



RIWI CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months ended September 30, 2021 and 2020

(Expressed in United States Dollars)

(Unaudited)

RIWI CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of RIWI Corp. (the "Company") have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. They include appropriate accounting principles, judgment, and estimates in accordance with *International Financial Reporting Standards* for interim financial statements.

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditors.

RIWI CORP.

Condensed Interim Statements of Financial Position
As at September 30, 2021 and December 31, 2020
(Unaudited and Expressed in U.S. Dollars)

	September 30,	December 31,
	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 2,922,087	\$ 4,058,588
Accounts receivable (Note 4)	932,169	692,926
Unbilled revenue (Note 10(b))	1,129,398	437,455
Prepaid expenses and other current assets	149,807	88,084
Total current assets	5,133,462	5,277,053
Property and equipment (Note 5(a))	12,075	17,182
Right-of-use assets (Note 6)	71,493	103,664
Intangible assets (Note 5(b))	70,860	70,149
Deferred tax asset (Note 12)	8,284	8,284
Total assets	\$ 5,296,174	\$ 5,476,332
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 199,536	\$ 275,370
Income taxes payable (Note 12)	34,313	94,864
Current portion of lease obligations (Note 9)	49,039	46,886
Deferred revenue (Note 10(b))	97,781	77,115
	380,669	494,235
Non-current lease obligations (Note 9)	34,749	71,803
Total liabilities	415,418	566,038
Shareholders' equity		
Share capital (Note 7)	\$ 4,940,930	\$ 4,940,930
Contributed surplus (Note 7)	2,149,793	2,008,266
Accumulated deficit	(2,209,966)	(2,038,902)
Total shareholders' equity	4,880,756	4,910,294
Total liabilities and shareholders' equity	\$ 5,296,174	\$ 5,476,332

Nature of business and continuing operations (Note 1)

Approved and authorized for issuance on behalf of the Board on November 10, 2021.

"Greg Wong" (signed)

Greg Wong
Chief Executive Officer

"Annette Cusworth" (signed)

Annette Cusworth
Chair of the Audit Committee

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

RIWI CORP.

Condensed Interim Statements of (Loss)/Income and Comprehensive (Loss)/Income
 For the Three and Nine Months ended September 30, 2021 and 2020
 (Unaudited and Expressed in U.S. Dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Revenues (Note 10)	\$ 1,158,541	\$ 940,019	\$ 3,513,997	\$ 3,262,900
Expenses				
General and administrative (Note 11)	513,098	316,508	1,382,995	1,033,167
Sales and marketing (Note 11)	303,599	304,199	1,105,632	942,300
Technology costs (Note 11)	514,447	247,786	1,158,172	615,449
Total expenses	1,331,145	868,492	3,646,800	2,590,915
Income before interest and taxes	(172,603)	71,527	(132,802)	671,985
Net interest (expense)/income	(1,064)	2,931	(3,769)	18,054
(Loss)/income before taxes	(173,667)	74,458	(136,571)	690,038
Income tax expense (Note 12)	-	-	(34,494)	-
Net (loss)/income and comprehensive (loss)/income	\$ (173,667)	\$ 74,458	\$ (171,065)	\$ 690,038
Net income per share				
Basic and diluted	\$ (0.01)	\$ 0.00	\$ (0.01)	\$ 0.04
Weighted average number of common shares outstanding				
Basic	18,004,428	18,004,428	18,004,428	17,937,964
Diluted	18,004,428	19,446,928	18,004,428	19,380,464

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

RIWI CORP.

Condensed Interim Statements of Changes in Equity

For the Three and Nine Months ended September 30, 2021 and 2020

(Unaudited and Expressed in U.S. Dollars)

	Number of Shares	Share Capital Amount	Contributed Surplus	Accumulated Deficit	Total Equity
Balance, December 31, 2019	17,751,700	4,782,546	1,983,836	(2,695,436)	4,070,946
Share-based payment expense	-	-	61,664	-	61,664
Stock options exercised	252,728	158,384	(68,066)	-	90,318
Net income and comprehensive income for the period	-	-	-	690,038	690,038
Balance, September 30, 2020	18,004,428	\$ 4,940,930	\$ 1,977,434	\$ (2,005,398)	\$ 4,912,966
Balance, December 31, 2020	18,004,428	4,940,930	2,008,266	(2,038,902)	4,910,294
Share-based payment expense	-	-	141,527	-	141,527
Net (loss) and comprehensive (loss) for the period	-	-	-	(171,064)	(171,064)
Balance, September 30, 2021	18,004,428	\$ 4,940,930	\$ 2,149,793	\$ (2,209,966)	\$ 4,880,756

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

RIWI CORP.

Condensed Interim Statements of Cash Flows

For the Three and Nine Months ended September 30, 2021 and 2020

(Unaudited and Expressed in U.S. Dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Operating activities				
Net (loss)/income for the period	\$ (173,668)	\$ 74,458	\$ (171,065)	\$ 690,038
Less: non-operating net interest expense/(income)	1,064	(2,931)	3,769	(18,054)
Items not involving cash:				
Amortization of property and equipment, right-of-use assets, and intangible assets	16,417	15,611	49,125	44,532
Share-based payment expense	40,904	30,832	141,527	61,664
	(115,283)	117,970	23,355	778,180
Changes in non-cash operating working capital:				
Accounts receivable	(12,798)	(1,286,652)	(239,243)	(1,265,750)
Unbilled revenue	(351,057)	426,475	(691,943)	526,101
Prepaid expenses and other assets	71,959	(559)	(61,724)	(13,767)
Accounts payable and accrued liabilities	116,160	198,013	(75,834)	120,115
Income taxes payable	7,917	-	(60,551)	-
Deferred revenue	(38,023)	47,050	20,666	(23,812)
Net cash (used)/generated by operating activities	(321,125)	(497,703)	(1,085,274)	121,067
Investing activities				
Interest income	311	5,037	880	24,760
Additions of property and equipment, right-of-use assets, and intangible assets	(1,063)	(1,355)	(12,558)	(3,731)
Net cash (used)/provided by investing activities	(752)	3,682	(11,678)	21,029
Financing activities				
Lease payments	(13,183)	(13,228)	(39,550)	(39,326)
Exercise of stock options	-	-	-	90,319
Net cash (used)/provided by financing activities	(13,183)	(13,228)	(39,550)	50,993
Change in cash and cash equivalents	(335,060)	(507,249)	(1,136,502)	193,088
Cash and cash equivalents, beginning of the period	3,257,147	3,747,736	4,058,589	3,047,399
Cash and cash equivalents, end of the period	\$ 2,922,087	\$ 3,240,487	\$ 2,922,087	\$ 3,240,487

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

RIWI CORP.

Notes to the Condensed Interim Financial Statements

For the Three and Nine Months ended September 30, 2021 and 2020

(Unaudited and 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 unaudited condensed interim financial statements of the Company for the three and nine months ended September 30, 2021 (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”) applicable to interim financial information, as outlined in International Accounting Standard (“IAS”) 34, Interim Financial Reporting and using the accounting policies consistent with those in the audited financial statements as at and for the year ended December 31, 2020. These Financial Statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2020. Interim results are not necessarily indicative of the results expected for the fiscal year.

The Financial Statements were authorized for issuance by RIWI’s Board of Directors on November 10, 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 quarter 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.

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Notes to the Condensed Interim Financial Statements

For the Three and Nine Months ended September 30, 2021 and 2020

(Unaudited and 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.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of trade receivables from clients. Please see Note 13(a) for aged trade receivable information.

RIWI CORP.

Notes to the Condensed Interim Financial Statements

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(Unaudited and Expressed in U.S. Dollars)

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		
2020	Computers	Improvements	Total
Cost:			
December 31, 2019	\$ 3,221	\$ 31,496	\$ 34,717
Additions	3,732	-	3,732
December 31, 2020	6,953	31,496	38,449
Accumulated depreciation:			
December 31, 2019	(2,367)	(10,914)	(13,281)
Depreciation	(1,962)	(6,024)	(7,986)
December 31, 2020	(4,329)	(16,938)	(21,267)
Carrying value:			
December 31, 2019	854	20,582	21,436
December 31, 2020	\$ 2,624	\$ 14,558	\$ 17,182
2021	Computers	Leasehold Improvements	Total
Cost:			
December 31, 2020	\$ 6,953	\$ 31,496	\$ 38,449
Additions	1,063	-	1,063
Disposals	(3,808)	-	(3,808)
September 30, 2021	4,208	31,496	35,704
Accumulated depreciation:			
December 31, 2020	(4,329)	(16,938)	(21,267)
Depreciation	(1,277)	(4,518)	(5,795)
Assets retired	3,434	-	3,434
September 30, 2021	(2,172)	(21,456)	(23,628)
Carrying value:			
December 31, 2020	2,624	14,558	17,182
September 30, 2021	\$ 2,036	\$ 10,040	\$ 12,075

Depreciation in the amount of \$5,795 has been included under general and administrative expenses for the nine months ended September 30, 2021 (2020 – \$5,973).

RIWI CORP.

Notes to the Condensed Interim Financial Statements

For the Three and Nine Months ended September 30, 2021 and 2020

(Unaudited and Expressed in U.S. Dollars)

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 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 classified the domain names as finite life intangible assets and is amortizing them using the straight-line method over 10 years.

In 2020, RIWI obtained the trademarks of the word mark "RIWI" in in the US and the EU, and in 2021, obtained the trademark in Canada. The Company 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.

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	7,017	5,072	114,137
Accumulated Amortization:					
December 31, 2019	(13,658)	(19,866)	(524)	(704)	(34,752)
Amortization	1,051	(8,081)	(516)	(1,690)	(9,237)
December 31, 2020	(12,607)	(27,947)	(1,040)	(2,394)	(43,988)
Carrying value:					
December 31, 2019	7,581	60,944	5,212	4,368	78,105
December 31, 2020	\$ 8,632	\$ 52,863	\$ 5,976	\$ 2,678	\$ 70,149
2021	Patent	Domain Names	Trademarks	Website	Total
Cost:					
December 31, 2020	\$ 21,239	\$ 80,810	\$ 7,017	\$ 5,072	\$ 114,137
Additions	-	-	-	11,496	11,496
September 30, 2021	21,239	80,810	7,017	16,567	125,633
Accumulated Amortization:					
December 31, 2020	(12,607)	(27,947)	(1,040)	(2,394)	(43,988)
Amortization	(681)	(6,061)	(537)	(3,505)	(10,784)
September 30, 2021	(13,289)	(34,008)	(1,578)	(5,899)	(54,773)
Carrying value:					
December 31, 2020	8,632	52,863	5,976	2,678	70,149
September, 30, 2021	\$ 7,950	\$ 46,802	\$ 5,439	\$ 10,669	\$ 70,860

Amortization in the amount of \$10,784 has been included under general and administrative expenses for the nine months ended September 30, 2021 (2020 – \$8,284).

RIWI CORP.

Notes to the Condensed Interim Financial Statements

For the Three and Nine Months ended September 30, 2021 and 2020

(Unaudited and Expressed in U.S. Dollars)

6. RIGHT-OF-USE ASSETS

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

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
2021	Right-of-use assets
Cost:	
December 31, 2020	\$ 189,455
Additions	-
September 30, 2021	189,455
Accumulated Amortization:	
December 31, 2020	(85,791)
Amortization	(32,171)
September 30, 2021	(117,962)
Carrying value:	
December 31, 2020	103,664
September 30, 2021	\$ 71,493

Amortization in the amount of \$32,171 has been included under general and administrative expenses for the nine months ended September 30, 2021 (2020 – \$32,171).

7. SHARE CAPITAL

Authorized: unlimited number of common shares without par value.

RIWI CORP.

Notes to the Condensed Interim Financial Statements

For the Three and Nine Months ended September 30, 2021 and 2020

(Unaudited and Expressed in U.S. Dollars)

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, 2019	1,757,500	\$ 2.10
Granted	88,812	3.56
Exercised	(315,000)	0.86
Balance, September 30, 2020	1,531,312	\$ 2.44
Balance, December 31, 2020	1,531,312	2.44
Granted	499,244	1.92
Expired	(282,500)	2.51
Balance, September 30, 2021	1,748,056	\$ 2.33

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 vested 25% on each of the following dates: June 30, 2020; September 30, 2020; December 31, 2020; and March 31, 2021.

On March 3, 2021, the Company granted an aggregate of 145,140 stock options to certain independent directors. These stock options expire on March 3, 2026 and are exercisable at a price of CAD\$2.47 per share. These options vest 25% on each of the following dates: March 31, 2021; June 30, 2021; September 30, 2021; and December 31, 2021.

On September 13 2021, the Company granted 354,104 stock options to Greg Wong, Chief Executive Officer. These stock options will expire on September 13, 2026 and are exercisable at a price of CAD \$1.70 per share. These options vest 25% on each of the following dates: September 13, 2022, September 13, 2023, September 13, 2024 and September 13, 2025.

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:

	2021	2020
Risk-free interest rate	0.29% - 0.85%	0.34%
Expected life	3.0 - 4.5 years	2.9 years
Expected volatility	98% - 106%	118%
Forfeiture rate	10%	10%

For the nine months ended September 30, 2021, the Company recorded share-based payment expense, with a corresponding credit to reserves of \$141,527 (September 30, 2020 – \$61,664).

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Notes to the Condensed Interim Financial Statements

For the Three and Nine Months ended September 30, 2021 and 2020

(Unaudited and Expressed in U.S. Dollars)

8. SHARE BASED PAYMENTS (continued)

Additional information regarding stock options outstanding as at September 30, 2021 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)
\$ 1.70	354,104	5.0	-	\$ 1.70
\$ 2.00	590,000	1.4	590,000	\$ 2.00
\$ 2.04	200,000	0.7	200,000	\$ 2.04
\$ 2.47	145,140	4.4	108,855	\$ 2.47
\$ 3.25	370,000	2.6	370,000	\$ 3.25
\$ 3.56	88,812	3.6	88,812	\$ 3.56
\$ 2.33	1,748,056	2.7	1,357,667	\$ 2.49

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 \$4,685) per month and the office lease expires on May 31, 2023.

Contractual Obligations	Payments due by Period			
	Total	October 1, 2021 - Dec. 31, 2021	Jan. 1, 2022 - Dec. 31, 2024	Jan. 1, 2025 - beyond
Office leases	\$ 93,693	14,054	79,639	-

For the nine months ended September 30, 2021, the lease accretion was \$34,900 (2020 – \$32,619) and the payments totaled \$39,549 (2020 – \$39,292).

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Notes to the Condensed Interim Financial Statements

For the Three and Nine Months ended September 30, 2021 and 2020

(Unaudited and Expressed in U.S. Dollars)

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 14.

(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 nine months ended September 30, 2021 and 2020.

	Nine Months Ended September 30	
	2021	2020
Balance, beginning of the period	\$ 437,455	\$ 762,283
Additions during the period	1,880,658	1,498,963
Reclassification of unbilled revenue to accounts receivable	(1,188,715)	(2,025,064)
Balance, end of the period	\$ 1,129,398	\$ 236,182

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 nine months ended September 30, 2021 and 2020.

	Nine Months Ended September 30	
	2021	2020
Balance, beginning of the period	\$ 77,115	\$ 91,011
Deferred revenue recognized during the period	386,464	746,908
Net additions from contracts with customers	(365,797)	(770,721)
Balance, end of the period	\$ 97,781	\$ 67,198

RIWI CORP.

Notes to the Condensed Interim Financial Statements

For the Three and Nine Months ended September 30, 2021 and 2020

(Unaudited and Expressed in U.S. Dollars)

11. OPERATING EXPENSES

(a) General and Administrative Expenses

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Personnel costs	\$ 196,689	\$ 112,650	\$ 554,409	\$ 430,178
Director cash compensation	89,308	86,933	258,770	262,836
Consulting and professional fees	93,722	36,669	214,563	75,233
Share-based payment expense	40,904	30,832	141,527	61,664
Occupancy and office costs	55,268	32,306	156,508	118,104
Depreciation	16,417	15,611	48,751	44,533
Foreign exchange loss	20,791	1,507	8,468	40,619
	\$ 513,098	\$ 316,508	\$ 1,382,995	\$ 1,033,167

(b) Sales and Marketing Expenses

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Personnel costs	\$ 183,585	\$ 174,851	\$ 711,101	\$ 501,230
Third party consulting fees	87,360	65,968	273,102	164,223
Promotion and travel	32,655	3,895	85,957	19,543
Recruiting fees	-	7,624	35,473	49,863
Strategic partnership payments	-	51,860	-	207,440
	\$ 303,599	\$ 304,199	\$ 1,105,632	\$ 942,300

(c) Technology Expenses

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Personnel costs	\$ 55,359	35,845	\$ 172,443	\$ 130,487
Third party consulting fees	24,124	9,372	84,893	28,487
Project costs	434,964	202,569	900,836	456,475
	\$ 514,447	\$ 247,786	\$ 1,158,172	\$ 615,449

(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 \$4,966 of the Canadian Emergency Wage Subsidy ("CEWS") subsidy from the Government of Canada during the nine months ended September 30, 2021, and has recorded the CEWS subsidy received as a reduction in general and administrative expense of \$1,300, as a reduction in sales and marketing expenses of \$3,143 and as a reduction in technology expenses of \$523. RIWI received \$2,549 of the Canadian Emergency Rent Subsidy ("CERS") subsidy from the Government of Canada during the nine months ended September 30, 2021, and has recorded the CERS subsidy received as a reduction in general and administrative expense.

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12. RELATED PARTY TRANSACTIONS

- (a) For the nine months ended September 30, 2021, the Company provided cash compensation to independent directors in the amount of \$258,770 (2020 – \$262,836), and recognized share-based payment expense of \$141,527 (2020 – \$61,664) for stock options granted to independent directors and the Chief Executive Officer.
- (b) From September 1, 2020 to February 28, 2021, the Company entered into an office lease agreement in a building owned by an officer of the Company that enabled safe physical distancing for staff and clients. The monthly rent was CAD \$2,300. For the nine months ended September 30, 2021, the expense recognized for this lease agreement was \$3,601 (2020 – \$1,756).

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at September 30, 2021, 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.

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 +
September 30, 2021	50%	7%	1%	43%
December 31, 2020	96%	4%	0%	0%

The following table identifies customers comprising 10% or more of the Company's accounts receivable as at September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Customer A	42%	65%
Customer B	19%	0%

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(a) Credit risk (continued)

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 September 30, 2021 and September 30, 2020.

The following table identifies customers comprising 10% or more of the Company's revenue for the nine months ended September 30, 2021 and September 30, 2020:

	September 30, 2021	September 30, 2020
Customer A	20%	0%
Customer B	20%	21%
Customer D	10%	11%
Customer E	0%	32%

(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 September 30, 2021, financial instruments were converted at a rate of US\$1.00 to CAD\$1.2741. Balances denominated in foreign currencies as at September 30, 2021 were as follows:

	In CAD	Converted to USD
Cash and cash equivalents	\$ 168,957	\$ 132,614
Accounts receivable	777,209	610,031
Accounts payable and accrued liabilities	195,156	153,178

The estimated impact on net income for the nine months ended September 30, 2021 with a +/- 10% change in Canadian Dollar exchange rate is approximately \$174,500 (2020 – \$60,000).

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(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.

14. 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 2021.

The approximate sales revenue based on geographic location of customers for the nine months ended September 30, 2021 and 2020 is as follows:

	September 30, 2021	September 30, 2020
United States of America	\$ 1,909,968	\$ 1,017,458
Canada	1,069,487	1,900,152
Europe	455,648	345,290
Other	78,894	-
	\$ 3,513,997	\$ 3,262,900

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

15. 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 10, 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: after first closing its offices from March 10, 2020 until September 13, 2021, the Company has offered all staff the option to work from home; we have abided by all travel restrictions in accordance with provincial and federal rules; and we recommend all staff to practice safe physical distancing in accordance with the guidelines of the health authorities.