- (iii) determine the transaction price, which is the total consideration provided by the customer;
- (iv) allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
- (v) recognize revenue when the relevant criteria are met for each performance obligation.

Revenue is primarily recognized over time as RIWI's performance in accordance with contracts does not create an asset with an alternative use and the Company has the right to payment for performance completed to date. These contracts are generally related to programs customized specifically for the customer. The Company recognizes revenue over time based on the achievement of delivery milestones. Progress is determined based on completion of standard milestones (i.e. output method).

Certain contracts do not meet the IFRS 15 criteria for recognizing revenue over a period of time, and for those contracts, revenue is recognized when the performance obligation is delivered to the customer. These contracts are primarily related to information from non-standardized surveys that is available to multiple customers.

Revenue is measured based on the consideration specified in the contract.

(g) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

RIWI CORP.

Notes to the Financial Statements

Years ended December 31, 2020 and 2019

(Expressed in U.S. Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Share-based payments

The grant date fair value of share-based payment awards granted to employees (including directors, senior executives and consultants, which meet the definition of an “employee” under IFRS 2 *Share-based Payment*) is recognized as share-based payment expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the “vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date reflecting the Company’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of income and comprehensive income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period, and the corresponding amount is reflected in capital reserves.

(i) Foreign currencies

Transactions in foreign currencies are translated to the Company’s functional currency, U.S. Dollars, at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the Company’s functional currency at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in the statement of income and comprehensive income.

(j) Taxation

Income tax expense represents the sum of current income tax expense and deferred income tax expense. Current income tax expense is based on taxable income for the year. Income tax is recognized in the statement of income and comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax is the expected income tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax assets and liabilities are recognized based on differences in the financial statement carrying amount for assets and liabilities and the associated tax balance. Deferred income tax liabilities are generally recognized for all taxable temporary differences. The amount of deferred income tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. 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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities, when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current income tax assets and liabilities on a net basis.

RIWI CORP.

Notes to the Financial Statements

Years ended December 31, 2020 and 2019

(Expressed in U.S. Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity.

The Company has adopted the relative fair value method with respect to the measurement of common shares and warrants issued as equity units. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair value of the components. When warrants are exercised, the applicable amounts are transferred from reserve for warrants to share capital.

(l) Income per share

The Company presents basic income per share, calculated by dividing the income attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. The Company presents diluted income per share, calculated by dividing the income attributable to common shareholders of the Company by the weighted average number of diluted common shares.

(m) Financial assets

On initial recognition, financial assets are classified as measured at amortized costs, Fair Value Through the Statement of Profit or Loss ("FVTPL"), or Fair Value Through the statement of Other Comprehensive Income ("FVTOCI"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company recognizes trade receivables initially when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument. All trade receivables without a significant financing component as defined in IFRS 15 are initially measured at their transaction prices as defined in IFRS 15. All other financial assets are initially measured at fair value plus, for items not classified as FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent to initial recognition, financial assets classified as measured at amortized costs are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of income and comprehensive income. Any gain or loss on derecognition is recognized in the statement of income and comprehensive income.

(n) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. The Company recognizes debt securities it issues when they originate. All other financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

RIWI CORP.

Notes to the Financial Statements

Years ended December 31, 2020 and 2019

(Expressed in U.S. Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial liabilities (continued)

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. At the end of each reporting period, financial liabilities at FVTPL are remeasured to their fair value, with changes in fair value recognized directly in the statement of income and comprehensive income in the period in which they arise.

(o) Impairment of financial assets

Under *IFRS 9 Financial Instruments*, the loss allowance for trade receivables must be calculated using the expected lifetime credit loss and recorded at the time of initial recognition. There is no loss currently recognized.

(p) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. Any increase in a provision due solely to the passage of time is recognized as interest expense.

(q) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

(r) Government subsidies

RIWI might receive governmental subsidies, grants and credits (collectively, the "Subsidies"), from time to time related to operating expenditures. The Company recognizes such Subsidies when there is reasonable assurance that RIWI qualifies for, and has complied with the conditions of the Subsidies, and that the Subsidies will be received. If the Company receives Subsidies but cannot reasonably assure that it has complied with the conditions, it will defer recognition of the Subsidies and record a liability until the conditions are fulfilled. The Company recognizes the Subsidies as a reduction to the expenditure that the Subsidies were intended to offset, in the period the cost is incurred or when the conditions are fulfilled if they were not met when the costs were incurred.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of trade receivables from clients. Please see Note 14(a) for aged trade receivable information.

RIWI CORP.

Notes to the Financial Statements

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5. NON-CURRENT ASSETS

(a) Property and Equipment

Property and equipment consist of computers and leasehold improvements. The Company depreciates its computers using the straight-line method over 24 months. The Company is depreciating the leasehold improvements over the remaining term of its office lease, which terminates on May 31, 2023.

	Leasehold		
2019	Computers	Improvements	Total
Cost:			
December 31, 2018	\$ 7,640	\$ 31,496	\$ 39,136
Additions	311	-	311
Assets retired	(4,730)	-	(4,730)
December 31, 2019	3,221	31,496	34,717
Accumulated depreciation:			
December 31, 2018	(5,341)	(4,860)	(10,201)
Depreciation	(1,756)	(6,054)	(7,810)
Assets retired	4,730	-	4,730
December 31, 2019	(2,367)	(10,914)	(13,281)
Carrying value:			
December 31, 2018	2,299	26,636	28,935
December 31, 2019	\$ 854	\$ 20,582	\$ 21,436
	Leasehold		
2020	Computers	Improvements	Total
Cost:			
December 31, 2019	\$ 3,221	\$ 31,496	\$ 34,717
Additions	3,731	-	3,731
December 31, 2020	6,952	31,496	38,448
Accumulated depreciation:			
December 31, 2019	(2,367)	(10,914)	(13,281)
Depreciation	(1,961)	(6,024)	(7,985)
December 31, 2020	(4,328)	(16,938)	(21,266)
Carrying value:			
December 31, 2019	855	20,582	21,437
December 31, 2020	\$ 2,624	\$ 14,558	\$ 17,182

Depreciation in the amount of \$7,985 has been included under general and administrative expenses for the year ended December 31, 2020 (2019 – \$7,810).

RIWI CORP.

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5. NON-CURRENT ASSETS (continued)

(b) Intangible Assets

Intangible assets consist of a patent, domain names, trademarks and website.

The Company owns US Patent #8,069,078. This patent, which expires in July 2030, relates to a method of obtaining a representative online polling sample or ad test globally. The Company has classified the patent as a finite life intangible asset and is amortizing it using the straight-line method over 20 years.

The Company purchased Internet domain names in 2017 which have strategic value for ongoing intellectual property development. The Company has classified the domain names as finite life intangible assets and is amortizing them using the straight-line method over 10 years.

In 2018, the Company applied for trademarks of the word mark "RIWI" in Canada, United States of America and the European Union. In 2019, RIWI obtained the trademarks in the USA and the EU, and in 2020, obtained the Canadian trademark. The Company has classified the trademarks as finite life intangible assets. The Company is amortizing the trademarks using the straight-line method over 10 years.

The Company updated its website to ensure technical privacy compliance. The Company is amortizing this capital expenditure using the straight-line method over 3 years.

2019	Patent	Domain Names	Trademarks	Website	Total
Cost:					
December 31, 2018	\$ 21,239	\$ 80,810	\$ 5,736	\$ -	\$ 107,785
Additions	-	-	-	5,072	5,072
December 31, 2019	21,239	80,810	5,736	5,072	112,857
Accumulated Amortization:					
December 31, 2018	(12,595)	(11,785)	-	-	(24,380)
Amortization	(1,062)	(8,081)	(524)	(704)	(10,371)
December 31, 2019	(13,657)	(19,866)	(524)	(704)	(34,751)
Carrying value:					
December 31, 2018	8,644	69,025	5,736	-	83,405
December 31, 2019	\$ 7,582	\$ 60,944	\$ 5,212	\$ 4,368	\$ 78,106
2020	Patent	Domain Names	Trademarks	Website	Total
Cost:					
December 31, 2019	\$ 21,239	\$ 80,810	\$ 5,736	\$ 5,072	\$ 112,857
Additions	-	-	1,280	-	1,280
December 31, 2020	21,239	80,810	7,016	5,072	114,137
Accumulated Amortization:					
December 31, 2019	(13,657)	(19,866)	(524)	(704)	(34,751)
Amortization	(846)	(8,081)	(516)	(1,690)	(11,133)
Adjustment to Patent	1,896	-	-	-	1,896
December 31, 2020	(12,607)	(27,947)	(1,040)	(2,394)	(43,988)
Carrying value:					
December 31, 2019	7,582	60,944	5,212	4,368	78,106
December 31, 2020	\$ 8,632	\$ 52,863	\$ 5,976	\$ 2,678	\$ 70,149

Amortization in the amount of \$9,237 has been included under general and administrative expenses for the year ended December 31, 2020 (2019 – \$10,371).

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6. RIGHT-OF-USE ASSETS

The following table presents the Company's right-of-use assets, which is comprised of its head office lease.

2019	Right-of-use assets
Cost:	
January 1, 2019	\$ 189,455
Additions	-
December 31, 2019	189,455
Accumulated Amortization:	
January 1, 2019	-
Amortization	(42,895)
December 31, 2019	(42,895)
Carrying value:	
January 1, 2019	189,455
December 31, 2019	\$ 146,560
2020	Right-of-use assets
Cost:	
December 31, 2019	\$ 189,455
Additions	-
December 31, 2020	189,455
Accumulated Amortization:	
December 31, 2019	(42,895)
Amortization	(42,896)
December 31, 2020	(85,791)
Carrying value:	
December 31, 2019	146,560
December 31, 2020	\$ 103,664

Amortization in the amount of \$42,896 has been included under general and administrative expenses for the year ended December 31, 2020 (2019 – \$42,895).

7. SHARE CAPITAL

Authorized: unlimited number of common shares without par value.

RIWI CORP.

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7. SHARE CAPITAL (continued)

Contributed surplus reconciliation is noted below:

	Share-based Payment Reserve	Warrants Reserve	Other Capital Reserves	Total Contributed Surplus
Balance, December 31, 2018	\$ 1,204,706	\$ 269,269	\$ 28,030	\$ 1,502,005
Share-based payment expense	545,117	-	-	545,117
Stock options exercised	(62,036)	-	-	(62,036)
Stock options expired	(97,707)	-	97,707	-
Warrants exercised	-	(1,250)	-	(1,250)
Warrants expired	-	(268,019)	268,019	-
Balance, December 31, 2019	\$ 1,590,080	\$ -	\$ 393,756	\$ 1,983,836
Balance, December 31, 2019	\$ 1,590,080	\$ -	\$ 393,756	\$ 1,983,836
Share-based payment expense	92,496	-	-	92,496
Stock options exercised	(68,066)	-	-	(68,066)
Balance, December 31, 2020	\$ 1,614,510	\$ -	\$ 393,756	\$ 2,008,266

In September 2019, 656,571 share purchase warrants expired without being exercised. In November 2019, the final 5,500 share purchase warrants were exercised in exchange for 5,500 common shares, leaving the Company with no outstanding share purchase warrants as at December 31, 2019.

8. SHARE-BASED PAYMENTS

The Company has a stock option plan under which it is authorized to grant options to directors, employees, and consultants enabling them to acquire in aggregate up to maximum of 3,600,885 shares of the Company. Under the plan, the exercise price of each option shall equal the market price of RIWI's common share on grant date, a minimum price, or a discounted amount of the Company's common share price as calculated on the date of grant. The options can be granted for a maximum term of five years and are subject to vesting provisions as determined by the Board of Directors of the Company.

The following table summarizes the continuity of the Company's stock options:

	Number of Options	Weighted average exercise price (CAD)
Balance, December 31, 2018	1,787,500	\$ 1.66
Granted	370,000	3.25
Exercised	(280,000)	0.86
Expired	(120,000)	2.01
Balance, December 31, 2019	1,757,500	\$ 2.10
Balance, December 31, 2019	1,757,500	2.10
Granted	88,812	3.56
Exercised	(315,000)	0.86
Balance, December 31, 2020	1,531,312	\$ 2.44

During the year ended December 31, 2020, 140,000 stock options were exercised for 140,000 common shares and 175,000 stock options were cashlessly exercised in exchange for 112,728 common shares. During the year ended December 31, 2019, 252,000 stock options were exercised for 252,000 common shares and 28,000 stock options were cashlessly exercised in exchange for 18,458 common shares.

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8. SHARE-BASED PAYMENTS (continued)

On May 22, 2020, the Company granted an aggregate of 88,812 stock options to certain independent directors. These stock options expire on May 22, 2025 and are exercisable at a price of CAD\$3.56 per share. These options vest 25% on each of the following dates: June 30, 2020; December 31, 2020; December 31, 2020; and March 31, 2021.

On May 14, 2019, the Company granted an aggregate of 370,000 stock options to certain independent directors. These stock options expire on May 14, 2024 and are exercisable at a price of CAD\$3.25 per share. These options vested immediately upon grant.

The fair value for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2020	2019
Risk-free interest rate	0.34%	1.59%
Expected life	2.9 years	2.5 years
Expected volatility	118%	123%
Forfeiture rate	10%	10%

For the year ended December 31, 2020, the Company recorded share-based payment expense, with a corresponding credit to reserves of \$92,496 (December 31, 2019 – \$545,117).

Additional information regarding stock options outstanding as at December 31, 2020 is as follows:

Range of exercise prices (CAD)	Outstanding		Exercisable	
	Number of shares	Weighted average remaining contractual life (years)	Number of shares	Weighted average exercise price (CAD)
\$ 2.00	590,000	2.2	590,000	\$ 2.00
\$ 2.04	200,000	1.4	200,000	\$ 2.04
\$ 2.14	232,500	0.5	232,500	\$ 2.14
\$ 2.51	50,000	0.2	50,000	\$ 2.51
\$ 3.25	370,000	3.4	370,000	\$ 3.25
\$ 3.56	88,812	4.4	66,609	\$ 3.56
\$ 2.44	1,531,312	2.2	1,509,109	\$ 2.42

9. LEASE OBLIGATIONS

The Company's head office currently shares space with a third-party firm, and RIWI is responsible for 50% of the monthly lease payments. The Company's lease payments are CAD \$5,968 (US \$4,688) per month and the office lease expires on May 31, 2023.

Contractual Obligations	Payments due by Period			
	Total	Jan. 1, 2021 - Dec. 31, 2021	Jan. 1, 2022 - Dec. 31, 2024	Jan. 1, 2025 - beyond
Office leases	\$ 135,941	56,251	79,689	-

For the year ended December 31, 2020, the lease accretion was \$43,909 and the payments totaled \$52,579. For the year ended December 31, 2019, the lease accretion was \$41,013 and the payments totaled \$41,568.

RIWI CORP.

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10. REVENUE

(a) Revenue streams

The Company generates revenue primarily from the provision of analytical solutions to its clients in the form of compilation, analysis and communication of real-time data. All the Company's revenue is generated from contracts from customers in relation to the Company's principal activities. RIWI's revenue disaggregated by geographical locations is analyzed in Note 15.

(b) Unbilled revenue and deferred revenue

Unbilled revenue relates to RIWI's right to consideration for work completed but not yet billed. RIWI transfers unbilled revenue to accounts receivable on invoicing. Below is a summary of unbilled revenue from contracts with customers and the significant changes in those balances during the year ended December 31, 2020 and 2019.

	2020	2019
Balance, beginning of the year	\$ 762,283	\$ 580,507
Additions during the year	1,996,757	2,217,639
Reclassification of unbilled revenue to accounts receivable	(2,321,585)	(2,035,863)
Balance, end of the year	\$ 437,455	\$ 762,283

Deferred revenue primarily relates to advance consideration received from customers for services yet to be performed. Deferred revenue will be recognized as revenue over time as RIWI achieves the delivery milestones. Below is a summary of deferred revenue from contracts with customers and the significant changes in those balances during the year ended December 31, 2020 and 2019.

	2020	2019
Balance, beginning of the year	\$ 91,010	\$ 24,236
Deferred revenue recognized during the year	809,023	406,032
Net additions from contracts with customers	(822,918)	(339,258)
Balance, end of the year	\$ 77,115	\$ 91,010

11. 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 the Company's employee salaries and benefit costs were allocated to the general and administrative expense category. The effect of this change was a reduction General and Administration expenses for the year ended December 31, 2019 of \$608,529, and an increase in Sales and Marketing Expenses and Technology Expenses of \$408,138 and \$200,391, respectively, for the year ended December 31, 2019. The comparative historical information has been updated to reflect the allocation.

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11. OPERATING EXPENSES (continued)

(a) General and Administrative Expenses

	Year Ended December 31	
	2020	2019
Personnel costs	\$ 654,245	\$ 570,133
Director cash compensation	351,570	-
Consulting and professional fees	93,429	75,308
Share-based payment expense	92,496	545,117
Occupancy and office costs	143,332	209,283
Depreciation	60,115	61,078
Foreign exchange loss/(gain)	5,588	(5,781)
	<u>\$ 1,400,775</u>	<u>\$ 1,455,138</u>

(b) Sales and Marketing Expenses

	Year Ended December 31	
	2020	2019
Personnel costs	\$ 772,321	\$ 408,138
Third party consulting fees	222,635	71,667
Promotion and Travel	34,343	26,649
Recruiting fees	50,524	-
Strategic partnership payments	207,440	-
	<u>\$ 1,287,263</u>	<u>\$ 506,454</u>

(c) Technology Expenses

	Year Ended December 31	
	2020	2019
Personnel costs	\$ 203,696	\$ 200,390
Third party consulting fees	58,716	4,923
Project costs	715,953	250,789
	<u>\$ 978,365</u>	<u>\$ 456,102</u>

(d) Government Subsidies

The governments of various jurisdictions have approved legislation and taken actions intended to aid businesses that have been adversely impacted by COVID-19. Some of these actions include providing Subsidies to eligible entities to subsidize or offset qualifying expenses. RIWI received \$129,399 of the Canadian Emergency Wage Subsidy ("CEWS") subsidy from the Government of Canada during the year ended December 31, 2020, and have recorded the CEWS subsidy received as a reduction in general and administrative expense of \$36,079, as a reduction in sales and marketing expenses of \$81,698, and as a reduction in technology expenses of \$11,622.

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12. INCOME TAXES

As stated in Note 3(a) above, the Company reassesses income tax assets on an annual basis. The following table reconciles the income tax expense and recovery at Canadian statutory income tax rates to the amounts recognized in the statement of income and comprehensive income for the years ended December 31, 2020 and 2019:

	2020	2019
Pre-tax income for the year	\$ 927,115	\$ 725,816
Statutory tax rate	26.5%	26.5%
Income tax at statutory rate	245,685	192,341
Non-deductible expenses	24,896	144,797
Deferred tax assets utilized	-	(337,138)
Recognition of previously unrecognized deferred tax assets	-	(184,000)
Income tax expense/(recovery)	\$ 270,581	\$ (184,000)
Current income tax	\$ 94,864	\$ -
Deferred income tax	175,717	(184,000)
Income tax expense/(recovery)	\$ 270,581	\$ (184,000)

The Company has recorded deferred tax assets/(liabilities) as follows, the benefits of which have been recognized:

	2020	2019
Non-capital loss	\$ -	\$ 170,560
Financing costs	-	3,328
Lease obligations	31,453	43,088
Property, equipment and intangible assets	4,302	5,882
Total deferred tax assets	35,755	222,858
Deferred tax liability - right-of-use assets	(27,471)	(38,858)
Net deferred tax assets	\$ 8,284	\$ 184,000

13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL COMPENSATION

- (a) For the year ended December 31, 2020, the Company provided cash compensation to independent directors in the amount of \$351,570 (2019 – \$nil), and recognized share-based payment expense of \$92,496 (2019 – \$545,117) for stock options granted to independent directors.
- (b) For the year ended December 31, 2020, the Company incurred wages and benefits of \$908,902 (2019 – \$619,291) for the Company's Chief Executive Officer, Chief Financial Officer, Chief Technology Officer, Chief Revenue Officer and Global Head, Citizen Engagement.
- (c) The Company entered into an office lease agreement in a building owned by an officer of the Company starting on September 1, 2020 that enables safe physical distancing for staff and clients. The monthly rent is CAD \$2,300. The Company gave notice to terminate this lease as of February 28, 2021. For the year ended December 31, 2020, the expense recognized for this lease agreement was \$6,974 (2019 – \$nil).

RIWI CORP.

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14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2020, the Company's financial instruments are comprised of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these financial instruments 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.

The Company has no financial instruments measured at FVTPL.

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

(a) Credit risk

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 +
December 31, 2020	96%	4%	0%	0%
December 31, 2019	52%	48%	0%	0%

The following table identifies customers comprising 10% or more of the Company's accounts receivable for the year ended December 31, 2020 and December 31, 2019:

	December 31, 2020	December 31, 2019
Customer A	65%	0%
Customer B	18%	0%
Customer C	0%	48%
Customer D	1%	21%
Customer E	0%	17%
Customer F	0%	13%

At each period end, the Company reviews the collectability of outstanding accounts receivable and estimates a credit loss provision. 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 December 31, 2020 and December 31, 2019.

The following table identifies customers comprising 10% or more of the Company's revenue for the year ended December 31, 2020 and December 31, 2019:

	December 31, 2020	December 31, 2019
Customer A	24%	22%
Customer B	23%	0%
Customer C	13%	15%

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14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) Liquidity 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 comprised of invoices and accruals payable to trade suppliers for operating expenses, wages and salaries payable, and other expenses and are paid within one year.

The Company expects to fund these liabilities through the use of existing cash resources and its continuing operations.

(c) Market risk

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 is denominated in Canadian dollars. The Company has not entered into foreign exchange rate contracts to mitigate this risk.

As at December 31, 2020, financial instruments were converted at a rate of US\$1.00 to CAD\$1.2732. Balances denominated in foreign currencies as at December 31, 2020 were as follows:

	In CAD	Converted to USD
Cash and cash equivalents	\$ 684,168	\$ 537,345
Accounts receivable	751,307	590,076
Accounts payable and accrued liabilities	335,193	263,261

The estimated impact on net income for the year ended December 31, 2020 with a +/- 10% change in Canadian Dollar exchange rate is approximately \$55,000 (2019 – \$23,000).

(d) Capital management

The Company's capital is defined to be shareholders' equity. The Company's objective in managing capital is to ensure it has adequate working capital to meet day to day needs and access to sources of capital sufficient to finance its operations and to make planned capital expenditures or capital acquisitions as opportunities present themselves. The Company manages its capital structure and makes changes to it in light of changes in economic conditions, anticipated or planned capital expenditures, opportunities for acquisitions and the risk characteristics of the underlying investments.

The Company is not subject to any externally imposed capital requirements.

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15. SEGMENT REPORTING

The Company is required to disclose certain information regarding operating segments, products, services and geographic areas. Operating segments are defined as components of an enterprise for which separate financial information is available that is regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is its Chief Executive Officer. The Company operates as one reportable segment for 2020.

The approximate sales revenue based on geographic location of customers for the year ended December 31, 2020 and 2019 is as follows:

	December 31, 2020		December 31, 2019	
United States of America	\$	1,716,746	\$	1,814,469
Canada		2,416,877		794,139
Europe		443,365		339,270
Other		3,750		163,000
	\$	4,580,738	\$	3,110,878

All of RIWI's non-current assets are held in Canada.

16. COVID-19 PANDEMIC

On January 30, 2020, the World Health Organization ("WHO") declared the ongoing COVID-19 outbreak a global health emergency and on March 11, 2020, the WHO expanded its classification of the outbreak to a pandemic. Federal, provincial and municipal governments in Canada have enacted measures to combat the spread of COVID-19. The COVID-19 pandemic continues to rapidly evolve and is causing business disruptions across the entire global economy and society.

The Company's revenue and profits were affected during a period of organizational change for certain of RIWI's clients amid COVID-19. As a result of operational interruptions facing RIWI's clients, the Company encountered postponements of the initiation of certain projects by clients, and experienced delayed receivables for completed work.

The Company has taken measures to mitigate risks of COVID-19, including: closing its 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.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remains unclear at this time.