Snipp Interactive Q1 2025 Earnings Conference Call

Speakers: Atul Sabharwal, Founder and CEO and Malcolm Davidson, CFO

Good morning, and welcome to the Snipp Interactive First Quarter 2025 Earnings Conference Call. At this time, all participants are in listen-only mode. Following the Company's prepared remarks, we will open the call for questions. Please note that today's call is being recorded.

Before we begin, I'd like to remind everyone that today's call contains forward-looking statements within the meaning of applicable securities laws. These statements are based on our current expectations and involve risks and uncertainties that could cause actual results to differ materially. For a discussion of these risks and uncertainties, please refer to our public filings available on SEDAR+ and our investor relations website. We do not undertake any obligation to update any forward-looking statements made during this call except as required by law.

Good morning, everyone, and thank you for joining us.

We entered 2025 with positive momentum, and I'm pleased to report that our first quarter results reflect a strong and steady continuation of that trend. Revenue grew 37% year-over-year to $6.4 million, gross margins expanded to 60%, and we delivered our fourth consecutive quarter of positive EBITDA — a $0.9 million improvement over the same period last year. Perhaps most notably, we generated $2.3 million in operating cash flow, the highest quarterly total in our company's history.

These results speak directly to the strength of our model. As we focus on high-margin, platform-driven solutions, we're seeing improved financial performance — not in isolation, but as the natural result of growing customer demand and disciplined execution.

"Q1 revenue growth was among the strongest we've seen in several years, and we're very pleased with how the year has started. That said, I want to be prudent in managing expectations — while Q1 is a positive data point, we're not assuming that the same year-over-year growth rate will hold constant across every quarter.

As we move through the year, growth may normalize somewhat as we lap certain client implementations. That said, we are confident that 2025 will show healthy top-line growth relative to the prior year."

"As it relates to bookings, I want to be upfront that the current environment does create a bit more unpredictability at the quarter-to-quarter level. Some client decision-making is taking a bit longer, and we've seen some shifting of campaign timing, which makes it difficult to fully forecast bookings with precision for any single quarter.

That said, when I step back and look at the full year, our pipeline remains strong, client retention remains excellent, and the underlying drivers of the business are intact. While we may see some quarter-to-quarter variability, I remain confident in our ability to deliver healthy growth on a full-year basis."

The reason being that the key driving force behind our business today is our value proposition which continues to resonate in the market. Our platform continues to gain traction — across promotions, loyalty, rebates and our new offers product. Additionally, we are gaining critical momentum with SnippMEDIA, where we are building a differentiated channel that combines media delivery with closed-loop attribution. While feedback has been positive, SnippMEDIA remains in its early stage and as previously guided, we do not expect it to contribute meaningfully to revenue until the back half of this year. We are working on a major deal for this product that should it materialize will allow us to break into a large number of manufacturers and retailers simultaneously.

In the meantime, our core business is capturing market share and growing, as reflected in our bookings backlog, which increased to $17.9 million this quarter, a 16% year-over-year increase. This backlog provides strong visibility into future annualized revenue and underscores the strength of the client relationships we've continued to build. We're not just winning individual deals, we are establishing recurring, multi-program engagements aligned with our long-term strategy.

We also continue to maintain a strong balance sheet, closing the quarter with $5.8 million in cash and no debt. With consistent EBITDA, strong and positive cash flow, and a growing backlog, we have the financial flexibility to invest in our future while continuing to deliver strong results.

With that, I'd now like to turn the call over to our new interim CFO, Malcolm Davidson. I am excited that Malcolm is joining us at this pivotal moment. His experience will allow us to bring a new discipline to our finance team, for a more detailed look at the financials Here is Malcolm?

Malcolm Davidson – CFO

Thank you, Atul, and good morning, everyone.

I'm excited to be joining Snipp Interactive as its Chief Financial Officer. This is a pivotal time for the company, and I'm personally thankful for the opportunity. I am looking forward to leveraging my experience in financial reporting and regulatory compliance to lead Snipp's continued growth and to help drive long-term value for its shareholders.

"Let me first address a topic that's been understandably top of mind for many shareholders: the prior audit delays and the periods where our stock was temporarily halted. These were clearly unfortunate events, and we recognize the frustration they created for our investors.

As we've discussed, the core issues were primarily around legacy internal processes and resource constraints within our finance function — challenges that became more evident as we've grown. I have taken concrete steps to address these challenges as evidenced by our quick turnaround and timely filing of our Q1 financials. The mandate for our finance team is very clear: we must be timely, accurate, and fully buttoned up in our reporting processes, with appropriate controls, well ahead of all filing deadlines. I am committed to building a more robust finance infrastructure going forward that reduces the risk of recurrence of these types of disruptions." The audit delays did not result in any material changes to the financials, however, it has exposed the need for a more rigorous approach to documenting and scaling our financial processes which I will focus all of my energies on to begin with to ensure we never have a delayed audit again. My first goal for Snipp is to ensure our finance team continues to scale with the growth of the business and can absorb the speed of innovations into its financial accounting systems and processes.

As Atul mentioned, we're very pleased with the financial results we delivered this quarter, and I'd like to take a few moments to walk through the numbers in greater detail.

Revenue for the three months ended March 31, 2025, was $6.4 million, up from $4.7 million in the same quarter last year — an increase of 37%. This growth reflects higher contributions from our core platform clients as well as early revenue recognition tied to new program launches.

Gross profit for the quarter was $3.8 million, resulting in a gross margin of 60%, compared to 54% in Q1 of last year. The increase in margin is a result of continued improvements in our revenue mix and cost efficiency across the business.

Turning to EBITDA, we reported positive EBITDA of $0.3 million for Q1, compared to a loss of ($0.6 million) in the prior-year period. This marks a $0.9 million improvement year-over-year and represents our fourth straight quarter of positive EBITDA.

Moving to the balance sheet, we ended the quarter with $5.8 million in cash, up from $3.7 million at the end of Q4. Importantly, operating cash flow for the quarter was $2.3 million, our strongest quarterly performance to date.

We also saw a continued reduction in accounts receivable, from $3.4 million at year-end to $1.4 million as of March 31, improving overall working capital efficiency. Combined, cash and A/R stood at $7.2 million, essentially flat compared to year-end, but with a much cleaner A/R profile.

Lastly, bookings backlog — which represents contracted programs that have not yet been recognized as revenue — reached $17.9 million, compared to $17.3 million at the end of December and $15.4 million a year ago. This provides clear visibility into future revenue and demonstrates strong customer engagement across our product suite.

Overall, we remain focused on maintaining financial discipline while continuing to invest in the areas that are driving long-term growth.

With that, I'll turn the call back to Atul for closing remarks.

Atul Sabharwal, CEO

Thanks Malcolm. In summary, we're off to a strong start in 2025, delivering profitable growth, expanding the reach of our platform, and deepening engagement with major brands across key verticals. We look forward to the resumption of trading on the exchange and have submitted all requested documentation as of last week. We are now eagerly awaiting their response.

Thank you, as always, for your support. I look forward to sharing further updates next quarter.