



RIWI CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months ended June 30, 2022 and 2021

(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 June 30, 2022 and December 31, 2021

(Unaudited and Expressed in U.S. Dollars)

	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 3,235,078	\$ 4,253,537
Accounts receivable (Note 4)	152,465	265,106
Unbilled revenue (Note 10(b))	177,985	160,779
Prepaid expenses and other current assets	619,080	226,224
Total current assets	4,184,608	4,905,646
Property and equipment (Note 5(a))	8,207	10,083
Right-of-use assets (Note 6)	39,321	60,769
Intangible assets (Note 5(b))	59,439	67,053
Deferred tax asset	116,842	-
Total assets	\$ 4,408,417	\$ 5,043,551
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 169,376	\$ 360,430
Current portion of lease obligations (Note 9)	46,898	49,778
Deferred revenue (Note 10(b))	309,652	31,376
	525,926	441,584
Non-current lease obligations (Note 9)	388	22,024
Total liabilities	526,314	463,608
Shareholders' equity		
Share capital (Note 7)	\$ 4,940,930	\$ 4,940,930
Contributed surplus (Note 7)	2,353,401	2,218,483
Accumulated deficit	(3,412,228)	(2,579,470)
Total shareholders' equity	3,882,103	4,579,943
Total liabilities and shareholders' equity	\$ 4,408,417	\$ 5,043,551

Nature of business and continuing operations (Note 1)

Approved and authorized for issuance on behalf of the Board on August 25, 2022.

'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 and Comprehensive Loss

For the Six Months ended June 30, 2022 and 2021

(Unaudited and Expressed in U.S. Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues (Note 10)	\$ 368,680	\$ 1,260,250	\$ 1,266,078	\$ 2,355,456
Expenses				
General and administrative (Note 11)	552,884	437,140	1,113,188	869,897
Sales and marketing (Note 11)	305,021	394,651	587,682	802,033
Technology costs (Note 11)	236,878	356,130	525,905	643,725
Total expenses	1,094,783	1,187,921	2,226,776	2,315,655
Income before interest and taxes	(726,103)	72,329	(960,698)	39,801
Net interest income/(expense)	9,203	(1,351)	10,756	(2,705)
(Loss) Income before taxes	(716,900)	70,978	(949,942)	37,096
Income tax recovery (expense)	58,582	(25,737)	116,843	(34,494)
Net loss and comprehensive loss	\$ (658,318)	\$ 45,241	\$ (833,099)	\$ 2,602
Net loss per share				
Basic and diluted	\$ (0.04)	\$ 0.00	\$ (0.05)	\$ 0.00
Weighted average number of common shares outstanding				
Basic	18,004,428	18,004,428	18,004,428	18,004,428
Diluted	18,004,428	18,004,428	18,004,428	18,004,428

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

RIWI CORP.

Condensed Interim Statements of Changes in Equity
For the Six Months ended June 30, 2022 and 2021
(Unaudited and Expressed in U.S. Dollars)

	Number of Shares	Share Capital Amount	Contributed Surplus	Accumulated Deficit	Total Equity
Balance, December 31, 2020	18,004,428	\$ 4,940,930	\$ 2,008,266	\$ (2,038,902)	\$ 4,910,294
Share-based payment expense	-	-	100,623	-	100,623
Net income and comprehensive income for the period	-	-	-	2,603	2,603
Balance, June 30, 2021	18,004,428	\$ 4,940,930	\$ 2,108,889	\$ (2,036,299)	\$ 5,013,520
Balance, December 31, 2021	18,004,428	4,940,930	2,218,483	(2,579,470)	4,579,943
Share-based payment expense	-	-	134,918	-	134,918
Stock options expired	-	-	-	-	-
Retained Earnings Opening Balance Adjusted	-	-	-	341	341
Net (loss) and comprehensive (loss) for the period	-	-	-	(833,099)	(833,099)
Balance, June 30, 2022	18,004,428	\$ 4,940,930	\$ 2,353,401	\$ (3,412,228)	\$ 3,882,103

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

RIWI CORP.

Condensed Interim Statements of Cash Flows
For the Six Months ended June 30, 2022 and 2021
(Unaudited and Expressed in U.S. Dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Operating activities				
Net (loss)/income for the period	\$ (658,318)	\$ 45,242	\$ (833,099)	\$ 2,603
Less: non-operating net interest expense/(income)	(9,203)	1,351	(10,756)	2,705
Items not involving cash:				
Amortization of property and equipment, right-of-use assets, and intangible assets	16,449	16,804	32,973	32,708
Opening Difference in Retained Earnings	341		341	
Deferred tax asset	(58,581)		(116,842)	
Share-based payment expense (Note 8)	69,066	34,895	134,918	100,623
	(640,245)	98,292	(792,464)	138,639
Changes in non-cash operating working capital:				
Accounts receivable	71,184	76,537	112,641	(226,445)
Unbilled revenue	(74,887)	(417,896)	(17,206)	(340,886)
Prepaid expenses and other assets	(370,313)	(154,058)	(392,856)	(133,683)
Accounts payable and accrued liabilities	(79,604)	4,124	(191,054)	(191,994)
Income taxes payable	-	25,737	-	(68,468)
Deferred revenue	68,345	32,189	278,276	58,689
Net cash generated by operating activities	(1,025,520)	(335,075)	(1,002,663)	(764,148)
Investing activities				
Interest income	10,036	200	12,605	569
Additions of property and equipment, right-of-use assets, and intangible assets	(2,035)	-	(2,035)	(11,496)
Net cash (used)/provided by investing activities	8,001	200	10,570	(10,927)
Financing activities				
Lease payments (Note 9)	(13,183)	(13,184)	(26,365)	(26,367)
Net cash (used)/provided by financing activities	(13,183)	(13,184)	(26,365)	(26,367)
Change in cash and cash equivalents	(1,030,702)	(348,059)	(1,018,458)	(801,441)
Cash and cash equivalents, beginning of the period	4,265,781	3,605,205	4,253,537	4,058,588
Cash and cash equivalents, end of the period	\$ 3,235,079	\$ 3,257,147	\$ 3,235,079	\$ 3,257,147

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

RIWI CORP.

Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2022 and 2021

(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 six months ended June 30, 2022 (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 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, 2021. 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, 2021. 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 August 25, 2022.

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:

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Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2022 and 2021

(Unaudited and Expressed in U.S. Dollars)

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

(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.

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Notes to the Condensed Interim Financial Statements

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(Unaudited and Expressed in U.S. Dollars)

4. ACCOUNTS RECEIVABLE

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

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.

2021		Computers	Leasehold Improvements	Total
<i>Cost:</i>	December 31, 2020	\$ 6,952	\$ 31,496	\$ 38,448
	Additions	1,063	-	1,063
	Disposals	(4,120)		(4,120)
	December 31, 2021	3,895	31,496	35,391
<i>Accumulated depreciation:</i>	December 31, 2020	(4,328)	(16,938)	(21,266)
	Depreciation	(1,764)	(6,024)	(7,788)
	Disposals	3,746		3,746
	December 31, 2021	(2,346)	(22,962)	(25,308)
<i>Carrying value:</i>	December 31, 2020	2,624	14,558	17,182
	December 31, 2021	\$ 1,549	\$ 8,534	\$ 10,083

2022		Computers	Leasehold Improvements	Total
<i>Cost:</i>	December 31, 2021	\$ 3,895	\$ 31,496	\$ 35,391
	Additions	2,035	-	2,035
	June 30, 2022	5,930	31,496	37,426
<i>Accumulated depreciation:</i>	December 31, 2021	(2,346)	(22,962)	(25,308)
	Depreciation	(899)	(3,012)	(3,911)
	June 30, 2022	(3,245)	(25,974)	(29,219)
<i>Carrying value:</i>	December 31, 2021	1,549	8,534	10,083
	June 30, 2022	\$ 2,685	\$ 5,522	\$ 8,207

Depreciation in the amount of \$3,911 has been included under general and administrative expenses for the six months ended June 30th, 2022 (2021 – \$3,908).

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Notes to the Condensed Interim Financial Statements

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(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.

2021		Patent	Domain Names	Trademarks	Website	Total
<i>Cost:</i>						
December 31, 2020	\$	21,239	\$ 80,810	\$ 7,016	\$ 5,072	\$ 114,137
Additions		-	-	-	11,496	11,496
December 31, 2021		21,239	80,810	7,016	16,568	125,633
<i>Accumulated Amortization:</i>						
December 31, 2020		(12,607)	(27,947)	(1,040)	(2,394)	(43,988)
Amortization		(909)	(8,081)	(717)	(4,885)	(14,592)
December 31, 2021		(13,516)	(36,028)	(1,757)	(7,279)	(58,580)
<i>Carrying value:</i>						
December 31, 2020		8,632	52,863	5,976	2,678	70,149
December 31, 2021	\$	7,723	\$ 44,782	\$ 5,259	\$ 9,289	\$ 67,053

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Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2022 and 2021

(Unaudited and Expressed in U.S. Dollars)

5. NON-CURRENT ASSETS (continued)*(b) Intangible Assets (continued)*

2022		Patent		Domain Names		Trademarks		Website		Total
<i>Cost:</i>										
December 31, 2021	\$	21,239	\$	80,810	\$	7,016	\$	16,568	\$	125,633
Additions		-		-		-		-		-
June 30, 2022		21,239		80,810		7,016		16,568		125,633
<i>Accumulated Amortization:</i>										
December 31, 2021		(13,516)		(36,028)		(1,757)		(7,279)		(58,580)
Amortization		(454)		(4,041)		(358)		(2,761)		(7,614)
June 30, 2022		(13,970)		(40,069)		(2,115)		(10,040)		(66,194)
<i>Carrying value:</i>										
December 31, 2021		7,723		44,782		5,259		9,289		67,053
June 30, 2022	\$	7,269	\$	40,741	\$	4,901	\$	6,528	\$	59,439

Amortization in the amount of \$7,614 has been included under general and administrative expenses for the six months ended June 30, 2022 (2021 – \$6,977).

6. RIGHT-OF-USE ASSETS

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

2021		Right-of-use assets
<i>Cost:</i>		
	December 31, 2020	\$ 189,455
	December 31, 2021	189,455
<i>Accumulated Amortization:</i>		
	December 31, 2020	(85,791)
	Amortization	(42,895)
	December 31, 2021	(128,686)
<i>Carrying value:</i>		
	December 31, 2020	103,664
	December 31, 2021	\$ 60,769

RIWI CORP.

Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2022 and 2021

(Unaudited and Expressed in U.S. Dollars)

6. RIGHT-OF-USE ASSETS (continued)

2022		Right-of-use assets
<i>Cost:</i>	December 31, 2021	\$ 189,455
	Additions	-
	June 30, 2022	189,455
<i>Accumulated Amortization:</i>	December 31, 2021	(128,686)
	Amortization	(21,448)
	June 30, 2022	(150,134)
<i>Carrying value:</i>	December 31, 2021	60,769
	June 30, 2022	\$ 39,321

Amortization in the amount of \$21,448 has been included under general and administrative expenses for the six months ended June 30, 2022 (2021 – \$21,448).

7. SHARE CAPITAL

Authorized: unlimited number of common shares without par value.

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.

RIWI CORP.

Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2022 and 2021

(Unaudited and Expressed in U.S. Dollars)

8. SHARE-BASED PAYMENTS (continued)

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

	Number of Options	Weighted average exercise price (CAD)
Balance, December 31, 2020	1,531,312	\$ 2.44
Granted	145,140	2.47
Exercised	(282,500)	2.51
Balance, June 30, 2021	1,393,952	\$ 2.49
Balance, December 31, 2021	1,548,056	2.37
Granted	421,529	0.93
Expired	(200,000)	2.04
Balance, June 30, 2022	1,769,585	\$ 2.06

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 certain executives of the company. 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.

On March 1 2022, the Company granted 65,000 stock options to certain executives of the company. These stock options will expire on March 1, 2027 and are exercisable at a price of CAD \$0.99 per share. These options vest 25% on each of the following dates: March 1, 2023, March 1, 2024, March 1, 2025 and March 1, 2026.

On March 11, 2022, the Company granted an aggregate of 331,529 stock options to certain independent directors. These stock options expire on March 11, 2027 and are exercisable at a price of CAD \$0.92 per share. These options vest on March 11, 2023.

On April 20, 2022, the Company granted an aggregate of 25,000 stock options to certain executives of the company. These stock options will expire on April 20, 2027 and are exercisable at a price of CAD \$0.98 per share. These options vest 25% on each of the following dates: April 20, 2023, April 20, 2024, April 20, 2025 and April 20, 2026.

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:

	2022	2021
Risk-free interest rate	1.57% - 2.70%	0.29% - 0.85%
Expected life	3.0 - 4.5 years	3.0 - 4.5 years
Expected volatility	79% - 105%	98% - 106%
Forfeiture rate	10%	10%

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Notes to the Condensed Interim Financial Statements

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(Unaudited and Expressed in U.S. Dollars)

8. SHARE-BASED PAYMENTS (continued)

For the six months ended June 30, 2022, the Company recorded share-based payment expense, with a corresponding credit to reserves of \$102,691 (June 30, 2021 – \$100,623).

Additional information regarding stock options outstanding as at June 30, 2022 is as follows:

Outstanding			Exercisable	
Range of exercise prices (CAD)	Number of shares	Weighted average remaining contractual life (years)	Number of shares	Weighted average exercise price (CAD)
\$ 0.92	331,529	4.7	-	\$ -
\$ 0.98	25,000	4.8	-	\$ -
\$ 0.99	65,000	4.7	-	\$ -
\$ 1.70	354,104	4.2	-	\$ -
\$ 2.00	390,000	0.9	390,000	\$ 2.00
\$ 2.47	145,140	3.7	145,140	\$ 2.47
\$ 3.25	370,000	1.9	370,000	\$ 3.25
\$ 3.56	88,812	2.9	88,812	\$ 3.56
\$ 2.06	1,769,585	3.0	993,952	\$ 2.67

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 \$4,394) per month and the office lease expires on May 31, 2023.

Contractual Obligations	Payment due by Period			
	Total	July 1, 2022 - Dec. 31, 2022	Jan. 1, 2023 - Dec. 31, 2024	Jan. 1, 2025 - beyond
Office leases	\$ 48,338	26,366	21,972	-

For the six months ended June 30, 2022, the lease accretion was \$24,517 and the payments totaled \$26,366. For six months ended June 30, 2021, the lease accretion was \$23,092 and the payments totaled \$26,366.

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.

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Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2022 and 2021

(Unaudited and Expressed in U.S. Dollars)

10. REVENUE (continued)*(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 six months ended June 30, 2022 and 2021.

	Six Months Ended June 30	
	2022	2021
Balance, beginning of the period	\$ 160,779	\$ 437,455
Additions during the period	390,671	1,113,335
Reclassification of unbilled revenue to accounts receivable	(373,465)	(772,449)
Balance, end of the period	\$ 177,985	\$ 778,341

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 six months ended June 30, 2022 and 2021.

	Six Months Ended June 30	
	2022	2021
Balance, beginning of the period	\$ 31,376	\$ 77,115
Deferred revenue recognized during the period	(95,330)	(286,587)
Net additions from contracts with customers	373,606	345,276
Balance, end of the period	\$ 309,652	\$ 135,804

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Notes to the Condensed Interim Financial Statements

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(Unaudited and Expressed in U.S. Dollars)

11. OPERATING EXPENSES*(a) General and Administrative Expenses*

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Personnel costs	\$ 155,618	\$ 167,891	\$ 322,965	\$ 357,720
Director cash compensation	114,641	83,291	231,792	169,462
Consulting and professional fees	106,619	89,798	203,026	120,841
Share-based payment expense	69,066	34,895	134,918	100,623
Occupancy and office costs	85,646	49,449	164,869	101,240
Depreciation	16,449	16,432	32,973	32,334
Foreign exchange loss	4,845	(4,616)	22,645	(12,323)
	\$ 552,884	\$ 437,140	\$ 1,113,188	\$ 869,897

(b) Sales and Marketing Expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Personnel costs	\$ 142,726	\$ 255,525	\$ 268,999	\$ 527,516
Third party consulting fees	135,429	99,545	219,143	185,742
Promotion and travel	26,866	39,581	50,080	53,302
Recruiting fees	-	-	49,460	35,473
	\$ 305,021	\$ 394,651	\$ 587,682	\$ 802,033

(c) Technology Expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Personnel costs	\$ 41,224	\$ 57,899	\$ 87,085	\$ 117,084
Third party consulting fees	9,994	35,445	13,107	60,769
Project costs	185,660	262,786	425,713	465,872
	\$ 236,878	\$ 356,130	\$ 525,905	\$ 643,725

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For the Six Months ended June 30, 2022 and 2021

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12. RELATED PARTY TRANSACTIONS

For the six months ended June 30, 2022, the Company provided cash compensation to independent directors in the amount of \$231,792 (2021 - \$169,462), and recognized share-based payment expenses of \$134,918 (2021 - \$100,623) for stock options granted to the independent directors and executives. Additionally, Neil Seeman, the Company's founder and non-executive Chairman of the Board, is also acting as a consultant for the Company and received cash compensation of \$62,103 for his consulting services in the six months ended June 30, 2022.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2022, 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 +
June 30, 2022	83%	0%	17%	0%
December 31, 2021	78%	20%	0%	2%

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(Unaudited and Expressed in U.S. Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The following table identifies customers comprising 10% or more of the Company's accounts receivable as at June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Customer A	41%	0%
Customer B	31%	5%
Customer C	22%	0%
Customer D	0%	38%
Customer E	0%	12%

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 June 30, 2022 and June 30, 2021.

The following table identifies customers comprising 10% or more of the Company's revenue for the six months ended June 30, 2022 and June 30, 2021:

	June 30, 2022	June 30, 2021
Customer A	33%	12%
Customer B	14%	11%
Customer C	13%	2%

(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.

RIWI CORP.

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(Unaudited and Expressed in U.S. Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)*(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 June 30, 2022, financial instruments were converted at a rate of US \$1.00 to CAD \$1.2887. Balances denominated in foreign currencies as at June 30, 2022 were as follows:

	In CAD	Converted to USD
Cash and cash equivalents	\$ 159,915	\$ 124,094
Accounts receivable	61,810	47,965
Accounts payable and accrued liabilities	27,577	21,399

The estimated impact on net income for the six months ended June 30, 2022 with a +/- 10% change in Canadian Dollar exchange rate is approximately \$60,000 (2021 – \$90,000).

(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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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 2022.

The approximate sales revenue based on geographic location of customers for the six months ended June 30, 2022 and 2021 is as follows:

	June 30, 2022	June 30, 2021
United States	\$ 946,114	\$ 1,445,291
Canada	\$ 69,157	\$ 556,513
Europe	\$ 224,766	\$ 353,651
Other	\$ 26,041	\$ -
	\$ 1,266,078	\$ 2,355,455

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.

16. SUBSEQUENT EVENTS*Acquisition*

On July 1, 2022, the Company purchased 100% of the shares of RESEARCH ON MOBILE for an aggregate purchase price of approximately \$1.6 million subject to certain adjustments based on a final closing statement and a potential earn out. The earn out is based on RESEARCH ON MOBILE achieving certain gross revenue and net profit before taxes milestones through December 31, 2022, December 31, 2023 and December 31, 2024 and comprises approximately \$1.1 million of the aggregate purchase price. The Company funded the purchase price with the existing cash on hand. At June 30, 2022, this cash is classified as restricted cash in the Condensed Interim Consolidated Statement of Financial Position. At June 30 2022, The Company had incurred \$78,375 of expenses as part of the transaction. The Company will incur additional post closing acquisition costs related primarily to advisory, legal and audit fees. RESEARCH ON MOBILE had revenue and net profit before taxes for its fiscal year ended December 31, 2021 of approximately \$1.3 million (1.1 million EUR) and \$167 thousand (141 thousand EUR), respectively (financial statements prepared in accordance with French GAAP). We are currently in the process of restating RESEARCH ON MOBILE financial information to IFRS.