

SNIPP INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars unless otherwise noted)
(Unaudited)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim consolidated financial statements for the period ended September 30, 2021.

SNIPP INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in U.S. Dollars)

(Unaudited)

As at

		September 30, 2021	December 31, 2020
ASSETS			
Current			
Cash	(Note 3)	\$ 1,570,996	\$ 1,916,047
Accounts receivable, net of expected credit loss of \$60,875 (2020 - \$60,875)		1,866,026	1,244,028
Deposits, prepaid expenses and other assets		630,766	420,964
		<u>4,067,788</u>	<u>3,581,039</u>
Equipment	(Note 5)	17,984	17,527
Intangible assets	(Note 6)	2,348,986	2,674,796
		<u>\$ 6,434,758</u>	<u>\$ 6,273,362</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		\$ 2,883,002	\$ 2,740,289
Deferred revenue		1,734,648	1,739,940
Due to related parties	(Note 7)	13,375	19,468
Loan - Payroll Protection Program	(Note 12)	-	294,400
		<u>4,631,025</u>	<u>4,794,097</u>
Shareholders' equity			
Common shares	(Note 8)	29,633,457	29,621,734
Warrants	(Note 8)	421,796	421,796
Contributed surplus	(Note 8)	5,479,971	5,394,667
Deficit		(32,456,593)	(32,836,750)
Accumulated other comprehensive loss		(1,274,898)	(1,122,182)
		<u>1,803,733</u>	<u>1,479,265</u>
		<u>\$ 6,434,758</u>	<u>\$ 6,273,362</u>

Approved and authorized by the Board of Directors on November 1, 2021.

"Atul Sabharwal" Director
Atul Sabharwal

"Sarfaraz Haji" Director
Sarfaraz Haji

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

SNIPP INTERACTIVE INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in U.S. Dollars)

(Unaudited)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
REVENUE	\$ 5,416,976	\$ 2,132,521	\$ 11,007,208	\$ 6,511,414
EXPENSES				
Salaries and compensation (Note 7)	1,396,070	1,306,782	4,236,481	3,792,091
General and administrative	140,468	101,887	403,411	384,022
Campaign infrastructure	3,315,600	568,374	4,967,954	1,895,844
Professional fees	9,946	36,734	135,474	223,128
Marketing and investor relations	71,158	11,752	165,317	17,224
Travel	3,147	24	3,782	12,564
Bad debt expense	-	-	-	-
Amortization of intangibles (Note 6)	282,757	331,493	888,867	1,256,788
Depreciation of equipment (Note 5)	1,836	3,417	5,651	13,690
Share-based payments (Note 8)	30,440	11,810	85,304	45,934
	<u>5,251,422</u>	<u>2,372,273</u>	<u>10,892,241</u>	<u>7,641,285</u>
Net income (loss) before interest, foreign exchange, other income and taxes	165,554	(239,752)	114,967	(1,129,871)
Interest income (expense)	-	(2,997)	7,018	(12,489)
Foreign exchange loss	(26,893)	(670)	(41,089)	(11,819)
Other income (Note 12)	-	32,451	318,009	100,696
Net income (loss) before tax provision	138,661	(210,968)	398,905	(1,053,483)
Provision for taxes	(792)	(655)	(18,748)	(28,847)
Net income (loss) for the period	137,869	(211,623)	380,157	(1,082,330)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to loss				
Cumulative translation adjustment	(33,754)	64,693	(152,716)	252
Comprehensive income (loss) for the period	\$ 104,115	\$ (146,930)	\$ 227,441	\$ (1,082,078)
Basic and diluted income (loss) per common share	\$ 0.00	\$ (0.00)	\$ 0.00	\$ (0.00)
Weighted average number of common shares outstanding – basic	234,871,854	230,026,223	234,844,483	227,460,741
Weighted average number of common shares outstanding – diluted	247,470,687	238,158,043	247,443,316	238,158,043

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

SNIPP INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

(Unaudited)

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	\$ 380,157	\$ (1,082,330)
Items not involving cash:		
Amortization of intangibles	888,867	1,256,788
Depreciation of equipment	5,651	13,690
Share-based payments	85,304	45,934
Other income	(294,400)	-
Changes in non-cash working capital items:		
Accounts receivable	(621,998)	(370,387)
Deposits, prepaid expenses and other assets	(209,802)	77,972
Accounts payable and accrued liabilities	142,713	241,595
Deferred revenue	(5,292)	629,050
Due to related parties	(6,093)	(16,598)
Net cash flows generated by (used in) operating activities	<u>365,107</u>	<u>795,714</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to equipment	(6,264)	(9,439)
Additions to intangible assets	(604,792)	(565,825)
Net cash flows used in investing activities	<u>(611,056)</u>	<u>(575,264)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from options exercised	11,723	-
Proceeds from Payroll Protection Program loan	-	294,400
Net cash flows provided by financing activities	<u>11,723</u>	<u>294,400</u>
Effect of exchange rate changes on cash	<u>(110,825)</u>	<u>6,625</u>
Change in cash for the period	(345,051)	521,475
Cash and cash equivalents, beginning of period	<u>1,916,047</u>	<u>848,719</u>
Cash and cash equivalents, end of period	<u>\$ 1,570,996</u>	<u>\$ 1,370,194</u>

Supplemental disclosure regarding cash flows (Note 9)

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

SNIPP INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in U.S. Dollars)

(Unaudited)

	Common Shares	Amount	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
Balance, December 31, 2019	226,163,904	\$ 29,523,285	\$ 421,796	\$ 5,279,305	\$ (1,296,566)	\$ (31,513,819)	\$ 2,414,001
Debt settlement	8,666,667	98,449	-	-	-	-	98,449
Share-based payments	-	-	-	45,934	-	-	45,934
Cumulative translation adjustment	-	-	-	-	252	-	252
Net loss for the period	-	-	-	-	-	(1,082,330)	(1,082,330)
Balance, September 30, 2020	234,830,571	\$ 29,621,734	\$ 421,796	\$ 5,325,239	\$ (1,296,314)	\$ (32,596,149)	\$ 1,476,306
Share-based payments	-	-	-	69,428	-	-	69,428
Cumulative translation adjustment	-	-	-	-	174,132	-	174,132
Net loss for the period	-	-	-	-	-	(240,601)	(240,601)
Balance, December 31, 2020	234,830,571	\$ 29,621,734	\$ 421,796	\$ 5,394,667	\$ (1,122,182)	\$ (32,836,750)	\$ 1,479,265
Stock options exercised	211,000	11,723	-	-	-	-	11,723
Share-based payments	-	-	-	85,304	-	-	85,304
Cumulative translation adjustment	-	-	-	-	(152,716)	-	(152,716)
Net loss for the period	-	-	-	-	-	380,157	380,157
Balance, September 30, 2021	235,041,571	\$ 29,633,457	\$ 421,796	\$ 5,479,971	\$ (1,274,898)	\$ (32,456,593)	\$ 1,803,733

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

SNIPP INTERACTIVE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

(Unaudited)

September 30, 2021

1 NATURE OF OPERATIONS

Snipp Interactive Inc. (the “Company” or “Snipp”) was incorporated under the *Business Corporations Act* (British Columbia) on January 21, 2010 and its business is to provide a full suite of mobile marketing, rebates and loyalty solutions in the US, Canada and internationally.

Unless otherwise indicated in these condensed interim consolidated financial statements, references to “\$” are to U.S. dollars.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business.

The registered address, head office, principal address and records office of the Company are located at Suite 1700, 666 Burrard Street, Vancouver, British Columbia, V6C 2X8, Canada.

The condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on November 1, 2021.

The Company has a working capital deficiency of \$563,237 (December 31, 2020: \$1,213,058), net income of \$380,157, accumulated deficit of \$32,456,593 and positive cash flows from operations of \$365,107. Management is of the opinion that sufficient working capital is available from its accounts receivable line of credit and will be obtained from operations to meet the Company's liabilities and commitments as they come due for the next twelve months.

2 SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (IAS 34), as issued by the International Accounting Standards Board (IASB). These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company’s audited annual consolidated financial statements as at and for the year ended December 31, 2020 (December 31, 2020 consolidated financial statements) filed on SEDAR on April 30, 2021. All defined terms used herein are consistent with those terms defined in the December 31, 2020 consolidated financial statements.

Basis of presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned legal subsidiaries Snipp Interactive Inc., which was incorporated in Delaware, USA, Snipp Interactive (India) Private Limited, which was incorporated in India, Snipp Interactive Limited (formerly Swiss Post Solutions Ireland Limited), which was incorporated in Ireland, Snipp Interactive AG, which was incorporated in Switzerland, Hip Digital, Inc., which was incorporated in Delaware, USA and Hip Digital Media Inc., which was incorporated in British Columbia, Canada. All material inter-company balances and transactions have been eliminated.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Critical judgement and accounting estimates

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported expenses during the period. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period relate to provisions for receivables, depreciation, impairment testing, determining the fair value of identifiable assets acquired and liabilities assumed in a business combination, determining the risk free rate of return, expected volatility and future market conditions when calculating the fair value of stock options and warrants, and determining fair values of financial instruments. Actual results could differ from these estimates due to the underlying uncertainty that could result in a material adjustment to the carrying amounts of assets, liabilities, and equity in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The recoverability of accounts receivable and the expected credit loss allowance that are included in the consolidated statements of financial position are based on historical collection and anticipated credit risk of customers.
- ii) The inputs used in accounting for share-based payments expense included in profit and loss calculated using the Black-Scholes option pricing model (Note 8).
- iii) The carrying value of intangible assets (capitalized software platform, customer relationships and intellectual property) that are included in the consolidated statements of financial position are based on management assessments of the recoverable amount of the asset. As well, management estimates on the capitalized costs that are directly attributable to the development of the intangible asset (Note 6).
- iv) The purchase price allocation corresponding to completed acquisitions.

Revenue from contracts with customers

The Company provides a full suite of promotions-related marketing services in the US, Canada and internationally, and generates revenue by designing, constructing, implementing and managing these promotions marketing services for its customers. IFRS 15 requires a single, principles-based, five-step model for the recognition of revenue when control of goods is transferred to the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help users better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Arrangements with multiple deliverables

Many of the Company's arrangements with customers include multiple performance obligations such as campaign development and campaign management which are delivered at varying times. In these cases, the Company treats the delivered items as separate performance obligations of accounting if they have value to the customer on a stand-alone basis and, where the arrangement includes a general right of return relative to the delivered item, delivery or performance of undelivered items is considered probable and substantially in the Company's control. The Company allocates the total arrangement consideration to all performance obligations using its best estimate of their relative fair value, since vendor-specific objective or third-party evidence of the selling price is generally unavailable. It then recognizes revenue on the different performance obligations in accordance with the policies set out above.

SNIPP INTERACTIVE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

(Unaudited)

September 30, 2021

3 CASH

	September 30, 2021	December 31, 2020
Cash on deposit	\$ 1,570,996	\$ 1,916,047
Total	\$ 1,570,996	\$ 1,916,047

4 SEGMENTED INFORMATION

IFRS 8 “Operating Segments” defines an operating segment as i) a component of an entity that engages in business activities from which it may earn revenues and incur expenses; ii) whose operating results are regularly reviewed by the entity’s chief operating decision maker (the Company’s CEO) to make decisions about resources to be allocated to the segment and to assess its performance; and iii) for which discrete financial information is available.

The Company’s management and chief operating decision maker reviews performance of the Company on a consolidated basis and has integrated its products and services as one operating segment, which provides a full suite of mobile marketing and loyalty services in the United States, Ireland and internationally.

Geographic information

The Company has one operating segment, which provides a full suite of mobile marketing and loyalty services in the United States, Ireland and internationally.

For the Company’s geographically segmented non-current assets (equipment and intangible assets), the Company has allocated based on location of assets as follows:

	September 30, 2021	December 31, 2020
United States	\$ 468,204	\$ 462,741
Ireland	813,771	914,425
International	1,084,995	1,315,157
Total	\$ 2,366,970	\$ 2,692,323

For the Company’s geographically segmented revenue, the Company has allocated revenue based on the location of the customer, as follows:

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
United States	\$ 2,996,881	\$ 1,815,225	\$ 7,711,258	\$ 5,581,499
Ireland	211,265	124,375	574,898	472,769
International	2,208,830	192,921	2,721,052	457,146
Total	\$ 5,416,976	\$ 2,132,521	\$ 11,007,208	\$ 6,511,414

SNIPP INTERACTIVE INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
(Unaudited)
September 30, 2021

5 EQUIPMENT

September 30, 2021										
	Opening cost balance	Additions	Impairment	Disposals	Closing cost balance	Opening accumulated depreciation	Depreciation during the period	Closing depreciation balance	Accumulated Foreign exchange adjustment	Net book value
Office Equipment	\$ 18,026	\$ -	\$ -	\$ -	\$ 18,026	\$ 17,880	\$ 146	\$ 18,026	\$ -	\$ -
Computer Equipment	212,266	6,264	-	-	218,530	194,546	5,505	200,051	(495)	17,984
	\$ 230,292	\$ 6,264	\$ -	\$ -	\$ 236,556	\$ 212,426	\$ 5,651	\$ 218,077	\$ (495)	\$ 17,984

December 31, 2020										
	Opening cost balance	Additions	Impairment	Disposals	Closing cost balance	Opening accumulated depreciation	Depreciation during the period	Closing depreciation balance	Accumulated Foreign exchange adjustment	Net book value
Office Equipment	\$ 18,026	\$ -	\$ -	\$ -	\$ 18,026	\$ 16,816	\$ 1,064	\$ 17,880	\$ -	\$ 146
Computer Equipment	193,572	18,694	-	-	212,266	172,866	21,680	194,546	(339)	17,381
	\$ 211,598	\$ 18,694	\$ -	\$ -	\$ 230,292	\$ 189,682	\$ 22,744	\$ 212,426	\$ (339)	\$ 17,527

6 INTANGIBLE ASSETS

September 30, 2021										
	Opening cost balance	Additions	Impairment	Disposals	Closing cost balance	Opening accumulated amortization	Amortization during the period	Closing amortization balance	Accumulated Foreign exchange adjustment	Net book value
Software platform	\$ 7,134,584	\$ 604,792	\$ -	\$ -	\$ 7,739,376	\$ 4,915,219	\$ 810,117	\$ 5,725,336	\$ 122,255	\$ 2,136,295
Intellectual property	3,020,000	-	-	-	3,020,000	2,731,294	78,750	2,810,044	2,735	212,691
Customer relationships	1,195,000	-	-	-	1,195,000	1,195,000	-	1,195,000	-	\$ -
Music label contracts	898,407	-	-	-	898,407	898,407	-	898,407	-	-
	\$ 12,247,991	\$ 604,792	\$ -	\$ -	\$ 12,852,783	\$ 9,739,920	\$ 888,867	\$ 10,628,787	\$ 124,990	\$ 2,348,986

December 31, 2020										
	Opening cost balance	Additions	Impairment	Disposals	Closing cost balance	Opening accumulated amortization	Amortization during the period	Closing amortization balance	Accumulated Foreign exchange adjustment	Net book value
Software platform	\$ 6,375,555	\$ 759,029	\$ -	\$ -	\$ 7,134,584	\$ 3,720,781	\$ 1,194,438	\$ 4,915,219	\$ 165,918	\$ 2,385,283
Intellectual property	3,020,000	-	-	-	3,020,000	2,430,828	300,466	2,731,294	807	289,513
Customer relationships	1,195,000	-	-	-	1,195,000	1,111,117	83,883	1,195,000	-	\$ -
Music label contracts	898,407	-	-	-	898,407	898,407	-	898,407	-	-
	\$ 11,488,962	\$ 759,029	\$ -	\$ -	\$ 12,247,991	\$ 8,161,133	\$ 1,578,787	\$ 9,739,920	\$ 166,725	\$ 2,674,796

SNIPP INTERACTIVE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

(Unaudited)

September 30, 2021

7 RELATED PARTY TRANSACTIONS

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the Chief Legal Officer and the Chief Technology Officer. The aggregate compensation paid, or payable, to key management personnel during the three months ended September 30, 2021 and 2020 were \$186,770 and \$190,057, respectively. The aggregate compensation paid, or payable, to key management personnel during the nine months ended September 30, 2021 and 2020 were \$561,258 and \$607,381, respectively. At September 30, 2021, \$13,375 was due to officers and directors (December 31, 2020 - \$19,468). The amounts due to related parties represent unpaid salaries and compensation and unpaid reimbursable expenses. The amounts are non-interest bearing, unsecured and have no specified terms of repayment.

8 CAPITAL STOCK

Authorized

Unlimited common shares, without par value

Unlimited preferred shares, without par value, issuable in series:

Unlimited Series 1 voting preferred shares, without par value, redeemable at C\$0.0001 per share

Share issuances

On August 21, 2020, the Company completed a shares for debt transaction to settle the aggregate of \$98,449 (C\$130,000) in indebtedness of the Company to four officers, two directors and five employees through the issuance of 8,666,667 common shares of the Company (the "Settlement Shares") at a fair value of C\$0.015 per Settlement Share (the "Debt Settlement").

Stock options

On December 3, 2020, disinterested shareholders approved and the Company adopted an amended fixed number incentive stock option plan which was previously approved on October 26, 2018 (the "Option Plan") which provides that a committee of the Board of Directors appointed in accordance with the Option Plan (the "Committee") may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers and consultants of the Company, non-transferable options to purchase common shares ("Options"), reserving 46,966,114 shares, being 20% of the Company's issued and outstanding shares as at December 3, 2020. Such Options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms are determined at the time of grant by the Committee.

During the period ended September 30, 2021, the Company recognized share-based payments expense of \$85,304 corresponding to the vesting of stock options that were granted during current and prior periods. During the period ended September 30, 2020, the Company recognized share-based payments expense of \$45,934 corresponding to the vesting of stock options that were granted in prior years. 4,933,805 options granted remain to be vested in future periods.

Stock option activity is presented below:

	Number of Options	Weighted Average Exercise Price C\$
Outstanding, December 31, 2019	12,080,639	0.22
Cancelled	(525,501)	0.24
Granted	6,285,000	0.05
Expired	(2,803,258)	0.42
Outstanding, December 31, 2020	15,036,880	0.11
Cancelled	(1,174,167)	0.10
Granted	600,000	0.13
Exercised	(211,000)	0.07
Expired	(1,652,880)	0.38
Outstanding, September 30, 2021	12,598,833	0.07

SNIPP INTERACTIVE INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Unaudited)

September 30, 2021

8 CAPITAL STOCK (cont'd...)**Stock options (cont'd...)**

The weighted average remaining life of the stock options outstanding is 2.62 years as at September 30, 2021. As at September 30, 2021, the following stock options are outstanding and exercisable:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price C\$	Expiry Date
30,000	30,000	\$0.15	15-Dec-21
2,502,000	2,502,000	\$0.10	13-Jun-22 to 16-Jun-22
250,000	250,000	\$0.065	14-Sep-23
3,526,000	2,350,667	\$0.10	26-Oct-23
328,333	109,444	\$0.05	08-Jun-25
500,000	166,667	\$0.05	31-Aug-25
500,000	-	\$0.05	01-Oct-25
4,362,500	2,181,250	\$0.05	07-Dec-25 to 08-Dec-25
600,000	75,000	\$0.13	20-Apr-26
12,598,833	7,665,028		

SNIPP INTERACTIVE INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Unaudited)

September 30, 2021

9 SUPPLEMENTAL DISCLOSURE REGARDING CASH FLOWS

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Cash paid during the period for interest	7,018	(12,489)
Cash paid during the period for income taxes	(18,748)	(28,847)

10 CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

11 COMMITMENT

The Company has leased office space in Ireland. The remaining term of the lease is 2.58 years. Future remaining minimum lease payments as at September 30, 2021 are as follows:

2021	\$	7,979
2022		31,918
2023		31,918
2024		10,639
	\$	<u>82,454</u>

12 GOVERNMENT LOAN AND SUBSIDY FUNDS

The Company has received funds under two programs, each designed to support American and Canadian small businesses in keeping their workforces employed during the COVID-19 crisis.

During the period ended December 31, 2020, the Company's wholly owned United States subsidiary received a one-time loan of \$294,400 from the United States' Small Business Administration ("SBA") under the Payroll Protection Program ("PPP") of the CARES Act. During the period ended September 30, 2021, the SBA has forgiven the \$294,400 loan amount.

The Company has also received funds from the Canadian Emergency Wage Subsidy ("CEWS") program totaling \$23,609 (C\$ 29,975) and has recognized the amounts received as other income in the statements of operations during the period ended September 30, 2021.

SNIPP INTERACTIVE INC.

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(Unaudited)

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13 FINANCIAL INSTRUMENTS

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, accounts receivable excluding sales tax, due to related parties, accounts payable and accrued liabilities and loans approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and accounts receivable excluding sales tax. The Company places its cash with major financial institutions to limit risk from cash. The maximum exposure to credit risk is equal to the fair value or carrying value of the related financial assets. The Company's receivables consist of amounts due from customers. Some customers settle their accounts past normal trade terms and in cases where amounts become uncollectible the Company recognizes bad debt expense to write off the uncollectible amounts. At September 30, 2021, the Company had \$306,326 (December 31, 2020 - \$373,188) in amounts due from customers greater than 90 days and during the period ended September 30, 2021 the Company recognized bad debt expense of \$nil (2020 - \$nil).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. Management is of the opinion that sufficient working capital is available from its financings and will be obtained from operations to meet the Company's liabilities and commitments as they come due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company announced on May 31, 2018 that it secured a two-million-dollar credit facility with Bridge Bank. The credit facility is an accounts receivable line of credit to provide the Company with additional working capital and is secured by the Company's accounts receivable and intellectual property, consisting of all recognized and unrecognized intangible assets. As at September 30, 2021, the Company had a zero balance on the credit facility. The credit facility bears interest at prime plus 1.75%. During the period ended September 30, 2021, the Company incurred \$nil in interest expense, during the period ended September 30, 2020, the Company incurred \$12,489 in interest expense.

SNIPP INTERACTIVE INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in U.S. Dollars)

(Unaudited)

September 30, 2021

13 FINANCIAL INSTRUMENTS (cont'd...)*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. Such fluctuations may be significant.

a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant. A plus or minus 1% change in interest rates would affect profit or loss by approximately \$nil (2020 - \$nil).

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, accounts payable and accrued liabilities that are denominated in a foreign currency. As at September 30, 2021, the Company held cash as well as accounts payable and accrued liabilities denominated in the Canadian dollar, European Euro, Swiss Franc, and Indian Rupee and considers foreign currency risk low. The majority of the Company's foreign currency amounts are held in Canadian dollars. A plus or minus 1% change in Canadian foreign exchange rates would affect profit or loss and comprehensive profit or loss by less than \$5,000 (2020 - \$5,000).

The following table summarizes the Company's exposure to the Canadian currency:

	September 30, 2021 C\$	December 31, 2020 C\$
Cash	490,036	176,832
Accounts receivable	763,103	253,767
Accounts payable and accrued liabilities	(1,231,795)	(877,943)
Total	21,345	(447,344)