



**RIWI CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the Nine Months ended September 30, 2022 and 2021**

(Expressed in United States Dollars)

(Unaudited)

## **RIWI CORP.**

### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED 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 consolidated 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 consolidated 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 consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditors.

**RIWI CORP.**

## Condensed Consolidated Interim Statements of Financial Position

As at September 30, 2022 and December 31, 2021

(Unaudited and Expressed in U.S. Dollars)

	<b>September 30, 2022</b>	December 31, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 2,721,698	\$ 4,253,537
Accounts receivable (Note 5)	348,324	265,106
Unbilled revenue (Note 11(b))	306,690	160,779
Prepaid expenses and other current assets	179,494	226,224
<b>Total current assets</b>	<b>3,556,206</b>	4,905,646
Property and equipment (Note 6(a))	6,624	10,083
Right-of-use assets (Note 7)	28,597	60,769
Intangible assets (Notes 4, 6(b))	257,544	67,053
Goodwill (Notes 4, 6(b))	212,539	-
<b>Total assets</b>	<b>\$ 4,061,510</b>	<b>\$ 5,043,551</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 179,316	\$ 360,430
Current portion of lease obligations (Note 10)	34,749	49,778
Contingent consideration	18,146	-
Deferred revenue (Note 11(b))	203,647	31,376
	<b>435,858</b>	441,584
Non-current lease obligations (Note 10)	-	22,024
<b>Total liabilities</b>	<b>435,858</b>	463,608
<b>Shareholders' equity</b>		
Share capital (Note 8)	\$ 4,940,930	\$ 4,940,930
Contributed surplus (Note 8)	2,420,605	2,218,483
Accumulated deficit	(3,733,075)	(2,579,470)
Accumulated other comprehensive income	(2,808)	-
<b>Total shareholders' equity</b>	<b>3,625,652</b>	4,579,943
<b>Total liabilities and shareholders' equity</b>	<b>\$ 4,061,510</b>	<b>\$ 5,043,551</b>

Nature of business and continuing operations (Note 1)

Approved and authorized for issuance on behalf of the Board on November 8, 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 condensed consolidated interim financial statements)

**RIWI CORP.**

## Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the Nine Months ended September 30, 2022 and 2021

(Unaudited and Expressed in U.S. Dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Revenues (Note 11)	\$ 773,674	\$ 1,158,541	\$ 2,039,752	\$ 3,513,997
Expenses				
General and administrative (Note 12)	493,679	513,098	1,606,867	1,382,995
Technology costs (Note 12)	361,218	514,447	887,123	1,158,172
Sales and marketing (Note 12)	294,029	303,599	881,711	1,105,632
Total expenses	1,148,926	1,331,144	3,375,701	3,646,799
Loss before interest and taxes	(375,252)	(172,602)	(1,335,949)	(132,802)
Net interest income/(expense)	9,406	(1,064)	20,161	(3,769)
Loss before taxes	(365,847)	(173,666)	(1,315,788)	(136,571)
Income tax recovery/(expense)	44,999	-	161,842	(34,494)
Net loss attributable to the owners of the Company	\$ (320,847)	\$ (173,666)	\$ (1,153,946)	\$ (171,065)
Other comprehensive loss				
Exchange differences on translation of foreign operations	(2,808)	-	(2,808)	-
Comprehensive loss attributable to the owners of the Company	\$ (323,656)	\$ (173,666)	\$ (1,156,755)	\$ (171,065)
Net loss per share				
Basic and diluted	\$ (0.02)	\$ (0.01)	\$ (0.06)	\$ (0.01)
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 condensed consolidated interim financial statements)

**RIWI CORP.**

## Condensed Consolidated Interim Statements of Changes in Equity

For the Nine Months ended September 30, 2022 and 2021

(Unaudited and Expressed in U.S. Dollars)

	Number of Shares	Share Capital Amount	Contributed Surplus	Accumulated Deficit	Accumulated other comprehensive loss	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	-	-	141,527	-	-	141,527
Net loss and comprehensive loss for the period	-	-	-	(171,064)	-	(171,064)
<b>Balance, September 30, 2021</b>	<b>18,004,428</b>	<b>\$ 4,940,930</b>	<b>\$ 2,149,793</b>	<b>\$ (2,209,966)</b>	<b>\$ -</b>	<b>\$ 4,880,757</b>
Balance, December 31, 2021	18,004,428	4,940,930	2,218,483	(2,579,470)	-	4,579,943
Share-based payment expense	-	-	202,123	-	-	202,123
Retained earnings opening balance adjustments	-	-	-	341	-	341
Net loss and comprehensive loss for the period	-	-	-	(1,153,946)	(2,808)	(1,156,755)
<b>Balance, September 30, 2022</b>	<b>18,004,428</b>	<b>\$ 4,940,930</b>	<b>\$ 2,420,605</b>	<b>\$ (3,733,075)</b>	<b>\$ (2,808)</b>	<b>\$ 3,625,652</b>

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

**RIWI CORP.**

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Operating activities				
Net loss for the period	\$ (320,847)	\$ (173,668)	\$ (1,153,946)	\$ (171,065)
Less: non-operating net interest expense/(income)	(9,406)	1,064	(20,161)	3,769
Items not involving cash:				
Amortization of property and equipment, right-of-use assets, and intangible assets	27,084	16,417	60,057	49,125
Opening difference in retained earnings	-	-	341	-
Share-based payment expense (Note 9)	67,205	40,904	202,123	141,527
	(235,964)	(115,283)	(911,586)	23,356
Changes in non-cash operating working capital:				
Accounts receivable	(145,577)	(12,798)	(32,936)	(239,243)
Unbilled revenue	(128,705)	(351,057)	(145,911)	(691,943)
Prepaid expenses and other assets	590,587	71,959	80,889	(61,724)
Accounts payable and accrued liabilities	(135,524)	116,160	(326,578)	(75,834)
Income taxes payable	-	7,917	-	(60,551)
Deferred revenue	(106,005)	(38,023)	172,271	20,666
Net cash generated by operating activities	(161,187)	(321,125)	(1,163,851)	(1,085,273)
Investing activities				
Interest income	10,053	311	22,658	880
Additions of property and equipment, right-of-use assets, and intangible assets	(344)	(1,063)	(2,379)	(12,558)
Acquisition of business, net of cash acquired (Note 4)	(345,910)	-	(345,910)	-
Net cash (used)/provided by investing activities	(336,201)	(752)	(325,632)	(11,678)
Financing activities				
Lease payments (Note 10)	(13,184)	(13,183)	(39,549)	(39,550)
Net cash (used)/provided by financing activities	(13,184)	(13,183)	(39,548)	(39,550)
Unrealized foreign exchange and other	(2,808)	-	(2,808)	-
Change in cash and cash equivalents	(513,381)	(335,060)	(1,531,839)	(1,136,501)
Cash and cash equivalents, beginning of the period	3,235,078	3,257,147	4,253,537	4,058,588
Cash and cash equivalents, end of the period	\$ 2,721,698	\$ 2,922,087	\$ 2,721,698	\$ 2,922,087

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

**RIWI CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months ended September 30, 2022 and 2021  
(Unaudited and Expressed in U.S. Dollars)

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**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, 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 November 8, 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:

*(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.

**RIWI CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months ended September 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)**(v) Revenue*

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

*(b) Basis of consolidation:*

These consolidated financial statements include the accounts of the Company and its subsidiary.

*(i) Business combinations:*

Business combinations are accounted for in accordance with the acquisition method. On the date that control is obtained, the identifiable assets, liabilities and contingent liabilities of the acquired company are measured at their fair value. Depending on the complexity of determining these valuations, the Company uses appropriate valuation techniques which are generally based on a forecast of the total expected future net discounted cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the related assets and the discount rate applied as it would be assumed by a market participant. The Company measures goodwill as the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

*(ii) Subsidiary:*

A subsidiary is an entity controlled by the Company. The financial statements of the subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases. The Company's wholly-owned subsidiary and its jurisdiction of incorporation are as follows:

<b>Subsidiary</b>	<b>Jurisdiction of Incorporation</b>
Research on Mobile ("ROM")	France

*(iii) Transactions eliminated on consolidation:*

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-group transactions, are eliminated in preparing the consolidated financial statements.

**4. BUSINESS ACQUISITION**

## Research on Mobile

On July 1, 2022, the Company purchased 100% of the shares of Research on Mobile for an aggregate purchase price of approximately \$397,749 subject to certain adjustments based on a final closing statement, net working capital adjustments and contingent payments. The contingent payments are 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 comprise of approximately \$1.1 million. Management believes the probability of reaching the milestones to be highly unlikely. The Company funded the purchase price with the existing cash on hand.

We are currently in the process of restating Research on Mobile financial information to IFRS.

## Purchase price

The following table represents the preliminary purchase price allocation based on the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition, with any excess allocated to goodwill.

Net cash consideration on closing	475,000
Working capital adjustment on June 30, 2022	(95,396)
Cash paid on July 1, 2022	379,604
Contingent consideration	125,000
Working capital adjustment on contingent consideration on September 30, 2022	(106,855)
Total purchase price	397,749



**RIWI CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months ended September 30, 2022 and 2021  
(Unaudited and Expressed in U.S. Dollars)

**4. BUSINESS ACQUISITION (continued)**

## Purchase Price Allocation

Asset acquired	
Cash	33,694
Accounts receivable	50,282
Other receivables	34,159
	118,135
Liabilities assumed	
Accounts payable and accrued liabilities	145,464
	145,464
Net assets acquired	(27,329)
Software	
	212,539
Goodwill	212,539
Purchase price	397,749

This purchase price allocation is preliminary. The final purchase price allocation could result in changes to the fair value of assets acquired and liabilities assumed. The consolidated results of operations includes \$78,338 of expenses incurred for acquisition costs in General and Administrative Expenses under Consulting and professional fees.

**5. ACCOUNTS RECEIVABLE**

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

**6. 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.

		Computers		Leasehold Improvements		Total
<b>2021</b>						
<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
<b>2022</b>						
<i>Cost:</i>	December 31, 2021	\$	3,895	\$	31,496	\$ 35,391
	Additions		2,379		-	2,379
	September 30, 2022		6,274		31,496	37,770
<i>Accumulated depreciation:</i>	December 31, 2021		(2,346)		(22,962)	(25,308)
	Depreciation		(1,320)		(4,518)	(5,838)
	September 30, 2022		(3,666)		(27,480)	(31,146)
<i>Carrying value:</i>	December 31, 2021		1,549		8,534	10,083
	<b>September 30, 2022</b>	<b>\$</b>	<b>2,608</b>	<b>\$</b>	<b>4,016</b>	<b>\$ 6,624</b>

Depreciation in the amount of \$5,838 has been included under general and administrative expenses for the nine months ended September 30th, 2022 (2021 – \$5,795).

**RIWI CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months ended September 30, 2022 and 2021

(Unaudited and Expressed in U.S. Dollars)

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

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

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.

<b>2021</b>		Patent	Domain Names	Trademarks	Website	Technology	Goodwill	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

*Accumulated Amortization:*

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)

*Carrying value:*

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

<b>2022</b>		Patent	Domain Names	Trademarks	Website	Software	Goodwill	Total
<i>Cost:</i>								
December 31, 2021	\$	21,239	\$ 80,810	\$ 7,016	\$ 16,568	\$ -	\$ -	\$ 125,633
Additions		-	-	-	-	212,539	212,539	425,078
September 30, 2022		21,239	80,810	7,016	16,568	212,539	212,539	550,711

*Accumulated Amortization:*

December 31, 2021		(13,516)	(36,028)	(1,757)	(7,279)	-	-	(58,580)
Amortization		(681)	(6,061)	(537)	(4,142)	(10,627)	-	(22,048)
September 30, 2022		(14,197)	(42,089)	(2,294)	(11,421)	(10,627)	-	(80,628)

*Carrying value:*

December 31, 2021		7,723	44,782	5,259	9,289	-	-	67,053
<b>September 30, 2022</b>	<b>\$</b>	<b>7,042</b>	<b>\$ 38,721</b>	<b>\$ 4,722</b>	<b>\$ 5,147</b>	<b>\$ 201,912</b>	<b>\$ 212,539</b>	<b>\$ 470,083</b>

Amortization in the amount of \$11,421 has been included under general and administrative expenses for the nine months ended September 30, 2022 (2021 – \$10,784).

**RIWI CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months ended September 30, 2022 and 2021  
(Unaudited and Expressed in U.S. Dollars)

**7. RIGHT-OF-USE ASSETS**

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

		Right-of-use assets
<b>2021</b>		
<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
<b>2022</b>		
<i>Cost:</i>	December 31, 2021	\$ 189,455
	Additions	-
	September 30, 2022	189,455
<i>Accumulated Amortization:</i>	December 31, 2021	(128,686)
	Amortization	(32,172)
	September 30, 2022	(160,858)
<i>Carrying value:</i>	December 31, 2021	60,769
	<b>September 30, 2022</b>	<b>\$ 28,597</b>

Amortization in the amount of \$32,172 has been included under general and administrative expenses for the nine months ended September 30, 2022 (2021 – \$32,171).

**8. SHARE CAPITAL**

Authorized: unlimited number of common shares without par value.

**9. 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, 2020	1,531,312	\$ 2.44
Granted	499,244	1.92
Exercised	(282,500)	2.51
Balance, September 30, 2021	1,748,056	\$ 2.33
Balance, December 31, 2021	1,548,056	2.37
Granted	554,861	0.90
Expired	(265,000)	2.04
Balance, September 30, 2022	1,837,917	\$ 2.01

**RIWI CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months ended September 30, 2022 and 2021

(Unaudited and Expressed in U.S. Dollars)

**9. SHARE-BASED PAYMENTS (continued)**

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 vested 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.

On July 3, 2022, the Company granted an aggregate of 66,666 stock options to certain executives of ROM. These stock options will expire on July 3, 2027 and are exercisable at a price of CAD \$0.80 per share. These options vest 25% on each of the following dates: July 3, 2023, July 3, 2024, July 3, 2025 and July 3, 2026.

On July 3, 2022, the Company granted an aggregate of 66,666 stock options to certain executives of ROM. These stock options will expire on July 3, 2027 and are exercisable at a price of CAD \$0.80 per share. These options vest 25% on each of the following dates: July 3, 2023, July 3, 2024, July 3, 2025 and July 3, 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% - 3.03%	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%

For the nine months ended September 30, 2022, the Company recorded share-based payment expense, with a corresponding credit to reserves of \$202,123 (September 30, 2021 – \$141,527).

Additional information regarding stock options outstanding as at September 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)	
\$ 0.80	133,332	4.8	-	\$ 0.80	
\$ 0.92	331,529	4.4	-	\$ 0.92	
\$ 0.98	25,000	4.6	-	\$ 0.98	
\$ 1.70	354,104	4.0	88,526	\$ 3.96	
\$ 2.00	390,000	0.7	390,000	\$ 2.00	
\$ 2.47	145,140	3.4	145,140	\$ 2.47	
\$ 3.25	370,000	1.6	370,000	\$ 3.25	
\$ 3.56	88,812	2.6	88,812	\$ 3.56	
\$ 2.01	1,837,917	2.8	1,082,478	\$ 2.45	

**RIWI CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months ended September 30, 2022 and 2021

(Unaudited and Expressed in U.S. Dollars)

**10. 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	Oct. 1, 2022 - Dec. 31, 2022	Jan. 1, 2023 - Dec. 31, 2024	Jan. 1, 2025 - beyond
Office leases	\$ 35,155	13,183	21,972	-

For the nine months ended September 30, 2022, the lease accretion was \$37,053 and the payments totaled \$39,549. For nine months ended September 30, 2021, the lease accretion was \$34,900 and the payments totaled \$39,549.

**11. 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, 2022 and 2021.

	Nine Months Ended September 30	
	2022	2021
Balance, beginning of the period	\$ 160,779	\$ 437,455
Additions during the period	692,349	1,880,658
Reclassification of unbilled revenue to accounts receivable	(546,438)	(1,188,715)
Balance, end of the period	\$ 306,690	\$ 1,129,398

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, 2022 and 2021.

	Nine Months Ended September 30	
	2022	2021
Balance, beginning of the period	\$ 31,376	\$ 77,115
Deferred revenue recognized during the period	(240,564)	(365,797)
Net additions from contracts with customers	412,835	386,464
Balance, end of the period	\$ 203,647	\$ 97,782

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

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2022	2021	2022	2021
Personnel costs	\$ 119,461	\$ 196,689	\$ 442,427	\$ 554,409
Director cash compensation	110,753	89,308	342,545	258,770
Consulting and professional fees (Note 4)	98,822	93,722	301,848	214,563
Share-based payment expense	67,204	40,904	202,123	141,527
Office and general administrative costs	79,583	55,268	244,452	156,508
Depreciation	27,084	16,417	60,057	48,751
Foreign exchange loss	(9,228)	20,791	13,415	8,468
	\$ 493,679	\$ 513,098	\$ 1,606,867	\$ 1,382,995

**RIWI CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months ended September 30, 2022 and 2021

(Unaudited and Expressed in U.S. Dollars)

**12. OPERATING EXPENSES (continued)***(b) Sales and Marketing Expenses*

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2022	2021	2022	2021
Personnel costs	\$ 97,899	\$ 183,584	\$ 366,898	\$ 711,100
Third party consulting fees	89,076	87,360	308,219	273,102
Promotion and travel	101,217	32,655	151,298	85,957
Recruiting fees	5,837	-	55,296	35,473
	\$ 294,029	\$ 303,599	\$ 881,711	\$ 1,105,632

*(c) Technology Expenses*

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2022	2021	2022	2021
Personnel costs	\$ 40,446	\$ 55,359	\$ 127,531	\$ 172,443
Third party consulting fees	25,167	24,124	38,274	84,893
Project costs	295,605	434,964	721,318	900,836
	\$ 361,218	\$ 514,447	\$ 887,123	\$ 1,158,172

**13. RELATED PARTY TRANSACTIONS**

For the nine months ended September 30, 2022, the Company provided cash compensation to independent directors in the amount of \$311,764 (2021 - \$258,770), and recognized share-based payment expenses of \$202,123 (2021 - \$141,527) 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 \$70,487 for his consulting services in the first nine months ended September 30, 2022.

**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

As at September 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 +
September 30, 2022	69%	7%	20%	4%
December 31, 2021	78%	20%	0%	2%

**RIWI CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months ended September 30, 2022 and 2021  
(Unaudited and Expressed in U.S. Dollars)

**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)***(a) Credit risk (continued)*

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

	September 30, 2022	December 31, 2021
Customer A	24%	0%
Customer B	13%	3%
Customer C	13%	5%
Customer D	10%	0%
Customer E	0%	38%
Customer F	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 September 30, 2022 and September 30, 2021.

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

	September 30, 2022	September 30, 2021
Customer A	21%	8%
Customer B	13%	0%
Customer C	9%	20%
Customer D	0%	20%
Customer E	8%	10%

*(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, 2022, financial instruments were converted at a rate of US\$1.00 to CAD\$1.3706. Balances denominated in foreign currencies as at September 30, 2022 were as follows:

	In CAD	Converted to USD
Cash and cash equivalents	\$ 198,474	\$ 144,806
Accounts receivable	63,749	46,511
Accounts payable and accrued liabilities	21,684	15,821

The estimated impact on net income for the nine months ended September 30, 2022 with a +/- 10% change in exchange rates is approximately \$61,300 (2021 – \$174,500).

**RIWI CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months ended September 30, 2022 and 2021  
(Unaudited and Expressed in U.S. Dollars)

**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

As at September 30, 2022, financial instruments were converted at a rate of US \$1.00 to EUR \$1.0220. Balances denominated in foreign currencies as at September 30, 2022 were as follows:

	In EUR	Converted to USD
Cash and cash equivalents	\$ 10,217	\$ 9,997
Accounts receivable	232,831	227,819
Accounts payable and accrued liabilities	76,116	74,478

The estimated impact on net loss for the nine months ended September 30, 2022 with a +/- 10% change in Euro exchange rate is approximately \$18,700 (2021 – \$nil).

**(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.

**15. SEGMENT REPORTING**

The Company is required to disclose certain information regarding operating segments, products, services and geographic areas. Operating segments are defined as components of an enterprise for which separate financial information is available that is regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is its Chief Executive Officer. The Company operates as one reportable segment for 2022.

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

	September 30, 2022	September 30, 2021
United States	\$ 1,426,536	\$ 1,909,968
Canada	\$ 285,830	\$ 1,069,487
Europe	\$ 286,528	\$ 455,648
Other	\$ 40,858	\$ 78,894
	<b>\$ 2,039,752</b>	<b>\$ 3,513,997</b>

**16. COVID-19 PANDEMIC**

On January 30, 2020, the World Health Organization ("WHO") declared the ongoing COVID-19 outbreak a global health emergency and on March 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.