



RIWI CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended December 31, 2020 and 2019

Containing information up to and including March 3, 2021

(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 year ended December 31, 2020 and 2019, and is prepared as at March 3, 2021. This MD&A should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2020 and 2019 and the notes thereto which were prepared in accordance with *International Financial Reporting Standards* ("IFRS") (collectively referred to as the "Financial Statements"), which are available on www.sedar.com. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS. The Company's certifying Officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these Financial Statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in these filings.

The Board of Directors approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information, future-oriented financial information, or financial outlooks (collectively, "forward-looking information"), which includes disclosure regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "seeks," "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates", "projects", "budgets", "forecasts", "does not anticipate", "believes", "objective", "strives" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A. These risk factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this MD&A. All subsequent forward-looking information attributable to the Company herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. The Company does not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this MD&A or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

ADDITIONAL INFORMATION

Additional information relating to the Company is available from the SEDAR website at www.sedar.com, under the Company's profile.

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RIWI OVERVIEW

RIWI 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 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, and the Chief Executive Officer 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.

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 survey panel firms in different countries, (c) market research insights professionals in different countries, (d) external statistical firms or (e) the collection, storage or transfer of any personally identifiable data. The Company earns revenues through monthly, quarterly, and annual subscriptions and through long-term, multi-year agreements with clients.

Our global platform and data-delivery dashboards offer customers high-frequency, broad-based, and scientifically rigorous sentiment data from the most diverse online audiences available in the global data marketplace in order to predict and monitor volatility that may impact a client's business operations, customer demands or risk in any region of the world. RIWI functions as a DaaS ("data as a service") recurring-revenue business powered by proprietary machine-learning systems and methods. We offer clients Web-based dashboards with continually updating data, analytics, forecasts, map visualizations, and downloadable reports.

Our global flow of source data is unique, expanding, and exclusive to RIWI. 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 and economic activity in China, (ii) surprises in nonfarm payrolls, unemployment and department store sales in the United States, and (iii) real-time COVID-19 testing activity, changing adherence to public health protocols, vaccine hesitancy, and symptoms globally.

1. RIWI Highlights for the year ended December 31, 2020 - in US Dollars:

- a) Revenues were \$4,580,738 for the year ended December 31, 2020, an increase of 47% compared to \$3,110,878 for the year ended December 31, 2019. The 2020 revenue is the highest in RIWI's history.
- b) RIWI's earnings before interest and taxes were \$914,335 for the year ended December 31, 2020, an increase of 32% compared to \$693,184 during the year ended December 31, 2019. Due to our three consecutive years of profitability, RIWI incurred an income tax expense for the first time in 2020. The income tax expense of \$270,581 caused our 2020 net income to be lower than in 2019, when we had a tax recovery of \$184,000. Net income was \$656,534 for the year ended December 31, 2020, compared to \$909,816 during the year ended December 31, 2019.
- c) RIWI had record annual revenues even during COVID-19, which caused business setbacks in many industry sectors globally. As promised, RIWI invested in sales personnel, sales-related marketing, and sales and technical partnership initiatives in 2020 to ensure long-term growth.
- d) On July 27, 2020, RIWI began trading its common shares on the TSX Venture Exchange ("TSXV"). This advances management's commitment to expand our investor base and steadily increase our global visibility in the capital markets. RIWI was designated a "Tier 1 Technology Issuer," the TSXV's premier tier and reserved for the TSXV's most advanced companies with the most significant financial resources.

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- e) During 2020, RIWI renewed two long-term agreements with top international firms, demonstrating RIWI's ongoing value to these companies. 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. Further, RIWI's long-term agreements for G7 government agencies focused on international peace and security, as well G7 agencies focused on consumer and economic activity data, continue uninterrupted and are expected to continue for many years

2. RIWI's Focus on Strong Annual Growth from 2015 to 2020

Last year, we promised our shareholders and committed to ourselves that we would deliver strong annual growth and create a solid foundation for a sustainable data company that is built to last and built to gain market share in the fast-growing data generation, data capture and data analytics sector. As we have noted in previous public disclosure, RIWI is best evaluated on an annual basis, since revenue growth, profit and cash from operations can vary year over year, and especially quarter over quarter, and therefore, all these financial performance indicators should be looked at together to assess the degree to which we are meeting our Company's goals.

Our 2020 annual results show strong revenue growth, a 47% increase over 2019, along with having more cash in the bank. In 2020, RIWI delivered to shareholders its third consecutive profitable year.

Management measures its progress to ensure we solidify the building blocks of Company value. Our value chain thrives from continuous improvement arising from technological innovation, sales discipline, customer service excellence, and from strong financial operations. Our growth and innovation agenda at RIWI stems from our core values and our purpose: all opinions matter to advance the cause of liberty and prosperity, and the broadest set of true opinions from any location can offer clients predictive insights by seeing trends emerge.

In order to grow and meet our unwavering goals of achieving superb results, enabling distinctive global impact for our clients and building endurance, RIWI will continue to focus on generating revenue from:

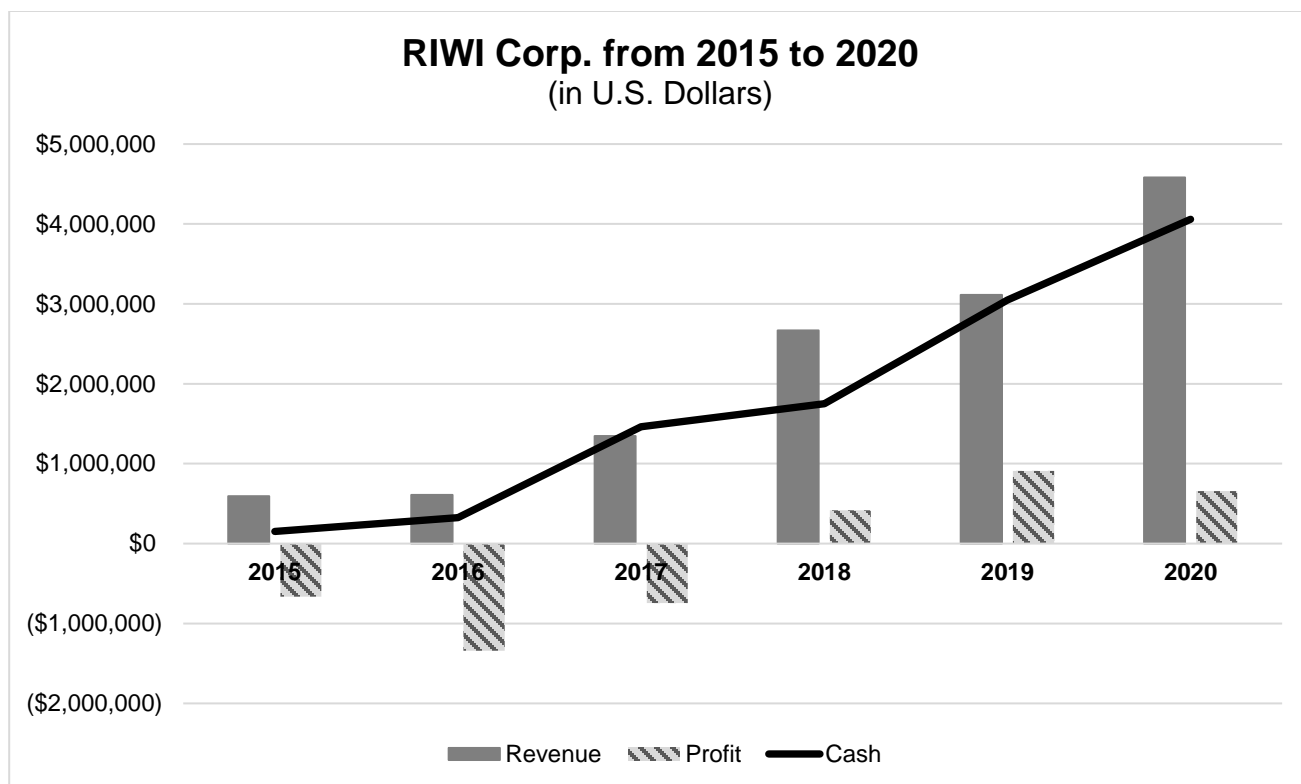
- a) what data problems we and our clients are deeply passionate about solving;
- b) where we enjoy major competitive advantages in data collection;
- c) what domains of data collection we can be the best at in the world; and
- d) what best drives our economic engine, including client-driven innovations to win new business.

Our growth trajectory signals management's commitment to markers of value: revenues, profit and cash on hand. In August 2015, RIWI became a public company, listing its common shares on the Canadian Securities Exchange. In 2017, RIWI fully commercialized its operations, our Chief Executive Officer stopped his university teaching and dedicated all of his effort to RIWI, the Chief Technology Officer became a full-time employee, and RIWI hired its first full-time Chief Financial Officer. RIWI has grown each year, and, in 2020, the Company uplisted to the TSX Venture Exchange to expand our investor base and increase our global visibility in the capital markets. The Company engaged Barwicki Investor Relations in February 2021 to grow RIWI's relationship with the investment community using a proactive strategy, allowing senior management to focus further on operations and growth.

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RIWI won several awards in 2020, demonstrating our commitment to growth and innovation:

- a) RIWI was named by Deloitte as one of Canada's "Companies-to-Watch": companies that demonstrate superior technology and effective management experience.
- b) RIWI placed fourth among public companies on *The Globe and Mail's* "Top Growing Companies": an annual ranking of high-growth companies in the Report on Business.
- c) RIWI was recognized by the *Financial Times* as an "Americas' Fastest Growing Company": this ranking honours 500 outstanding companies among the millions of North and South American enterprises. RIWI was one of the approximately 10% of public companies making this list.

3. RIWI's Revenue Recognition Effects on Public Reporting under IFRS 15

RIWI recognizes revenue over the duration of any project, under *International Financial Reporting Standard 15, Revenue from Contracts with Customers* ("IFRS 15"). We recognize revenue over time based on the achievement of delivery milestones. Given the varying time intervals between technical milestones, significant recurring revenue on any large contract can, from time to time, appear as uneven during the course of any year.

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

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4. RIWI's Next Milestones and our Commitment to Results

RIWI will continue to seek continued growth by focusing our sales efforts on long-term, high-quality revenues with clients whose data collection needs are ongoing in nature. We have committed to accomplishing our goals through investing in the following strategies designed to build compounding momentum:

- a) **Sales operational excellence:** After hiring our Chief Revenue Officer in February 2020, we began to build a more professionalized sales force by hiring experienced sales staff and engaging outside consultants in sales, business development, lead generation and marketing, to boost our efforts to reach new, long-term clients. In February 2021, to lead our growing financial services practice, the Company hired a sales professional with over 15 years of institutional sales and business development experience increasing recurring revenues for institutional clients while working for Morgan Stanley, Zacks Investment Research, and MSCI Inc. Prior to 2020, management observed that the Company relied too heavily on inbound sales opportunities arising from our pedigree among buyer segments of the humanitarian aid and security sectors. For this reason, beginning in 2020, and growing in focus in 2021, we increased our commitment to demand-generation, outbound marketing and account-based marketing and sales in order to increase our sales pipeline and to better align our products with existing and new customer needs, especially in our work for the financial services sector, and for clients focused on deriving insights about COVID-19 trends globally, or focused on consumer and business activity in China. In January 2021, the Company engaged a consultant to work with our technical team to refine our offerings for traders and financial institutions. The consultant is a former managing director and head of Fixed Income, Currencies and Commodities (FICC) trading at BMO Capital Markets, and has more than 30 years of experience trading multiple asset classes and leveraging different data, technologies and systems to inform trading decisions.
- b) **Adding to our partnership sales system:** Beginning in 2020, we struck partnerships to evaluate, promote, sell or market RIWI data feeds. RIWI's data marketplace partners include: Amazon Web Services, Battlefin, Benzinga, Bloomberg, Datarade, data.world, EagleAlpha, Esri, Knoema, Neudata, and ThinkData Works. Prior to 2020, RIWI did not enjoy our current market awareness or our technical capacity to integrate quickly with the world's leading data marketplaces. In 2020, RIWI earned strong market awareness in major finance media and RIWI earned new, expert validation following the co-publication of reports with university-based researchers, such as: (i) our work predicting official US jobs data in partnership with a researcher from Cornell, which was featured in media including Bloomberg, CNBC, Fox Business, CNN, CBS, NPR, and Forbes; (ii) our work in partnership with economists at Dartmouth and the University of Sterling tracking the depth of early job losses in the US and the United Kingdom as a result of COVID-19, published by the National Institute of Economic and Social Research; (iii) our work tracking confidence in healthcare systems, in partnership with researchers at Harvard University, published by the British Medical Journal; and (iv) our work with the Fields Institute for Research in Mathematical Sciences at the University of Toronto, a RIWI client that analyzes our data to better understand the impact of COVID-19 public health restrictions and provides its analysis of our data to the Ontario government. Our future revenue growth through data partnerships also benefits from our increasingly agile technology, which now enables the easy ingestion of RIWI datasets with the technical requirements of major data marketplace partners, and from our expanded salesforce that now works closely with data marketplace partners to define sales packages for our partners' client base.
- c) **Product sales delivery excellence:** In 2020, we analyzed and learned more about where our new revenues came from, and about our competitive advantages in the global data marketplace. We are committed to focusing on our key sales portfolios. These are the areas where management feels RIWI has the deepest expertise and advantages to win new business. These revenue portfolios include:
 - i) **Public Health Security:** Amid the business and public health turbulence caused by COVID-19, RIWI can help private and government-sector or government-funded clients that need to understand emergent trends and formulate better strategies to solve vital business needs.
 - ii) **Global Citizen Engagement:** Amid shifting geo-political power, online misinformation, the rise of China, violent extremism and COVID-19, RIWI can access and measure quiet, diverse voices to empower and/or engage citizens to make fact-based decisions, and to help our customers promote greater prosperity and freedoms in fragile and conflict states.
 - iii) **China "truth-seeking":** RIWI can help clients understand essential data gaps in China, such as citizen, consumer, investor and business owner sentiment across rural and urban China, to inform our clients' organizational and business needs amid China's changing economic power.

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- iv) **Investment and Economic Insights:** RIWI can help track and predict changes in regional or global economic indicators and can help investment firms make improved data-driven decisions.
- d) **Technical operational excellence and innovation:** The current global data marketplace requires RIWI to integrate its technology to meet new customer needs and make it easier for interested parties to buy from RIWI. To enable our growth, RIWI will increase our technical capacity and provide a broader range of offerings. Prior to 2020, RIWI faced challenges in defining our product packages for the marketplace since we did not have a customer success team, a robust customer feedback system, or a systematic process in place to understand which product packages would sell best in the marketplace. In 2020, RIWI invested in data collection and product development sessions with our clients and with new, prospective clients in order to understand the features of machine-learning and analytics that meet evolving client needs. Technical operational excellence fuels our revenue growth, and management is committed to continuous improvement in customer feedback to advance product development and boost new sales.

These strategic growth decisions also help to ensure a strong year-over-year growth trajectory in the context of what management considers to be the potential long-term nature of COVID-19. The pandemic may continue to impede the ability for our sales personnel to conduct in-person sales presentations of RIWI's capabilities. Additionally, sensitive to the potential long-term impact of COVID-19 and resulting delays in customer purchase decisions, management invested time and resources in global marketing efforts in 2020, such as regular webinars and media interviews by RIWI personnel, to promote RIWI's brand awareness for new and diverse buyers in the United States and across the world. We are focused on significantly increasing our prospecting for new clients in 2021, while understanding that business-to-business sales strategies that worked in the past may not work as well now, especially for companies that are cutting budgets.

While COVID-19 creates a series of new logistical challenges, RIWI is focused on taking advantage of the opportunities available to us right now, understanding that doubling down on its sales efforts and sales focus will put the Company in the best position to thrive in the long run. We are growing at a time when many other companies are laying off staff, acquiring debt or shutting down. RIWI has hired salespeople since the beginning of 2020 and our cash reserves enable us to manage unexpected events amid a turbulent economy.

5. RIWI's Commitment to Creating Sustained Shareholder Value

Although RIWI's technology platform is unique, management's approach to creating a steady growth trajectory and continued momentum is traditional in order to advance the accretive interests of all shareholders.

Based on management's strategy, our milestones to create sustained growth and value include:

- a) Maintaining our recurring revenue model, where over 80% of our revenues for the year ended December 31, 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 evolved into sales partnerships, such as our partnership with ThinkData Works, in which our integrated sales teams work closely together to win new business and share revenues. Management considers recurring revenues as fundamental to long-term business vitality. All agreements for non-recurring revenues are structured to enable clients to quickly renew or expand the agreement pending their satisfaction with our initial work product. Management feels it is important to dedicate 20% of sales to new clients whose immediate data needs may not be recurring in nature, since these new clients can blossom into long-term business. Our ideal types of recurring revenues consist of (i) "RIWI as a Service" offerings – i.e., ongoing (multi-year, long-term), subscription based, syndicated products, such as high-frequency business activity trends in China; and (ii) "RIWI Applications" – i.e., ongoing (multi-year, long-term), customized products, such as a household financial stability tracker in multiple nations amid COVID-19.
- b) Seeking 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.
- c) Expanding the diversity of our client base to ensure resilience and further growth. This is the goal of our investment in sales and marketing personnel during 2020 and early 2021.
- d) Increasing our number of channel partners and resellers in order to generate many new revenue opportunities. Working as an extended sales force, our partners can be the first feet on the ground to access new customers, co-develop joint products, test out markets, and mitigate our risk of relying only on our own sales staff to generate new recurring revenues.

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6. RIWI's Increased Innovation to Improve Operational Capacity and Meet New Customer Needs

We have been experiencing growth in data collection demands over the past year. This customer-driven growth is expected to continue this year and in the years to come. To meet this anticipated demand, especially for historical RIWI data, we are re-engineering our technology platform for increased scalability and improved performance. These enhancements will foster the development of future industry-specific features that can assist us in presenting and selling our capabilities to new customers.

Additionally, RIWI is introducing new data delivery methods to meet the growth in channel partner integration. As we grow, RIWI is committed to:

- a) investing in internal business development projects, such as advance predictions of official labor statistics or other economic indicators, to showcase our capabilities for the purpose of increasing sales;
- b) improving data integration to make it easier for our clients and channel partners to integrate our data streams into their technology architectures; and
- c) generating new or additive intellectual property, evidenced by hiring additional consultants in 2020 to assist with technical matters.

In order to leverage our technology to communicate to our clients the regional or global events that may cause sentiment on any topic to evolve in real-time, RIWI continues to advance its event-driven architecture and event-sourcing into our technology stack. As we continue this process of development in response to client needs, RIWI is also growing its scalability to take on many more projects, and, in the process, we are increasing data integration opportunities with new partners and resellers. 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 to fit the diverse 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. RIWI can empower the operations of other data firms that may not possess proprietary or global data of their own. This technology architecture enables more 'event-driven' insights for clients seeking early warnings of the behavioral and economic consequences of significant events, such as interruptions in the distribution of COVID-19 vaccines.

In anticipation of current and new client requests, RIWI made enhancements in 2020 to its privacy compliance architecture for global privacy-compliance coverage immediately upon the inception of any project. For example, RIWI's data collection and message testing solutions accommodate not only the requirements of the General Data Protection Regulation (EU-GDPR) and the California Consumer Privacy Act (CCPA), but also satisfy Canadian and UK compliance requirements.

In 2020, we extended our data interfacing for certain business intelligence ("BI") tools. This feature is necessary as we advance into long-term data acquisition and sophisticated comparative analytics. These BI tools improve time-series analytics and automated insights into the causal relationships among variables in different data sets.

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FINANCIAL RESULTS (In U.S. Dollars)

The following is a discussion of the results of operations of the Company for the year ended December 31, 2020 and 2019. The results should be read in conjunction with the audited annual financial statements for the year ended December 31, 2020 and 2019, and the related notes.

Financial Results	Year Ended December 31	
	2020	2019
Revenues	\$ 4,580,738	\$ 3,110,878
General and administrative expenses	(1,400,775)	(1,455,138)
Sales and marketing expenses	(1,287,263)	(506,454)
Technology costs	(978,365)	(456,102)
Net interest income	12,780	32,633
Income tax expense/recovery	(270,581)	184,000
Net income and comprehensive income	\$ 656,534	\$ 909,816
Net income per share: basic	\$ 0.04	\$ 0.05
Net income per share: diluted	\$ 0.03	\$ 0.05
	December 31,	December 31,
	2020	2019
Total assets	\$ 5,476,332	\$ 4,452,806
Total non-current liabilities	71,803	118,689
Cash dividends	-	-

1. 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 Administrative 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.

Management modified its classification of operating expenses by nature since we wish to provide additional insights into the expense trends, along with highlighting RIWI's investment priorities for future growth.

(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)
	\$ 1,400,775	\$ 1,455,138

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(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.

2. Financial Performance for the Year ended December 31, 2020 and 2019

Revenues are fees that are charged to customers for providing digital surveys or ad tests and automated analytics of the findings. RIWI's revenue for the year ended December 31, 2020 grew by 47% or \$1,469,860 to \$4,580,738 compared to \$3,110,878 for the year ended December 31, 2019. This increase resulted from RIWI increasing its customer base and recurring revenue streams, and the increased focus on sales activities for new markets and customers.

Total expenses increased by \$1,248,709 for the year ended December 31, 2020 compared to the year ended December 31, 2019. The key expenses are summarized as follows:

- a) **General and administrative expenses** decreased by \$54,364 to \$1,400,775 during the year ended December 31, 2020 compared to 2019. In 2020, 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 year ended December 31, 2020, the Company's general and administrative expenses included cash compensation and the amortization expense of the stock option grant to the independent directors. The Black-Scholes valuation of the stock option grant was lower in 2020 than in 2019. Occupancy and office costs decreased in 2020, partially due to COVID-19, since some historic expenses did not occur in 2020. The other general and administrative expenses did not materially fluctuate. Management strives to limit all costs that do not foster a clear path to revenue growth.

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- b) **Sales and marketing expenses** increased by \$780,809 to \$1,287,263 during the year ended December 31, 2020 compared to 2019. The Company hired additional staff and consultants related exclusively to sales and marketing in 2020, which increased personnel costs, consulting fees and recruiting fees. The strategic partnership payments in 2020 relate to external referral fee commissions paid in conjunction with certain sales contracts. RIWI is committed to investing in sales and marketing initiatives in order to help grow in new markets and in order to win new customers.
- c) **Technology expenses** increased by \$522,263 to \$978,365 during the year ended December 31, 2020 compared to 2019. Project costs increased in 2020 due to data integration costs to address certain customer requests, including improving the ease and speed with which our channel partners can integrate and normalize our data streams in accordance with their technology architectures. Our channel partners can now more easily ingest and restructure RIWI's raw data to fit the parameters of their data delivery systems, which helps RIWI be customer-focused and helps RIWI and our partners source new clients who demand these services. The Company hired additional consultants in 2020 to assist with technical matters, such as the generation of new or additive intellectual property for the Company. RIWI also invested in additional internal projects, such as advance predictions of official labor statistics, to showcase our capabilities for the purpose of increasing sales. Technology costs not directly related to client projects increased in 2020 due to data collection and the prototyping of new products and features following customer feedback, in order to sell these refined products in 2021 to new and existing customers.

RIWI's income before interest and taxes was \$914,335 for the year ended December 31, 2020, an increase of 32% or \$221,151 compared to \$693,184 for the year ended December 31, 2019.

RIWI's income tax expense for 2020 was \$270,581, as its remaining historical tax losses were all utilized in 2020, compared to an income tax recovery of \$184,000 in 2019.

RIWI had another profitable year, generating net income of \$656,534 during the year ended December 31, 2020, compared to net income of \$909,816 during 2019. Due to our three consecutive years of profitability, RIWI incurred an income tax expense for the first time in 2020. The income tax expense of \$270,581 caused our 2020 net income to be lower than in 2019, when we had a tax recovery of \$184,000.

3. Fourth quarter – three months ended December 31, 2020

RIWI's fourth quarter revenue was \$1,317,838 an increase of 72% compared to the fourth quarter of 2019. Due to the varying time intervals between the revenue recognition milestones, RIWI's revenue can appear uneven during the course of any fiscal year.

The Company continued to invest in sales and marketing initiatives in order to help RIWI grow its business in new markets and in order to win new customers. RIWI also continued to invest in technology to improve integration with channel partners and advance internal projects for the purpose of increasing future sales.

Income before interest and taxes in the fourth quarter was \$242,350, but the net loss for the fourth quarter was \$33,504, since RIWI made a year-end income tax adjustment. After achieving three years of consecutive profitability, RIWI incurred a \$270,581 income tax expense in 2020 (tax recovery of \$184,000 in 2019), as it had used the remaining historical tax losses in 2020 and the prior years.

RIWI CORP.

Management's Discussion & Analysis

For the Year ended December 31, 2020 and 2019

SUMMARY OF QUARTERLY RESULTS

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

Summary of Quarterly Results <i>(in U.S. Dollars)</i>	2020				2019			
	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31
Revenues	\$ 1,317,838	\$ 940,019	\$ 1,000,665	\$ 1,322,216	\$ 589,505	\$ 1,006,368	\$ 841,431	\$ 673,575
Income/(loss) from operations	242,351	71,526	110,678	489,780	90,732	535,162	(159,287)	226,577
Net income/(loss)	(33,504)	74,457	117,143	498,438	279,994	543,974	(151,052)	236,900
Net income/(loss) per share:								
basic	\$ (0.00)	\$ 0.00	\$ 0.01	\$ 0.03	\$ 0.02	\$ 0.03	\$ (0.01)	\$ 0.01
diluted	\$ (0.00)	\$ 0.00	\$ 0.01	\$ 0.03	\$ 0.01	\$ 0.03	\$ (0.01)	\$ 0.01

Overall, RIWI has had strong quarters since 2018, with revenue growing on an annual basis. RIWI continues to invest in sales and partnership initiatives to ensure long-term growth, along with continuing to focus on diversifying its client base, signing new long-term contracts and establishing strong recurring revenue streams.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2020, the Company had working capital of \$4,782,818 compared to working capital of \$3,759,534 as at December 31, 2019. This 27% increase was primarily due to the Company's increase in sales revenue.

	December 31, 2020	December 31, 2019
Current Assets	\$ 5,277,053	\$ 4,022,706
Current Liabilities	(494,235)	(263,172)
Working Capital	\$ 4,782,818	\$ 3,759,534

Contractual Obligations and Commitments

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	-

CAPITAL STRUCTURE

- Common Shares:** As of March 3, 2021, the Company has 18,004,428 issued and outstanding common shares. The closing share price prior to March 3, 2021 was CAD \$2.33 per share.
- Stock Options:** As of March 3, 2021, the Company has 1,531,312 options outstanding.

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Common Shares on a Diluted Basis – as of March 3, 2021

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	
	\$ 2.44		1,531,312
Common shares, on a diluted basis			19,535,740

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

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).

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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 Fair Value Through the Statement of Profit or Loss.

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

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.

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

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 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).

RECENT ACCOUNTING PRONOUNCEMENTS

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