

**SNIPP INTERACTIVE INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Expressed in U.S. Dollars unless otherwise noted)**

**(Unaudited)**

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

**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 June 30, 2023.

SNIPP INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in U.S. Dollars)

(Unaudited)

As at

		June 30, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current</b>			
Cash	(Note 3)	\$ 4,469,446	\$ 5,550,714
Accounts receivable, net of expected credit loss of \$60,875 (2022 - \$60,875)		3,265,802	2,515,616
Deferred costs, current		238,445	237,459
Deposits, prepaid expenses and other assets		932,670	805,852
		8,906,363	9,109,641
<b>Deferred costs, non-current</b>	(Note 14)	\$ 120,250	240,499
<b>Equipment</b>	(Note 5)	22,833	20,507
<b>Intangible assets</b>	(Note 6)	2,748,957	2,609,516
<b>Goodwill</b>	(Note 14)	3,594,958	3,516,363
		\$ 15,393,361	\$ 15,496,526

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Current**

Accounts payable and accrued liabilities		\$ 3,593,873	\$ 3,337,291
Deferred revenue		4,797,243	2,788,522
Due to related parties	(Note 7)	26,732	34,265
		8,417,848	6,160,078

**Shareholders' equity**

Common shares	(Note 8)	38,146,376	38,146,376
Contributed surplus	(Note 8)	6,774,935	6,478,898
Deficit		(36,466,806)	(33,539,936)
Accumulated other comprehensive loss		(1,478,992)	(1,748,890)
		6,975,513	9,336,448
		\$ 15,393,361	\$ 15,496,526

**Nature of operations** (Note 1)

**Commitments** (Note 11)

Approved and authorized by the Board of Directors on December 29, 2023.

"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 June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
<b>REVENUE</b>	\$ 7,451,883	\$ 5,475,186	\$ 14,027,012	\$ 9,680,361
<b>EXPENSES</b>				
Salaries and compensation (Note 7)	2,230,820	1,565,088	4,315,700	3,168,820
General and administrative	226,972	321,772	443,957	533,220
Campaign infrastructure	5,525,698	3,284,079	10,423,291	5,127,866
Professional fees	69,648	79,154	156,111	128,465
Marketing and investor relations	251,518	81,859	620,961	254,996
Travel	20,779	23,827	40,321	31,344
Amortization of intangibles (Note 6)	272,700	275,361	540,008	550,254
Depreciation of equipment (Note 5)	2,763	2,280	5,325	4,468
Share-based payments (Note 8)	139,184	345,320	296,037	351,991
	<u>8,740,082</u>	<u>5,978,740</u>	<u>16,841,711</u>	<u>10,151,424</u>
<b>Net loss before interest, foreign exchange and taxes</b>	(1,288,199)	(503,554)	(2,814,699)	(471,063)
Interest income	36,156	9,137	78,863	9,670
Foreign exchange gain (loss)	(107,434)	114,713	(150,403)	106,836
Net loss before tax provision	<u>(1,359,477)</u>	<u>(379,704)</u>	<u>(2,886,239)</u>	<u>(354,557)</u>
Provision for taxes	-	(28,934)	(40,631)	(28,934)
<b>Net loss for the period</b>	(1,359,477)	(408,638)	(2,926,870)	(383,491)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Items that may be reclassified subsequently to loss</b>				
Cumulative translation adjustment	178,545	(247,015)	269,898	(271,479)
<b>Comprehensive loss for the period</b>	<u>\$ (1,180,932)</u>	<u>\$ (655,653)</u>	<u>\$ (2,656,972)</u>	<u>\$ (654,970)</u>
<b>Basic and diluted loss per common share</b>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
<b>Weighted average number of common shares outstanding – basic</b>	282,337,829	277,599,983	282,337,829	261,306,763
<b>Weighted average number of common shares outstanding – diluted</b>	<u>282,337,829</u>	<u>297,084,317</u>	<u>282,337,829</u>	<u>280,791,097</u>

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)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (2,926,870)	\$ (383,491)
Items not involving cash:		
Amortization of intangibles	540,008	550,254
Depreciation of equipment	5,325	4,468
Share-based payments	296,037	351,991
Changes in non-cash working capital items:		
Accounts receivable	(750,186)	(86,203)
Deferred costs, current	(986)	
Deferred costs, non-current	120,249	
Deposits, prepaid expenses and other assets	(126,818)	213,017
Accounts payable and accrued liabilities	256,582	112,766
Deferred revenue	2,008,721	(203,428)
Due to related parties	(7,533)	9,110
Net cash flows generated by (used in) operating activities	<u>(585,471)</u>	<u>568,484</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash acquired on acquisition of Gambit	-	10,329
Additions to equipment	(7,504)	(4,540)
Additions to intangible assets	(639,708)	(443,078)
Net cash flows used in investing activities	<u>(647,212)</u>	<u>(437,289)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from common shares issued	-	5,000,000
Share issuance costs	-	(48,378)
Proceeds from options exercised	-	121,312
Net cash flows provided by financing activities	<u>-</u>	<u>5,072,934</u>
<b>Effect of exchange rate changes on cash</b>	<u>151,415</u>	<u>(146,366)</u>
<b>Change in cash for the period</b>	<u>(1,081,268)</u>	<u>5,057,763</u>
<b>Cash and cash equivalents, beginning of period</b>	<u>5,550,714</u>	<u>1,744,618</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 4,469,446</u>	<u>\$ 6,802,381</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	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
Balance, December 31, 2021	235,218,238	\$ 29,655,367	\$ 5,906,420	\$ (1,295,365)	\$ (32,145,316)	\$ 2,121,106
Gambit acquisition shares issued	20,524,925	3,320,000	-	-	-	3,320,000
Private placement shares issued	25,000,000	5,000,000	-	-	-	5,000,000
Financing issuance costs	-	(48,378)	-	-	-	(48,378)
Stock options exercised	1,594,666	219,387	(98,075)	-	-	121,312
Share-based payments	-	-	351,991	-	-	351,991
Cumulative translation adjustment	-	-	-	(271,479)	-	(271,479)
Net loss for the period	-	-	-	-	(383,494)	(383,494)
Balance, June 30, 2022	282,337,829	\$ 38,146,376	\$ 6,160,336	\$ (1,566,844)	\$ (32,528,810)	\$ 10,211,058
Share-based payments	-	-	318,562	-	-	318,562
Cumulative translation adjustment	-	-	-	(182,046)	-	(182,046)
Net income for the period	-	-	-	-	(1,011,126)	(1,011,126)
Balance, December 31, 2022	282,337,829	\$ 38,146,376	\$ 6,478,898	\$ (1,748,890)	\$ (33,539,936)	\$ 9,336,448
Share-based payments	-	-	296,037	-	-	296,037
Cumulative translation adjustment	-	-	-	269,898	-	269,898
Net loss for the period	-	-	-	-	(2,926,870)	(2,926,870)
Balance, June 30, 2023	282,337,829	\$ 38,146,376	\$ 6,774,935	\$ (1,478,992)	\$ (36,466,806)	\$ 6,975,513

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)

June 30, 2023

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### 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 December 29, 2023.

The Company has working capital of \$488,515 (December 31, 2022: \$2,949,563), net loss of \$2,926,870, accumulated deficit of \$36,466,806 and negative cash flows from operations of \$585,471. 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, 2022 (December 31, 2022 consolidated financial statements) filed on SEDAR on December 18, 2023. All defined terms used herein are consistent with those terms defined in the December 31, 2022 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...)****Revenue from contracts with 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 obligation(s) in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied. The Company only recognizes revenue when collection is reasonably assured. If collection is not considered reasonably assured, revenue is recognized only once all amounts are collected. Revenue is recorded net of rebates. Amounts billed in excess of revenue recognized to date on an arrangement by arrangement basis are classified as deferred revenue, whereas revenue recognized in excess of amounts billed is classified as accrued receivables and included as part of accounts receivable.

Many of the Company's arrangements with customers include multiple performance obligations which are delivered at varying times. In these cases, the Company treats the delivered items as separate performance obligations of accounting if they are distinct, being separately identifiable and providing value to the customer on a standalone basis. The Company provides a full suite of promotions-related marketing services in the US, Canada and internationally, and generates revenue by designing and developing software solutions, platform licensing, receipt processing services, reward fulfilment and reward gaming. Design and development, platform services, licensing, receipt processing, and reward fulfilment services are often included within a single contract. In these contracts, design and development, platform services, licensing, receipt processing are all included as a single performance obligation, while reward fulfilment services are a separate performance obligation.

Design and development of software solutions provides customers with the creation of campaign specific software to facilitate end user engagement and participation in our customer's promotional campaigns. The design and development services are provided as part of a performance obligation that includes multiple services, and are recognized over the term that the performance obligation is delivered. Platform licensing and related service agreements provide customers the right to access the Company's software platform for promotions and loyalty programs that are used to validate purchases, provide rewards and generate data analytics on transactions, on a subscription basis. The length of these platform licensing agreements varies as some are linked to the customer's short-term promotional campaigns which can range in length from four to twelve weeks and others may be linked to the customer's longer-term loyalty-based programs and be subscribed to on an annual or multiyear basis. Licensing revenues are recognized over the term that the performance obligation is delivered.

Reward fulfilment involves various third-party rewards being procured and delivered to our customer's end users who participate in their promotional campaigns. These reward fulfilment solutions are typically part of agreements that include a subset of the other product offerings listed above. The length of these services varies as some are linked to the customer's short-term promotional campaigns which can range in length from four to twelve weeks and others may be linked to the customer's longer-term loyalty-based programs and be for an annual or multiyear basis. Funds are collected from customers in advance and included in deferred revenue until reward fulfilment services occur, at which point these are recognized in revenue. There are refund obligations for any amounts collected that are above the actual usage of rewards fulfilled when the service period has concluded. These refund amounts are reclassified out of deferred revenue and into accounts payable. Reward fulfilment revenues are recognized on a gross basis based on the Company acting as the principal in these arrangements.

The Company acquired Gambit Digital Promotions Inc. (Note 15) and as a result of that acquisition acquired an online free-to-play sports gaming platform and a corresponding rewards product that generates revenue by the issuance of tokens ("Tokens") to our customer's end users. Our customers enter into a contract with the Company to provide Tokens to their end users and by doing so the Company generates revenue and bills monthly based on the number of Tokens issued to the end users. Token revenues are recognized over the average use period of the Tokens. These Tokens can be played or wagered within the online sports gaming platform with the intention of winning additional Tokens which can then be exchanged for various prizes.

SNIPP INTERACTIVE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

(Unaudited)

June 30, 2023

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**Critical judgement and accounting estimates**

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgements 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, amortization and depreciation, impairment testing, 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) Business combinations require management to exercise judgment in measuring the fair value of purchase consideration and to identify and estimate the fair values of assets acquired and liabilities assumed. Judgment is also required in determining whether an acquisition is a business combination or asset acquisition under IFRS 3 Business Combinations.
- v) The timing of revenue recognition, determination of transaction prices, and the allocation of transaction prices to each performance obligation, require management to exercise judgement in determining when performance obligations have been completed.

# SNIPP INTERACTIVE INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

(Unaudited)

June 30, 2023

### 3 CASH

	June 30, 2023	December 31, 2022
Cash on deposit	\$ 4,469,446	\$ 5,550,714
Total	\$ 4,469,446	\$ 5,550,714

### 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 and intangible assets), the Company has allocated based on location of assets as follows:

	June 30, 2023	December 31, 2022
United States	\$ 694,107	\$ 994,038
Canada	1,026,795	771,151
Ireland	1,043,023	863,892
International	7,865	942
Total	\$ 2,771,790	\$ 2,630,023

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

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
United States	\$ 6,842,651	\$ 3,871,774	\$ 12,924,019	\$ 7,373,452
Canada	333,595	1,239,342	497,676	1,645,350
Ireland	203,713	194,645	474,319	420,643
International	71,924	169,425	130,998	240,916
Total	\$ 7,451,883	\$ 5,475,186	\$ 14,027,012	\$ 9,680,361

SNIPP INTERACTIVE INC.  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in U.S. Dollars)  
(Unaudited)  
June 30, 2023

**5 EQUIPMENT**

June 30, 2023										
	Opening cost balance	Additions	Additions from business acquisitions	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	233,315	7,504	-	-	240,819	211,171	5,325	216,496	(1,490)	22,833
	\$ 251,341	\$ 7,504	\$ -	\$ -	\$ 258,845	\$ 229,197	\$ 5,325	\$ 234,522	\$ (1,490)	\$ 22,833

December 31, 2022										
	Opening cost balance	Additions	Additions from business acquisitions	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	11,716	-	-	233,315	201,986	9,185	211,171	(1,637)	20,507
	\$ 239,625	\$ 11,716	\$ -	\$ -	\$ 251,341	\$ 220,012	\$ 9,185	\$ 229,197	\$ (1,637)	\$ 20,507

**6 INTANGIBLE ASSETS**

June 30, 2023										
	Opening cost balance	Additions	Additions from business acquisitions	Disposals	Closing cost balance	Opening accumulated amortization	Amortization during the period	Closing amortization balance	Accumulated Foreign exchange adjustment	Net book value
Software platform	\$ 9,427,058	\$ 639,708	\$ -	\$ -	\$ 10,066,766	\$ 6,931,924	\$ 487,508	\$ 7,419,432	\$ 79,084	\$ 2,726,418
Intellectual property	3,020,000	-	-	-	3,020,000	2,941,294	52,500	2,993,794	(3,667)	22,539
	\$ 12,447,058	\$ 639,708	\$ -	\$ -	\$ 13,086,766	\$ 9,873,218	\$ 540,008	\$ 10,413,226	\$ 75,417	\$ 2,748,957

December 31, 2022										
	Opening cost balance	Additions	Additions from business acquisitions	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	\$ 876,425	\$ 630,000	\$ -	\$ 9,427,058	\$ 5,950,092	\$ 981,832	\$ 6,931,924	\$ 56,313	\$ 2,551,447
Intellectual property	3,020,000	-	-	-	3,020,000	2,836,294	105,000	2,941,294	(20,637)	58,069
	\$ 10,940,633	\$ 876,425	\$ 630,000	\$ -	\$ 12,447,058	\$ 8,786,386	\$ 1,086,832	\$ 9,873,218	\$ 35,676	\$ 2,609,516

# SNIPP INTERACTIVE INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

(Unaudited)

June 30, 2023

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### 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, the Chief Operating Officer, the Chief Revenue Officer, and the Chief Marketing Officer. The aggregate compensation paid, or payable, to key management personnel during the three months ended June 30, 2023 and 2022 were \$354,173 and \$219,021, respectively. The aggregate compensation paid, or payable, to key management personnel during the six months ended June 30, 2023 and 2022 were \$707,516 and \$487,616, respectively.

At June 30, 2023, \$26,732 was due to officers and directors (December 31, 2022 - \$34,265). 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 April 14, 2022, the Company completed a non-brokered private placement financing comprised of 25,000,000 common shares at a price of \$0.20 per share for gross proceeds of \$5,000,000. No commissions or finder's fees were paid in connection with this financing. The Company paid legal fees and filing fees of \$48,378 (C\$61,073) associated with the financing and included in financing issue costs.

#### 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 June 30, 2023, the Company recognized share-based payments expense of \$296,037 corresponding to the vesting of stock options that were granted during current and prior years. During the period ended June 30, 2022, the Company recognized share-based payments expense of \$351,991 corresponding to the vesting of stock options that were granted in prior years. 5,666,667 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, 2021	12,158,500	0.08
Cancelled	(248,500)	0.07
Exercised	(1,594,666)	0.10
Granted	13,000,000	0.14
Expired	(856,000)	0.10
Outstanding, December 31, 2022 and June 30, 2023	22,459,334	0.11

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

(Expressed in U.S. Dollars)

(Unaudited)

June 30, 2023

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

The weighted average remaining life of the stock options outstanding is 3.0 years as at June 30, 2023. As at June 30, 2023, the following stock options are outstanding and exercisable:

<b>Number of Options Outstanding</b>	<b>Number of Options Exercisable</b>	<b>Exercise Price C\$</b>	<b>Expiry Date</b>
250,000	250,000	\$0.065	14-Sep-23
3,526,000	3,526,000	\$0.10	26-Oct-23
58,334	58,334	\$0.05	08-Jun-25
500,000	333,333	\$0.05	31-Aug-25
500,000	333,333	\$0.05	01-Oct-25
4,025,000	4,025,000	\$0.05	07-Dec-25 to 08-Dec-25
600,000	600,000	\$0.13	20-Apr-26
10,000,000	7,666,667	\$0.145	12-Jun-27
3,000,000	-	\$0.115	12-Jul-27
<b>22,459,334</b>	<b>16,792,667</b>		

# SNIPP INTERACTIVE INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

(Unaudited)

June 30, 2023

### 9 SUPPLEMENTAL DISCLOSURE REGARDING CASH FLOWS

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Cash paid during the period for interest	-	-
Cash paid during the period for income taxes	(40,631)	(28,934)

### 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 2022 to fiscal 2023. 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 0.83 years. Future remaining minimum lease payments as at June 30, 2023 are as follows:

2023	\$	14,979
2024		9,986
	\$	24,965

### 12 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.

# SNIPP INTERACTIVE INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

(Unaudited)

June 30, 2023

### 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 June 30, 2023, the Company had \$76,128 (December 31, 2022 - \$22,000) in amounts due from customers greater than 90 days and during the period ended June 30, 2023 the Company recognized bad debt expense of \$nil (2022 - \$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.

#### *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 \$24,000 (2022 - \$21,000).

##### *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 June 30, 2023, 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 (2022 - \$5,000).

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

	June 30, 2023 C\$	December 31, 2022 C\$
Cash	287,198	137,202
Accounts receivable	467,859	131,613
Accounts payable and accrued liabilities	<u>(1,159,766)</u>	<u>(752,312)</u>
Total	<u>(404,709)</u>	<u>(483,497)</u>

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### 13 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 \$3.33 million and the total fair value of all consideration paid to be \$3.63 million.

In addition, the Gambit shareholders may also qualify for additional consideration in the form of an earn-out over the 3 years from February 18, 2022, 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.

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
Technology asset		630,000
Accounts payable and accrued liabilities		(157,735)
Deferred revenue		(386,903)
	\$	<b>113,637</b>

The Company's purchase price allocation is as follows:

Net assets acquired	\$	113,637
Goodwill		3,516,363
	\$	<b>3,630,000</b>

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.