

# RIWI CORP.

## MANAGEMENT'S DISCUSSION & ANALYSIS

**For the six months ended June 30, 2023 and 2022**

Containing information up to and including August 23, 2023

(Expressed in United States dollars)

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For the three months ended June 30, 2023 and 2022

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**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

Management's discussion and analysis ("MD&A") details RIWI Corp.'s ("RIWI" or the "Company") operating results and financial condition as at and for the six months ended June 30, 2023 and 2022, and is prepared as at August 23, 2023. This MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements for the six months ended June 30, 2023 and the notes thereto which were prepared in accordance with *International Financial Reporting Standards* ("IFRS") (collectively referred to as the "Financial Statements"), which are available on [www.sedar.com](http://www.sedar.com). Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

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

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

**CAUTION REGARDING FORWARD-LOOKING INFORMATION**

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

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

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available from the SEDAR website at [www.sedar.com](http://www.sedar.com), under the Company's profile.

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**RIWI OVERVIEW**

RIWI Corp. ("RIWI" or the "Company") is a public company and its shares are all common shares listed on the TSX Venture Exchange (TSXV: RIWI). The Company was incorporated under the laws of Canada pursuant to the Canada Business Corporations Act on August 17, 2009. The Company's head office is located at 33 Bloor Street East, 5th Floor, Toronto, Ontario, M4W 3H1 and RIWI's registered office is located at 66 Wellington Street West, Suite 4100, Toronto ON M5K 1B7.

RIWI's vision is to be the most trusted and transparent source of global data, which means, first, that RIWI needs to monetize data sets that customers consider mission critical. Second, it means that the Company needs to lead the global data industry in transparency in terms of how new, impactful data feeds are collected and aggregated. Third, it means RIWI must leverage its proven strengths and unique pedigree — RIWI's clients include some of the most data-sophisticated groups in the world and the Company's work has been peer-reviewed in top academic journals — to build new subscription-based products that meet clients' growing and diverse data needs. RIWI's offerings will expand to include other types of alternative data which offer new and combined products and data solutions for customers. As the Company moves forward toward fulfilling its vision, RIWI will offer customers both a portal platform from which they can source all of their essential data needs as well as a technology and analytics tool suite within the platform to analyze and manage the diverse data which they can purchase. The global data and insights market is large and growing rapidly, with different customer segments each having unique sets of requirements. While RIWI's core technology platform supports customers across all industries, the Company is developing specific data feeds and building deep expertise in: (i) International Development, (ii) Financial Services, (iii) Public Policy and Macroeconomics, (iv) Consumer Brands and (v) being a respondent sample provider for market research firms across the world.

The Company currently provides a global trend-tracking and prediction technology platform. RIWI's 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 brand equity, identify misinformation online, and to monitor emerging threats before these threats escalate to violence.

The RIWI platform enables customers to not only collect sentiment data, but also to perform message testing and conduct marketing campaigns that reach people online who are not engaged by traditional digital marketing campaigns. RIWI has several unique selling propositions including: (i) avoiding the collection, storage and transfer of personally identifiable information ("PII"), (ii) the ability to be in field collecting data, in any country, within twelve to twenty four hours to support rapid-response needs, and (iii) data science capabilities and real-time dashboard analytics for multiple users dispersed across the globe at any client organization.

RIWI customers can benefit from not only leveraging its platform for data collection and analytics but can also benefit from buying data-only RIWI subscriptions. More RIWI customers are leveraging RIWI in a Data-as-a-Service (DaaS) model as the Company builds out its global database of information and develops more long-term subscription-based trackers. The RIWI platform currently stores over two billion responses from interviewees to RIWI surveys or ad tests across 229 countries and territories. In keeping with the Company's vision to be the world's most trusted and transparent source of global data, much of the RIWI data now being collected can be monetized for broader commercialization with new clients over time. Some illustrative examples of work undertaken by RIWI so far in the second quarter of 2023 include: assessing gendered experiences of people displaced from their homes in Ukraine; measuring online violence against women in Eastern Europe; monitoring the health of investments in Brazil; evaluating the impact of a television show in Nigeria on general perceptions of corruption inside that nation; monitoring Canadian perceptions and understanding of the ways artificial intelligence and machine learning affects their lives; and, tracking geo-political risk and deploying election prediction trackers in countries of interest to current and prospective RIWI clients.

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#### 1. RIWI Highlights for the three months ended June 30, 2023 – in US Dollars:

- a) RIWI earned \$928,415 in revenues in the second quarter of 2023 compared to \$368,680 for the three months ended June 30, 2022, an increase of 151.8%. That revenue consisted of \$236,228 in transaction revenue, \$357,782 in recurring revenue and \$334,405 in project-based revenue. RIWI experienced a net loss of \$162,190 for the three months ended June 30, 2023, as compared to a net loss of \$658,318 for the three months ended June 30, 2022.
- b) Recurring revenues in the second quarter of 2023 increased by \$330,882 compared with the second quarter of 2022 and increased by 14.6% compared with the first quarter of 2023, from \$312,217 to \$357,782.
- c) RIWI signed 12 new client contracts in the three months ended June 30, 2023, including contract signings with four new RIWI customers.
- d) The RIWI Board of Directors was refreshed with new executives that bring extensive experience in both market research, strategy and brand building in order to help management scale for the future. The size of the Board was decreased from 7 members to 5.
- e) Seventeen more clients were migrated to the new RIWI platform that was launched in the fourth quarter of 2022, resulting in 30 total clients that are fully migrated, enabling these clients to conduct enriched analytics and buy additional products and services sold on the platform. Management continues to expect that the legacy RIWI platform will be fully retired by the end of 2023.
- f) RIWI strengthened its leadership team by hiring a new head of its Insights and Implementation team subsequent to the second quarter. Enriching RIWI's market research skills in both quantitative and qualitative deliverables will help to create business opportunities for new client projects and assist in growing the Company's services business by offering current and future clients actionable insights from collected data.
- g) RIWI was recognized in several major publications and forums in the second quarter of 2023, including: AidData's publication, "Media resilience in post-Soviet Europe and Eurasia in the face of malign foreign actors"; the Canada School of Public Service (CSPS) Virtual Café series; and The World Bank's publication, "How Well Do Internet-Based Surveys Track Labor Market Indicators in Middle-Income Countries?"

#### 2. Evolving Product Suite: From Projects to Products

RIWI has three different revenue streams with which to grow:

- a) **Recurring revenue:** Recurring revenue is revenue where a customer subscribes to either the RIWI platform or to one of its data products, such as the RIWI Compass data series or the China data feed. Customers typically sign up for 12 months or more or have no predetermined end date. Revenue in this category is recognized every month and is highly repeatable. In terms of the RIWI platform, customers can subscribe to the platform with a specified number of credits to be used within a 12-month period or can sign up for long-term, ongoing studies that are a minimum of 12 months in duration. In the future, RIWI intends to offer additional self-service functions where customers may subscribe to just the technology platform for access to technology solutions such as survey building. This category of revenue will expand over the next few years as RIWI develops new digital data products, expands the platform and converts more customers to long-term engagements. This revenue stream is highly predictable and scalable and provides RIWI with an ongoing relationship with customers in order to position the Company well to both learn about their growing data needs and to expand revenue per customer over time.
- b) **Project-based revenue:** Project-based revenue is the traditional RIWI revenue where customers engage RIWI to run a specific survey or digital message test in one or more countries. Project-based revenue can vary from short-term projects (e.g., less than one month) to longer projects that have multiple waves and can last up to nine months. This type of revenue scales with both people and technology, thus requiring RIWI to hire more staff when there is a large growth in expected business (based on contract bookings). Project-based revenue is internally broken into three sub-categories: (1) customer proof-of-concepts in order to demonstrate RIWI's capabilities before a customer commits to a larger, longer-term program, (ii) Governmental or NGO-based projects that are funded at a project or

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program level where customers purchase multiple times over multiple years as funding is released, and (iii) one-off customers that have a specific need and may not require ongoing services.

- c) **Transactional revenue:** Transactional revenue refers to the revenue arising every time the RIWI system matches a survey respondent to an active survey commissioned on one of the global research marketplaces or to a direct end customer and the respondent completes the survey. Transactional revenue scales by increasing the conversion rates of survey respondents being matched and completing specific surveys as well as by increasing the respondent pool in RIWI's respondent online marketplace (i.e. ROM). The market research industry has increasingly been affected by both fraudulent survey responders and system-generated responses, often referred to as bots, a trend which has affected survey quality and revenue of all major survey companies. As RIWI's vision is to be the most trusted and transparent source of global data, RIWI has implemented significant quality-improvement measures that have served to benefit our customers significantly and differentiate the Company in the marketplace, but this quality improvement initiative required that we remove approximately 30% of our respondent sample during the second quarter. Quality improvement is a continuous focus and investment, but management believes that the focus on quality will distinguish RIWI from lower-quality providers and will improve growth in this revenue stream starting in the third quarter of 2023.

### 3. Roadmap for Growth

RIWI has a combined organic and acquisition-focused growth strategy that is centered around a differentiated value proposition in the data marketplace: being the most trusted and transparent source of global data for customers. This requires the Company to enhance its fully integrated data platform, including new analytics tools and combined data feeds, with the goal of providing an excellent user experience to all customers. As RIWI grows its business through its organic growth strategy, and through a highly selective, disciplined value-based acquisition strategy, RIWI will be collecting a critical set of important new customers that will enable the upselling and cross-selling of new data products, thereby significantly reducing costs associated with new customer acquisition. This strategy also helps increase the lifetime value of an increasingly diverse customer base.

RIWI's strategy for organic growth includes continuing on our path initiated this year of hiring key industry experts in focus verticals as well as building new subscription products that will enable RIWI to build longer-term recurring and repeatable revenue. Subsequent to the second quarter of 2023, RIWI hired a new head of Implementations and Insights to lead the Company's team of research directors and project coordinators. In addition, RIWI has engaged recruiters to assist in identifying new subject-matter specialists. The Company believes this strategy will grow revenues over time and bring a new knowledge base. The current labor marketplace continues to make the recruitment and retention of technically oriented personnel and industry experts challenging for many technology companies, including RIWI. While the Company is focused on identifying and hiring new sales staff, the labour market is hyper-competitive, and recruitment continues to be slower than expected. In addition to recruiting key talent, RIWI is investing in marketing, with investments in search engine optimization, website improvements and a larger focus on campaigns to increase both brand awareness and leads. For example, RIWI attended the Neudata conference in the second quarter of 2023 in order to promote new customer awareness in our financial services vertical.

On the subscription product side of the business, RIWI continues to deliver the Compass data series, which is profitable and enjoys a growing sales pipeline. The Company is exploring additional subscription products in areas where there are data gaps in various industries. It is a strategic imperative for RIWI to continue to search out key industry partners with which it can develop new long-term data streams that are both impactful and unique and can provide consistency and diversification in revenue.

For growth through highly-targeted acquisitions, RIWI is focused on both acquisitions that are accretive in value to shareholders, and value-add to existing customers. The ROM acquisition, for example, is providing existing customers with additional survey respondent sample and support for longer, more granular surveys of smaller audiences (e.g. business owners or homeowners) while providing RIWI a growing revenue stream. RIWI is focused on acquiring businesses that the Company believes can be scaled quickly by leveraging either the Company's capital or existing resources. In terms of broader mergers and acquisition (M&A) activity, the

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Company's M&A strategy continues to identify several opportunities offering recurring revenues and that could be strategic in nature; however, management has observed a major gap between buyers and sellers in the data marketplace on the topic of valuation. This is particularly true given the current cost of labor and capital; many private data companies expect much higher valuations than public companies are currently receiving. The Company's ability to execute on transactions will therefore depend on its ability to find effective financing solutions that will maximize investor returns after identifying sellers who express realistic valuation expectations. Given the current macroeconomic climate, management can make no assurances that the Company will be able to complete any acquisitions in the current calendar year.

**4. Platform: Innovating and Investing Strategically to Drive Future Growth**

Management's strategic review of the addressable markets for its offerings has confirmed that the RIWI platform provides a strategic advantage since it is built on the Company's Random Domain Intercept Technology (RDIT), which is unique, patented, scientifically peer-reviewed, and widely recognized by methodological experts as offering differentiated and high-value data. There is significant customer demand for new functionality, especially for: (i) certain self-service features; (ii) new data analysis tools; (iii) data integration; and (iv) pattern identification. In addition, RIWI is committed to supporting the integration of additional data sets from other sources, which will require additional analysis tools for its customers.

Customer feedback indicates that if the Company can deliver more of this functionality, customers will be willing to license not only the Company's data, but also license access to its platform, providing RIWI both high-margin SaaS-based revenue and Data-as-a-Service ("DaaS") revenue. For this reason, the Company is investing in growing its product development team in order to better support customers and to win new customers. Shareholders should therefore expect to see an increase in research and development ("R&D") costs in the coming quarters as the Company increases resources devoted to building out new technical enhancements to its platform.

In the three months ending June 30, 2023, the technology and product development team worked to bring several new innovations to market in order to meet the expressed needs of existing and future customers. Highlights include:

- a) Marketplace enhancements: (i) improved respondent quality through enhanced digital fingerprinting; (ii) improved user experience by reducing the number of steps it takes a survey respondent to participate in a survey; and, (iii) improved matching of respondent sample to surveys by optimizing the algorithm by respondent country and by sourcing location. These improvements support better profit margins in the respondent marketplace.
- b) Architectural changes: Data pipelines have been re-written, thereby shifting processing from a statistically-centric system to a data science oriented platform, which enables clients to make a range of computations and analyses far more rapidly than before. On account of the technology's new, state-of-the-art columnar stores, compression techniques and standards, RIWI clients now benefit from a tenfold speed improvement and enhanced user experience. Furthermore, this upgrade boosts the efficiency of the computational utilization of resources. As such, the efficiency gains generate cost savings and better solution scaling.
- c) Web intercept enhancements: We now have greater diversification of respondent types to meet strict delivery, cost and timing constraints including historically challenging geographies, respondent volumes, and respondent quotas. The diversity of options extends our reach for more sales opportunities.

The Company is committed to moving forward and accelerating all aspects of its business to fulfill its vision to be the world's most trusted and transparent source of global data. This path means: (i) an unwavering commitment to excellence in customer service; (ii) building out the RIWI technical and sales team; (iii) platform innovation; (iv) bringing new recurring revenue data products to market; and, (v) exploring strategic M&A.

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**SELECTED FINANCIAL INFORMATION**

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Revenues	\$ 928,415	\$ 368,680	\$ 2,129,655	\$ 1,266,078
Net loss	\$ (162,190)	\$ (657,977)	\$ (290,133)	\$ (832,758)

	June 30,	December 31,
	2023	2022
Total assets	\$ 3,556,255	\$ 3,847,448
Total non-current financial liabilities	\$ -	\$ -

**FINANCIAL RESULTS**

The following is a discussion of the results of operations of the Company for the three months ended June 30, 2023 and 2022.

**1. Revenues**

	Three months ended June 30	
	2023	2022
Project revenues	\$ 334,405	\$ 341,780
Subscription or recurring revenues	357,782	26,900
Transaction revenues	236,228	-
	\$ 928,415	\$ 368,680

Revenues are fees that are charged to customers for providing digital surveys, subscriptions to digital data products or transaction fees for matching survey respondents to survey marketplaces. RIWI's revenue for the second quarter ended June 30, 2023 increased by 151.8% or \$559,735 compared to the second quarter of 2022. The increase was driven by significant growth in subscription and recurring revenues as well as the 2022 acquisition of ROM; the Company saw a slight decline of 2.2% in project-related revenues. The Company remains committed to increasing its customer base, its recurring revenue streams and its transaction revenues, along with focusing on sales activities and building out a sales-focused partnership ecosystem to win new business.

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**2. Operating Expenses****(a) General and Administrative Expenses**

	Three months ended June 30	
	2023	2022
Personnel costs	\$ 168,361	\$ 155,618
Director cash compensation	47,854	114,641
Consulting and professional fees	123,429	106,619
Share-based payment expense	34,668	69,066
Occupancy and office costs	63,285	85,646
Depreciation	19,291	16,449
Foreign exchange gain	(10,201)	4,504
	<b>\$ 446,687</b>	<b>\$ 552,543</b>

General and administrative expenses for the quarter ended June 30, 2023 decreased by 19.2% or \$105,856 compared to the second quarter of 2022. The decrease is a result of lower cash compensation paid to directors as well as a decreased share-based payment expense resulting from a reversal of a previous expense arising from the departure of a contractor holding options. Further, occupancy and office costs decreased as the quarter ended June 30, 2022 included certain costs related to the acquisition of ROM. These decreases were offset to a degree by increased consulting fees and personnel costs.

**(b) Technology Expenses**

	Three months ended June 30	
	2023	2022
Personnel costs	\$ 40,205	\$ 41,224
Third party consulting fees	24,657	9,994
Project costs	317,355	185,660
	<b>\$ 382,217</b>	<b>\$ 236,878</b>

Technology expenses for the quarter ended June 30, 2023 increased by 61.4% or \$145,339 compared to the second quarter of 2022. The increase is a result of direct costs incurred as part of ROM's operations, both in fees paid to vendors and to consultants. Further, the increase is partly a result of the Company's investment in quality enhancements in its respondent sampling supply in order to differentiate the firm in the data marketplace and win over new customers, as noted earlier in this MD&A.

**(c) Sales and Marketing Expenses**

	Three months ended June 30	
	2023	2022
Personnel costs	\$ 66,781	\$ 142,726
Third party consulting fees	48,523	135,429
Promotion and travel	87,410	26,866
Recruiting fees	33,750	-
	<b>\$ 236,465</b>	<b>\$ 305,021</b>

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Sales and marketing expenses for the second quarter ended June 30, 2023 decreased by 22.4% or \$68,556 compared to the second quarter of 2022. The decrease is primarily as a result of decreased personnel and consulting fees, offset by increased recruitment fees for the hire of a new salesperson, as well as promotional and travel expenses which are categorized as advertising expenses incurred as part of ROM's operations. Management expects personnel costs to increase in this area in subsequent quarters as RIWI ramps up its sales team.

**3. Financial Performance for the three months ended June 30, 2023 and 2022**

RIWI's operating loss before other income/expense items and taxes was \$136,954 for the three months ended June 30, 2023, as compared to a loss of \$726,103 for the same period in 2022, an improvement of \$589,149.

RIWI incurred a net loss of \$162,190 for the three months ended June 30, 2023, as compared to a net loss of \$658,318 for the three months ended June 30, 2022. The decrease in the net loss of \$496,128 is indicative of the Company's revenue growth, cost containment efforts and substantial progress in accelerating its recurring and transactional revenue streams.

The net loss in the second quarter of 2023 was primarily driven by: (i) quality issues in the ROM transactional revenue stream, as noted earlier in this MD&A, which caused increased reconciliations (i.e., revenue reversals) from vendor marketplaces through to the end of May 2023, and (ii) the inconsistency by quarter of project-based revenues, which declined in the second quarter as compared to the first quarter of 2023. An increase in revenue reconciliation decreases revenue but does not decrease the associated cost of revenue to the same extent due to timing differences in the allowable reconciliation periods.

The following is a discussion of the results of operations of the Company for the six months ended June 30, 2023 and 2022.

**1. Revenues**

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Project revenues	\$ 334,405	\$ 341,780	\$ 801,070	\$ 1,232,178
Subscription or recurring revenues	357,782	26,900	669,999	33,900
Transaction revenues	236,228	-	658,586	-
	<b>\$ 928,415</b>	<b>\$ 368,680</b>	<b>\$ 2,129,655</b>	<b>\$ 1,266,078</b>

Revenues are fees that are charged to customers for providing digital surveys, subscriptions to digital data products or transaction fees for matching survey respondents to survey marketplaces. RIWI's revenue for the six months ended June 30, 2023 increased by 68.2% or \$863,577 compared to the six months ended June 30, 2022. The increase was driven by significant growth in subscription and recurring revenues as well as the 2022 acquisition of ROM. The Company remains committed to increasing its customer base, its recurring revenue streams and its transaction revenues, along with focusing on sales activities and building out a sales-focused partnership ecosystem to win new business.

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**2. Operating Expenses****(a) General and Administrative Expenses**

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Personnel costs	\$ 168,361	\$ 155,618	\$ 340,602	\$ 322,965
Director cash compensation	47,854	114,641	94,360	231,792
Consulting and professional fees	123,429	106,619	354,364	203,026
Share-based payment expense	34,668	69,066	130,254	134,918
Occupancy and office costs	63,285	85,646	114,411	164,869
Depreciation	19,291	16,449	42,587	32,973
Foreign exchange gain	(10,201)	4,504	(50,325)	22,304
	\$ 446,687	\$ 552,543	\$ 1,026,253	\$ 1,112,847

General and administrative expenses for the six months ended June 30, 2023 decreased by 7.8% or \$86,594 compared to the six months ended June 30, 2022. The decrease is a result of lower director cash compensation paid to directors, lower occupancy and office costs, which in 2022 included acquisition costs related to ROM, as well as decreased share-based payment expense resulting from a reversal of a previous expense due to the departure of a contractor holding options. These decreases were offset by increased consulting costs and personnel costs.

**(b) Technology Expenses**

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Personnel costs	\$ 40,205	\$ 41,224	\$ 84,192	\$ 87,085
Third party consulting fees	24,657	9,994	56,504	13,107
Project costs	317,355	185,660	741,051	425,713
	\$ 382,217	\$ 236,878	\$ 881,747	\$ 525,905

Technology expenses for the six months ended June 30, 2023 increased by 67.8% or \$355,842 compared to the six months ended June 30, 2022. The increase is a result of direct costs incurred as part of ROM's operations, both in fees paid to vendors and to consultants.

**(c) Sales and Marketing Expenses**

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Personnel costs	\$ 66,781	\$ 142,726	\$ 146,388	\$ 268,999
Third party consulting fees	48,523	135,429	104,757	219,143
Promotion and travel	87,410	26,866	219,744	50,080
Recruiting fees	33,750	-	33,750	49,460
	\$ 236,465	\$ 305,021	\$ 504,640	\$ 587,682

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Sales and marketing expenses for the six months ended June 30, 2023 decreased by 14.1% or \$83,042 compared to the six months ended June 30, 2022. The decrease is primarily as a result of decreased personnel, consulting and recruitment fees, offset by promotional and travel expenses which are categorized as advertising expenses incurred as part of ROM's operations.

**3. Financial Performance for the six months ended June 30, 2023 and 2022**

RIWI's operating loss before other income and expense items and taxes was \$282,985 for the six months ended June 30, 2023, as compared to a loss of \$960,698 for the same period in 2022, an improvement of \$677,713.

RIWI incurred a net loss of \$290,133 for the six months ended June 30, 2023, as compared to a net loss of \$833,099 for the six months ended June 30, 2022. The decrease in the net loss of \$542,966 is indicative of the Company's revenue growth, cost containment efforts and substantial progress in accelerating its recurring and transactional revenue streams.

The net loss in the six months ending June 30, 2023 is primarily driven by the Company's inconsistent ability to generate project revenues as well as by quality issues in the ROM transactional revenue stream which caused increased reconciliations (i.e., revenue reversals) from vendor marketplaces through to the end of May 2023. An increase in revenue reconciliation decreases revenue but does not decrease the associated cost of revenue to the same extent due to timing differences in the allowable reconciliation periods. Furthermore, a one-time bonus of \$134,000 was paid to ROM consultants whose technical efforts led to a substantial increase in ROM revenues in Q1 2023.

**SUMMARY OF QUARTERLY RESULTS:**

This is a summary of selected results for the eight most recently completed quarters to June 30, 2023.

Summary of Quarterly Results (in US Dollars)	2023		2022				2021	
	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30
Revenues	\$ 928,415	\$ 1,201,240	\$ 747,628	\$ 773,674	\$ 368,680	\$ 897,398	\$ 621,705	\$ 1,158,541
Income/(loss) from operations	\$ (136,954)	\$ (146,030)	\$ (394,619)	\$ (375,252)	\$ (725,762)	\$ (234,595)	\$ (472,774)	\$ (17,263)
Net income/(loss)	\$ (162,190)	\$ (127,943)	\$ (537,263)	\$ (320,847)	\$ (657,977)	\$ (174,781)	\$ (473,604)	\$ (173,667)
Net income/(loss) per share:								
basic	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.01)	\$ (0.03)	\$ (0.01)
diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.01)	\$ (0.03)	\$ (0.01)

As noted throughout this MD&A, the Company has enjoyed success in delivering on its 2023 growth strategy arising from expanding its transactional and recurring revenues. The Company continues to build on its strategic transformational process to rely less on project-based revenues and more on annual recurring revenues, transactional revenues and SaaS-based subscription products. RIWI continues to invest in sales and partnership initiatives to ensure long-term growth, strong gross margins and predictable growth.

**LIQUIDITY AND CAPITAL RESOURCES**

As at June 30, 2023, the Company had working capital of \$2,559,983 as compared to working capital of \$2,679,716 as at December 31, 2022, a decrease of \$119,733.

	June 30, 2023	December 31, 2022
Current Assets	\$ 3,091,760	\$ 3,341,645
Current Liabilities	(531,777)	(661,929)
Working Capital	\$ 2,559,983	\$ 2,679,716

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**Contractual Obligations and Commitments**

Until May 31, 2023, the Company's head office shared space with a third-party firm, with the Company responsible for 50% of the monthly lease payments. The lease expired as of May 31, 2023. As of June 1, 2023, the Company entered into a one year membership agreement at a coworking space, with optional month-to-month renewals following the initial term. Under IFRS 16, the Company considers this arrangement to be a short-term lease and as such is expensing the cost monthly.

**CAPITAL STRUCTURE**

- a) **Common Shares:** The Company's authorized share capital consists of an unlimited number of common shares without par value. As of August 23, 2023, the Company has 18,004,428 issued and outstanding common shares (December 31, 2022 - 18,004,428). The closing share price prior to August 23, 2023 was CAD \$0.55 per share.
- b) **Stock Options:** As of August 23, 2023, the Company has 2,762,271 options outstanding (December 31, 2022 - 1,837,917).

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

**RELATED PARTY TRANSACTIONS**

For the three months ended June 30, 2023, the Company provided compensation in the form of salaries and short-term benefits to directors and executives of the Company in the amount of \$193,447 (2022 - \$201,298), and for the six months ended June 30, 2023 in the amount of \$366,352 (2022 - \$463,771). For the three months ended June 30, 2023, the Company recognized share-based payment expenses in the amount of \$58,352 (2022 - \$65,413), and for the six months ended June 30, 2023 in the amount of \$115,963 (2022 - \$130,826) for stock options granted to the directors and executives of the Company. Additionally, Neil Seeman, the Company's founder and a director of the Company, is also acting as a consultant for the Company and the Company incurred cash based compensation of \$7,828 for his consulting services in the three months ended June 30, 2023 (2022 - \$35,564) and \$58,248 for the six months ended June 30, 2023 (2022 - \$87,758).

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

As at June 30, 2023, 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.

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- 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, 2023	46%	21%	30%	3%
December 31, 2022	5%	90%	0%	5%

The following table identifies customers comprising 10% or more of the Company's accounts receivable as at June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Customer A	0%	86%
Customer B	18%	0%
Customer C	14%	0%
Customer D	10%	0%

At each period end, the Company reviews the collectability of outstanding accounts receivable and estimates a credit loss provision. The specific accounts are only written off once all the collection avenues have been explored or when legal bankruptcy has occurred. The Company has a \$nil balance for expected credit losses as at June 30, 2023 and December 31, 2022. The Company recognized \$nil expected credit losses during the three and six months ended June 30, 2023 and June 30, 2022.

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The following table identifies customers comprising 10% or more of the Company's revenue for the six months ended June 30, 2023 and June 30, 2022:

	<b>June 30, 2023</b>	June 30, 2022
Customer A	<b>10%</b>	33%
Customer B	<b>2%</b>	14%
Customer C	<b>0%</b>	13%
Customer D	<b>14%</b>	0%
Customer E	<b>14%</b>	0%
Customer F	<b>10%</b>	7%

**(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 June 30, 2023, CAD\$ financial instruments were converted at a rate of US\$1.00 to CAD\$1.3240. Balances denominated in CAD\$ as at June 30, 2023 were as follows:

	In CAD	Converted to USD
Cash and cash equivalents	\$ 128,722	\$ 97,222
Accounts receivable	\$ 9,106	\$ 6,878
Accounts payable and accrued liabilities	\$ 55,927	\$ 42,241

The estimated impact on net income for the six months ended June 30, 2023 with a +/- 10% change in

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exchange rates is approximately \$8,000 (2022 – \$60,000).

As at June 30, 2023, EUR financial instruments were converted at a rate of EUR \$1.00 to USD \$1.0916. Balances denominated in EUR as at June 30, 2023 were as follows:

	In EUR		Converted to USD	
Cash and cash equivalents	€	45,033	\$	49,158
Accounts receivable	€	295,797	\$	322,892
Accounts payable and accrued liabilities	€	60,876	\$	66,453

(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.

**CRITICAL ACCOUNTING ESTIMATES**

The consolidated financial statements have been prepared in accordance with IFRS. Management makes certain estimates and relies on certain assumptions relating to reporting the Company's assets and liabilities as well as operating results in order to prepare the audited financial statements in conformity with IFRS. On an ongoing basis, the Company evaluates its estimates and assumptions including those related to revenue, the estimation of useful lives of the various classes of capital assets, the valuation of assets acquired in business combinations, stock-based compensation expense, and the measurement of deferred income tax assets. Actual results could differ from those estimates, which are as follows:

- The estimation of useful lives of the various classes of capital assets is based upon history and experience of similar assets within each class.
- The Company estimates the value of the assets acquired in the business combinations on the basis of fair value to the ongoing operations of the acquired business.
- The fair value of stock options is based on certain estimates applied to the Black-Scholes option pricing model as disclosed in the Company's financial statements.
- The measurement of the income tax valuation allowance is based upon estimates of future taxable income and the expected timing of reversals of temporary differences.

**RECENT ACCOUNTING PRONOUNCEMENTS**

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