

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, 2022

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, 2022.

SNIPP INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in U.S. Dollars)

(Unaudited)

As at

| | | September 30, 2022 | December 31, 2021 |
|--|-----------|--------------------|-------------------|
| ASSETS | | | |
| Current | | | |
| Cash | (Note 3) | \$ 5,535,297 | \$ 1,744,618 |
| Accounts receivable, net of expected credit loss of \$60,875 (2021 - \$60,875) | | 3,508,820 | 2,236,602 |
| Deposits, prepaid expenses and other assets | | 707,280 | 908,654 |
| | | 9,751,397 | 4,889,874 |
| Advances | (Note 14) | | 300,000 |
| Equipment | (Note 5) | 18,881 | 19,116 |
| Intangible assets | (Note 6) | 2,542,837 | 2,243,955 |
| Goodwill | (Note 14) | 3,666,363 | - |
| | | \$ 15,979,478 | \$ 7,452,945 |

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

| | | | |
|--|----------|--------------|--------------|
| Accounts payable and accrued liabilities | | \$ 2,638,680 | \$ 1,954,041 |
| Deferred revenue | | 1,831,322 | 1,933,165 |
| Due to related parties | (Note 7) | 11,264 | 3,181 |
| | | 4,481,266 | 3,890,387 |

Shareholders' equity

| | | | |
|--------------------------------------|----------|---------------|--------------|
| Common shares | (Note 8) | 38,354,754 | 29,655,367 |
| Warrants | (Note 8) | 421,796 | 421,796 |
| Contributed surplus | (Note 8) | 5,898,200 | 5,484,624 |
| Deficit | | (31,172,257) | (30,703,864) |
| Accumulated other comprehensive loss | | (2,004,281) | (1,295,365) |
| | | 11,498,212 | 3,562,558 |
| | | \$ 15,979,478 | \$ 7,452,945 |

Nature of operations (Note 1)

Commitments (Note 11)

Approved and authorized by the Board of Directors on November 29, 2022.

"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, 2022 | Three Months Ended September 30, 2021 | Nine Months Ended September 30, 2022 | Nine Months Ended September 30, 2021 |
|--|---|---|--|--|
| REVENUE | \$ 7,936,073 | \$ 5,416,976 | \$ 17,616,434 | \$ 11,007,208 |
| EXPENSES | | | | |
| Salaries and compensation (Note 7) | 1,787,490 | 1,396,070 | 4,956,310 | 4,236,481 |
| General and administrative | 286,303 | 140,468 | 816,695 | 403,411 |
| Campaign infrastructure | 5,244,894 | 3,315,600 | 10,372,760 | 4,967,954 |
| Professional fees | 1,705 | 9,946 | 130,170 | 135,474 |
| Marketing and investor relations | 322,125 | 71,158 | 579,949 | 165,317 |
| Travel | 13,016 | 3,147 | 44,360 | 3,782 |
| Amortization of intangibles (Note 6) | 263,311 | 282,757 | 813,565 | 888,867 |
| Depreciation of equipment (Note 5) | 2,320 | 1,836 | 6,788 | 5,651 |
| Share-based payments (Note 8) | 159,660 | 30,440 | 511,651 | 85,304 |
| | <u>8,080,824</u> | <u>5,251,422</u> | <u>18,232,248</u> | <u>10,892,241</u> |
| Net income (loss) before interest, foreign exchange, other income and taxes | (144,751) | 165,554 | (615,814) | 114,967 |
| Interest income | 22,856 | - | 32,526 | 7,018 |
| Foreign exchange gain (loss) | 36,993 | (26,893) | 143,829 | (41,089) |
| Other income (Note 12) | - | - | - | 318,009 |
| Net income (loss) before tax provision | (84,902) | 138,661 | (439,459) | 398,905 |
| Provision for taxes | - | (792) | (28,934) | (18,748) |
| Net income (loss) for the period | (84,902) | 137,869 | (468,393) | 380,157 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Items that may be reclassified subsequently to loss | | | | |
| Cumulative translation adjustment | (437,437) | (33,754) | (708,916) | (152,716) |
| Comprehensive income (loss) for the period | \$ (522,339) | \$ 104,115 | \$ (1,177,309) | \$ 227,441 |
| Basic and diluted income (loss) per common share | \$ (0.00) | \$ 0.00 | \$ (0.00) | \$ 0.00 |
| Weighted average number of common shares outstanding – basic | 282,337,829 | 234,871,854 | 268,394,155 | 234,844,483 |
| Weighted average number of common shares outstanding – diluted | 304,822,163 | 247,470,687 | 290,878,489 | 247,443,316 |

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, 2022 | Nine Months Ended September 30, 2021 |
|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) for the period | \$ (468,393) | \$ 242,288 |
| Items not involving cash: | | |
| Amortization of intangibles | 813,565 | 606,110 |
| Depreciation of equipment | 6,788 | 3,815 |
| Share-based payments | 511,651 | 54,864 |
| Other income | - | (294,400) |
| Changes in non-cash working capital items: | | |
| Accounts receivable | (1,272,118) | (220,822) |
| Deposits, prepaid expenses and other assets | 219,220 | (10,917) |
| Accounts payable and accrued liabilities | 526,904 | 309,237 |
| Deferred revenue | (488,746) | 173,706 |
| Due to related parties | 8,083 | 2,983 |
| Net cash flows generated by (used in) operating activities | <u>(143,046)</u> | <u>866,864</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net cash acquired on acquisition of Gambit | 10,329 | - |
| Additions to equipment | (7,584) | (3,490) |
| Additions to intangible assets | (658,502) | (407,409) |
| Net cash flows used in investing activities | <u>(655,757)</u> | <u>(410,899)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from common shares issued | 5,000,000 | - |
| Proceeds from options exercised | 121,312 | - |
| Net cash flows provided by financing activities | <u>5,121,312</u> | <u>-</u> |
| Effect of exchange rate changes on cash | <u>(531,830)</u> | <u>(125,995)</u> |
| Change in cash for the period | 3,790,679 | 329,970 |
| Cash and cash equivalents, beginning of period | <u>1,744,618</u> | <u>1,916,047</u> |
| Cash and cash equivalents, end of period | <u>\$ 5,535,297</u> | <u>\$ 2,246,017</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, 2020 | 234,830,571 | \$ 29,621,734 | \$ 421,796 | \$ 5,394,667 | \$ (1,122,182) | \$ (32,836,750) | \$ 1,479,265 |
| Share-based payments | - | - | - | 54,864 | - | - | 54,864 |
| Cumulative translation adjustment | - | - | - | - | (118,962) | - | (118,962) |
| Net loss for the period | - | - | - | - | - | 380,157 | 380,157 |
| Balance, September 30, 2021 | 234,830,571 | \$ 29,621,734 | \$ 421,796 | \$ 5,449,531 | \$ (1,241,144) | \$ (32,456,593) | \$ 1,795,324 |
| Stock options exercised | 387,667 | 33,633 | - | (14,000) | - | - | 19,633 |
| Share-based payments | - | - | - | 49,093 | - | - | 49,093 |
| Cumulative translation adjustment | - | - | - | - | (54,221) | - | (54,221) |
| Net income for the period | - | - | - | - | - | 1,752,729 | 1,752,729 |
| Balance, December 31, 2021 | 235,218,238 | \$ 29,655,367 | \$ 421,796 | \$ 5,484,624 | \$ (1,295,365) | \$ (30,703,864) | \$ 3,562,558 |
| Stock options exercised | 1,594,666 | 219,387 | - | (98,075) | - | - | 121,312 |
| Share-based payments | - | - | - | 511,651 | - | - | 511,651 |
| Gambit acquisition shares issued | 20,524,925 | 3,480,000 | - | - | - | - | 3,480,000 |
| Private placement shares issued | 25,000,000 | 5,000,000 | - | - | - | - | 5,000,000 |
| Cumulative translation adjustment | - | - | - | - | (708,916) | - | (708,916) |
| Net loss for the period | - | - | - | - | - | (468,393) | (468,393) |
| Balance, September 30, 2022 | 282,337,829 | \$ 38,354,754 | \$ 421,796 | \$ 5,898,200 | \$ (2,004,281) | \$ (31,172,257) | \$ 11,498,212 |

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, 2022

1 NATURE OF OPERATIONS

Snipp Interactive Inc. (the “Company” or “Snipp”), a reporting issuer listed on the TSX Venture Exchange (“TSX-V”) trading under the symbol SPN.V, 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 29, 2022.

The Company has working capital of \$5,270,131 (December 31, 2021: \$999,487), net loss of \$468,393, accumulated deficit of \$31,172,257 and negative cash flows from operations of \$143,046. Management is of the opinion that sufficient working capital is available 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, 2021 (December 31, 2021 consolidated financial statements) filed on SEDAR on May 2, 2022. All defined terms used herein are consistent with those terms defined in the December 31, 2021 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, which was incorporated in Ireland, Snipp Interactive AG, which was incorporated in Switzerland. 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, 2022

3 CASH

| | September 30, 2022 | December 31, 2021 |
|-----------------|-----------------------|----------------------|
| Cash on deposit | \$ 5,535,297 | \$ 1,744,618 |
| Total | \$ 5,535,297 | \$ 1,744,618 |

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, Canada, 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, Canada, Ireland and internationally.

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

| | September 30, 2022 | December 31, 2021 |
|---------------|-----------------------|----------------------|
| United States | \$ 1,034,320 | \$ 469,065 |
| Canada | 4,463,355 | 1,009,687 |
| Ireland | 722,403 | 776,207 |
| International | 8,003 | 8,112 |
| Total | \$ 6,228,081 | \$ 2,263,071 |

For the Company’s geographically segmented revenue, the Company has allocated revenue based on the location

| | Three Months Ended September 30, 2022 | Three Months Ended September 30, 2021 | Nine Months Ended September 30, 2022 | Nine Months Ended September 30, 2021 |
|---------------|--|--|---|---|
| United States | \$ 7,144,062 | \$ 2,996,881 | \$ 14,517,514 | \$ 7,711,258 |
| Canada | 545,707 | 2,153,234 | 2,191,057 | 2,544,109 |
| Ireland | 169,932 | 211,265 | 590,575 | 574,898 |
| International | 76,712 | 55,596 | 317,628 | 176,943 |
| Total | \$ 7,936,413 | \$ 5,416,976 | \$ 17,616,774 | \$ 11,007,208 |

SNIPP INTERACTIVE INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
(Unaudited)
September 30, 2022

5 EQUIPMENT

September 30, 2022

| | 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 | \$ 18,026 | \$ - | \$ 18,026 | \$ - | \$ - |
| Computer Equipment | 221,599 | 7,584 | - | - | 229,183 | 201,986 | 6,788 | 208,774 | (1,528) | 18,881 |
| | \$ 239,625 | \$ 7,584 | \$ - | \$ - | \$ 247,209 | \$ 220,012 | \$ 6,788 | \$ 226,800 | \$ (1,528) | \$ 18,881 |

December 31, 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 | 9,333 | - | - | 221,599 | 194,546 | 7,440 | 201,986 | (497) | 19,116 |
| | \$ 230,292 | \$ 9,333 | \$ - | \$ - | \$ 239,625 | \$ 212,426 | \$ 7,586 | \$ 220,012 | \$ (497) | \$ 19,116 |

6 INTANGIBLE ASSETS

September 30, 2022

| | 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 | \$ 7,920,633 | \$ 658,502 | \$ - | \$ - | \$ 8,579,135 | \$ 5,969,784 | \$ 667,421 | \$ 6,637,205 | \$ (60,858) | \$ 1,881,072 |
| Intellectual property | 3,020,000 | 630,000 | - | - | 3,650,000 | 2,836,294 | 146,144 | 2,982,438 | (5,797) | 661,765 |
| Customer relationships | 1,195,000 | - | - | - | 1,195,000 | 1,195,000 | - | 1,195,000 | - | - |
| | \$ 12,135,633 | \$ 1,288,502 | \$ - | \$ - | \$ 13,424,135 | \$ 10,001,078 | \$ 813,565 | \$ 10,814,643 | \$ (66,655) | \$ 2,542,837 |

December 31, 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 | \$ 786,049 | \$ - | \$ - | \$ 7,920,633 | \$ 4,915,219 | \$ 1,054,565 | \$ 5,969,784 | \$ 106,276 | \$ 2,057,125 |
| Intellectual property | 3,020,000 | - | - | - | 3,020,000 | 2,731,294 | 105,000 | 2,836,294 | 3,124 | 186,830 |
| Customer relationships | 1,195,000 | - | - | - | 1,195,000 | 1,195,000 | - | 1,195,000 | - | - |
| | \$ 11,349,584 | \$ 786,049 | \$ - | \$ - | \$ 12,135,633 | \$ 8,841,513 | \$ 1,159,565 | \$ 10,001,078 | \$ 109,400 | \$ 2,243,955 |

SNIPP INTERACTIVE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

(Unaudited)

September 30, 2022

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, the Chief Technology Officer and the Chief Operating Officer. The aggregate compensation paid, or payable, to key management personnel during the three months ended September 30, 2022 and 2021 were \$234,395 and \$186,770, respectively. The aggregate compensation paid, or payable, to key management personnel during the nine months ended September 30, 2022 and 2021 were \$728,918 and \$561,258, respectively.

At September 30, 2022, \$11,264 was due to officers and directors (December 31, 2021 - \$3,181). 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

Stock options

On December 30, 2021, disinterested shareholders approved and the Company adopted an amended fixed number incentive stock option plan which was previously approved on December 3, 2020 (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 47,043,647 shares, being 20% of the Company's issued and outstanding shares as at December 30, 2021. 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, 2022, the Company recognized share-based payments expense of \$511,651 corresponding to the vesting of stock options that were granted during current and prior years. 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 in prior years. 7,736,111 options granted remain to be vested in future periods.

Stock option activity is presented below:

| | Number of | Weighted Average |
|---------------------------------|------------------|-------------------------|
| | Options | Exercise Price |
| | | C\$ |
| Outstanding, December 31, 2020 | 15,036,880 | 0.11 |
| Cancelled | (1,417,833) | 0.08 |
| Exercised | (387,667) | 0.06 |
| Granted | 600,000 | 0.13 |
| Expired | (1,672,880) | 0.38 |
| Outstanding, December 31, 2021 | 12,158,500 | 0.11 |
| Cancelled | (223,500) | 0.06 |
| Granted | 13,000,000 | 0.138 |
| Exercised | (1,594,666) | 0.07 |
| Expired | (856,000) | 0.10 |
| Outstanding, September 30, 2022 | 22,484,334 | 0.11 |

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

(Expressed in U.S. Dollars)

(Unaudited)

September 30, 2022

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

The weighted average remaining life of the stock options outstanding is 3.95 years as at September 30, 2022. As at September 30, 2022, the following stock options are outstanding and exercisable:

| Number of Options Outstanding | Number of Options Exercisable | Exercise Price C\$ | Expiry Date |
|--|--|-------------------------------|---------------------------|
| 250,000 | 250,000 | \$0.065 | 14-Sep-23 |
| 3,526,000 | 3,526,000 | \$0.10 | 26-Oct-23 |
| 58,334 | 38,889 | \$0.05 | 08-Jun-25 |
| 500,000 | 333,333 | \$0.05 | 31-Aug-25 |
| 500,000 | 166,667 | \$0.05 | 01-Oct-25 |
| 4,050,000 | 4,050,000 | \$0.05 | 07-Dec-25 to 08-Dec-25 |
| 600,000 | 375,000 | \$0.13 | 20-Apr-26 |
| 10,000,000 | 3,250,000 | \$0.145 | 12-Jun-27 |
| 3,000,000 | - | \$0.115 | 12-Jun-27 |
| 22,484,334 | 11,989,889 | | |

SNIPP INTERACTIVE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

(Unaudited)

September 30, 2022

9 SUPPLEMENTAL DISCLOSURE REGARDING CASH FLOWS

| | Nine Months Ended September 30, 2022 | Nine Months Ended September 30, 2021 |
|---|---|---|
| Cash received (paid) during the period for interest | 32,526 | 7,018 |
| Cash paid during the period for income taxes | (28,934) | (18,748) |

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. There has been no change in the Company's capital management from fiscal 2021 to fiscal 2022. Management reviews these policies on an ongoing basis.

11 COMMITMENT

The Company has leased office space in Ireland. The remaining term of the lease is 1.58 years. Future remaining minimum lease payments as at September 30, 2022 are as follows:

| | | |
|------|----|---------------|
| 2022 | \$ | 6,746 |
| 2023 | | 26,985 |
| 2024 | | 8,995 |
| | \$ | <u>42,726</u> |

12 OTHER INCOME

During the period ended September 30, 2022, the Company recognized other income in the amount of \$nil. During the period ended September 30, 2021, the Company recognized other income in the amount of \$318,009 corresponding to funds received under two programs, each designed to support American and Canadian small businesses in keeping their workforces employed during the COVID-19 crisis.

During the year 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 and the Company has recognized this amount as other income in the statements of operations during the period ended September 30, 2021.

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

(Unaudited)

September 30, 2022

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 three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

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, 2022, the Company had \$79,913 (December 31, 2021 - \$289,137) in amounts due from customers greater than 90 days and during the period ended September 30, 2022 the Company recognized bad debt expense of \$nil (2021 - \$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 2021, the Company had a zero balance on the credit facility. The credit facility bears interest at prime plus 1.75%. During the periods ended September 30, 2022 and September 30, 2021, the Company incurred \$nil in interest expense. During the period ended September 30, 2022, the Company cancelled this credit facility with Bridge Bank as it has not been used over the past year. The Company may secure a similar credit facility in the future.

SNIPP INTERACTIVE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

(Unaudited)

September 30, 2022

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 (2021 - \$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, 2022, 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 \$2,000 (2021 - \$1,000).

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

| | September 30, 2022 C\$ | December 31, 2021 C\$ |
|--|------------------------------|-----------------------------|
| Cash | 195,236 | 350,785 |
| Accounts receivable | 596,288 | 886,289 |
| Accounts payable and accrued liabilities | (640,721) | (1,161,384) |
| Total | 150,802 | 75,690 |

14 ACQUISITION OF GAMBIT

On February 18, 2022, the Company completed the acquisition of Gambit Digital Promotions Inc. ("Gambit"). Pursuant to the acquisition agreement, the Company has purchased all of the issued and outstanding common shares of Gambit in consideration for \$5 million of which \$0.3 million was paid in cash (paid prior to December 31, 2021 and recorded as advances) and \$4.7 million was paid with 20,524,925 common shares of the Company to the Gambit shareholders (the "Snipp Consideration Shares"). The Snipp Consideration Shares were issued at a deemed price of C\$0.2903 being the 10-day trailing volume weighted average price of the common shares of Snipp on the TSX-V prior to the date of announcement of the transaction on January 11, 2022. The market price of the Company's common shares declined from the announcement date to the closing date, resulting in the fair value of the Snipp Consideration Shares issued being valued at \$3.48 million and the total fair value of all consideration paid to be \$3.78 million.

In addition, the Gambit shareholders may also qualify for additional consideration in the form of an earn-out over the next 3 years based on achieving certain revenue milestones at predefined margins, which earn-out can, at the sole discretion of the Company be paid out in cash or in common shares of Snipp priced at the 90-day trailing volume weighted average price of the common shares of Snipp on the TSX-V prior to the last day of the applicable earn-out year.

SNIPP INTERACTIVE INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
(Unaudited)
September 30, 2022

14 ACQUISITION OF GAMBIT (cont'd...)

The fair value of the net liabilities of Gambit prior to closing was as follows:

| | | |
|---|----|------------------|
| Cash and cash equivalents | \$ | 10,329 |
| Accounts receivable | | 100 |
| Deposits, prepaid expenses and other assets | | 17,846 |
| Intangible assets | | 302,982 |
| Accounts payable and accrued liabilities | | (157,735) |
| Deferred revenue | | (386,903) |
| | \$ | (213,381) |

The Company's purchase price allocation is as follows:

| | | |
|--------------------------|----|------------------|
| Intangible assets | \$ | 302,982 |
| Negative Working Capital | | (516,363) |
| Intellectual property | | 327,018 |
| Goodwill | | 3,666,363 |
| | \$ | 3,780,000 |

Goodwill corresponds to the workforce acquired, future growth and is a result of excess purchase consideration over the fair value of identifiable net assets acquired.