Snipp Interactive – Conference Call Script January 2024

Atul Sabharwal - Chief Executive Officer

Good afternoon and thank you for joining the Snipp Interactive third quarter of fiscal 2023 conference call. My name is Atul Sabharwal, Founder and Chief Executive Officer of Snipp Interactive. A copy of our recent earnings press releases can be found at the investor relations section of our company website, Snipp.com, and our financials have been posted to SEDAR. The company reports its financials in U.S. dollars, thus for today's discussion we are referencing that currency unless otherwise noted. In addition to myself on the call today, we also have the founder and Chief Executive Officer of Gambit, Richard Pistilli, as well as our Chief Financial Officer, Jaisun Garcha.

Before beginning our formal remarks, I'd like to remind listeners that today's discussion may contain forward-looking statements that reflect management's current views with respect to future events. Any such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected in these forward-looking statements. Snipp does not plan to update any forward-looking statements except as required.

It has been quite some time since we last spoke to our investors in a public forum. We are thankful and delighted to be reconnecting today.

Let's start with what's on everyone's mind - WHY THE DELAY in our 2022 results:

We appointed a new auditor for our 2022 audit. Not because we wanted to. This change occurred as our old auditor decided to leave the technology sector and focus on the mining sector . With every new auditor you run the risk that interpretation of standards is different and what had been interpreted in one way for the last ten years by 2 previous auditors unfortunately was not interpreted in the same way by our new auditors. We appointed RSM after an exhaustive evaluation process pitting multiple audit firms against each other. RSM, the 5th largest accounting firm in North America was the clear winner of our evaluation process given our plans in the future to move Snipp to a US exchange. In any case, as you have seen from our results, there were no significant differences in our 2022 audit results and moving forward we have adjusted our financial systems to the interpretation of what our new auditors are comfortable with. This will make our 2023 audit easier and has been the case since the inception of Snipp, we will be on time for the coming audit period. On behalf of all the parties involved, I want to thank our investors for their patience and congratulate our team on getting us to the finish line.

Moving onto our results – let's first begin with a recap of our business.

As it has been several months since we last spoke to investors, and some of you may be new to the Snipp story, I will begin with our mission statement.

At Snipp, our goal is to operate a modular customer acquisition, retention and engagement platform that allows for the implementation of industry-agnostic marketing tactics, continuously generating first-party data. This data can be used by our clients to make intelligent decisions about their customer base. First-party data strengthens customer relationships, targets the right audience, is more cost-effective to collect, and complies with consumer privacy laws.

Snipp is a global company with offices in five countries and 20% of our annual sales take place outside of the US.

Our solutions include shopper marketing promotions, loyalty, rewards, rebates, receipt processing and an industry first payment media network that operates similar to an advertising network. Additionally, we provide clients with the services and expertise to design, execute, and promote their own marketing programs.

We work with some of the largest Fortune 500 companies in the world assisting them to find and retain customers. Nestle, Kellogg's (That is now Kellanova and WK Kellogg), Proctor & Gamble, and MARSare just a few of our large multinational customers who have utilized our platform which has now been deployed in over 51 countries.

Looking ahead, our focus is on not only scaling the business in the client segments where we have successfully operated to date but also to expand our platform into new markets that we will talk further about.

We aim to achieve this by further productizing and improving our suite of marketing and advertising solutions and expanding our presence with existing clients, as well as acquiring new ones.

The purchase-level data we collect through our loyalty, rebate, and receipt solutions enables us to help brands better plan and optimize their advertising spend, not just for promotions and loyalty but also across the $500 billion global advertising market.

WHAT HAPPENED IN 2023

Snipp experienced 66% revenue growth during 2022 and reported last week that revenue has increased 28% during 2023 through the first nine months.

2023 was a pivotal year for the Company, with our new solutions, GAMBIT and SNIPP MEDIA showing early and continued success. Gambit launched out of beta with Dave & Busters, a Nasdaq listed $2 billion company with over 200 locations in the United States. SNIPP MEDIA also launched a pilot program this past December with Bank of America and has additional partners scheduled for launch in 2024. We are excited to have these two new solutions to offer to our clients.

On the whole, Snipp is actively expanding into new industries, with recent wins in sectors like Media with Sinclair Media, Tobacco with Imperial Brands, Beverage with Beam Suntory, and Retail with Spencer's, a retail chain which controls the largest pop-up Halloween infrastructure in the U.S. with over 1400 locations each year. In the construction vertical, Snipp landed IKO, a global leader in roofing products. Contractors can submit receipts directly to Snipp's rebate platform and have rebate checks automatically sent to their accounts. The success of these partnerships reinforces our focus on diversification and future growth.

And our business in the EU continues to thrive too, with new partnerships secured with IPSOS as well as SIKA in Switzerland. These successes solidify our international reach and potential.

We are moving in the right direction and scaling these new relationships will provide the foundation for our business to continue growing in the years to come.
Let's turn to our Ballys relationship.

As a reminder, in 2022, Bally's, a New York Stock Exchange listed Company, invested $5 million directly into SNIPP at $0.20 per share. The Ballys' investment came along with a contract to build out their global loyalty platform. Over the course of the past 18 months, Snipp has powered BALLYS LIVE, a streaming app for live sports, and BALLYS REWARDS, in the New Jersey market. Players can collect valuable reward points either on premise in Atlantic City at Bally's location, or online at the Ballys Casino if playing from the comfort of their homes. Those points can then be redeemed for other perks. We hope to add even more Bally's locations nationwide to the platform along with other unique properties the company acquires. There will be more to come from our Bally's partnership in the future for sure.

Our investments in SnippMEDIA are another area where Snipp has laid the foundation for growth. SnippMedia's Payments Media Network is an advertising network across banks' digital channels. Bank partners promote CPG sku-level offers to their cardholders who earn cash back and loyalty points. We launched this industry first solution on December 15th with Bank of America in a limited pilot. Bank of America has a massive audience of 47 million individuals in their banking apps and we are honored that they chose to partner with us. It's a testament to our technology and its potential of disrupting the offers space. The pilot is ongoing and preliminary results have been very encouraging. The national rollout is slated for early March. We are super excited by the potential impact this has on our 2024 growth (and beyond)

Moving on to how we're thinking about the business:

We are confident in our growth opportunities and believe investing in our growth provides us with the best return on our capital. We like to invest in people and our Team has expanded. Our new CMO, Tom Trainor, and CRO, Chris Cubba have hit the ground running, and expand our breadth of industries and the Company's offerings. Our bookings backlog is currently at a record level, the highest in our Company's history. We use this as one of the key measures that our investments are paying off.

Beyond organic growth, we're also seeing positive shifts in the industry. Market consolidation among marketing firms creates exciting opportunities for established players like us. 2023 was a year that saw several promotion and marketing firms bought or absorbed by larger players.

Our higher-margin revenue is on the rise, though current audit changes restrict detailed transparency. Still, the trajectory is clear.

Looking ahead to 2024, inorganic opportunities are a top priority. We're actively seeking strategic acquisitions to accelerate revenue growth.

We are creating a flywheel. Audience. Engagement. Loyalty. All of it is driven by DATA. Create, engage, and retain the audience. This helps the client monetize either directly or through their advertising partners. The more data you have, the better decisions you make.

The market has been abuzz with AI and machine learning. None of this is new to Snipp. Our processing engine has always been facilitated by AI, which is only enabled by strong machine learning. Snipp has over 35M receipts in our system and over 1M unique users per year. ChatGPT doesn't give you personal information about people, but our platform does. Who is this customer? What did they buy? What did it cost? When and where did they buy it? Brands can leverage this information and that's part of what we're selling to the brands.

Finally, We would expect the fourth quarter of 2023 to show continued growth consistent with the YTD growth rate we've reported recently.

Now, I'd like to introduce Richard Pistilli, CEO of Gambit Rewards, who will provide more details about Gambit and the opportunities ahead, followed by our CFO, Jaisun Garcha, who will provide commentary on our financials.

Richard Pistilli

Thank you, Atul.

I'm excited to provide an update on the continuation of growth across our core business and the exciting developments we've experienced over the past year.

Let's start with our book of business. Last year was a period of significant growth and progress for us. We wanted to learn at all costs and as such run an operation focused more on user growth than profitability. Now with these learnings we can focus on the profitable growth of Gambit – in the short term you will see a reversal in trend lines between revenue growth from Gambit and its margin whereby we will driving profitable growth WITH margin.

To this effect we successfully added half a dozen new partners, which has been a crucial step in laying the foundation of profitable growth for the Gambit platform.

Our recent partnership with Dave & Buster's should be noted as a major milestone. As many of you know, we've been in the market with a few smaller partners over the past year – opportunities for us to showcase the capabilities of the platform with positive results. But landing Dave & Buster's as our first household name brand is a game-changer. It truly validates everything we've been saying and demonstrates the immense potential of our platform.

And as a reminder, Gambit Rewards is the only rewards experience that enables consumers to place free wagers on sports and iGames through their loyalty points. Consumers partake in the same fun and excitement of real sports gaming but without any cash risks. Our partners, loyalty companies, benefit from our gamification model by differentiating their programs and engaging their customers with our very sticky value proposition.

The nationwide partnership with Dave & Buster's introduces our free loyalty gaming experience to their millions of patrons. Users can now play their D&B points on live sporting events, either at D&B restaurants or through the D&B app at home. This marks a significant achievement for Gambit, opening the door to further adoption across the restaurant chain and entertainment sector.

Our partnership with Dave & Buster's started with a soft launch in June, using a customized, experience directly from within the D&B app. Feedback from D&B has been extremely positive, as they see our platform as a unique and perfect fit for their establishments. We've also managed to connect the loyalty points system to the sports-watching experience, an area previously untapped by other large media companies and venues like the UFC and NFL.

One of the main advantages of Gambit's solution is that users don't have to leave the experience – in this application, they can stay within the D&B environment, making the process seamless and engaging, at all times.

The soft trial, which began in Texas, has now expanded nationwide, and is expected to start an active marketing campaign in Q1 2024. Users have responded enthusiastically, which gives us confidence that we can move beyond the soft launch phase and further promote the platform.

But our progress doesn't stop there. We are continually scaling our pilot platform with partners like Swagbucks, Amex Loyalty Edge, Pentagon Federal Credit Union, and InComm. Additionally, we've added six new rewards partners to our main site, gambitrewards.com, including Scuti and the BKFC, Bare

Knuckle Fighting Championship. We are also excited about the growing pipeline of more rewards partners and big brands, although some of our customers have requested confidentiality, and we will always prioritize honoring their privacy.

Overall, we are incredibly proud of the strides we've made in expanding our platform's reach and driving adoption with prominent partners like Dave & Buster's. The future looks bright, and we're excited to continue our journey of revolutionizing loyalty and rewards programs across various industries.

I will now turn the call over to Jaisun Garcha, CFO, who will discuss Snipp financials.

Jaisun Garcha

Thank you, Richard.

Revenue for the third quarter of 2023 was $8.6 million compared to the third quarter of 2022 when we reported $7.9 million, an increase of 8% year over year.
The Company recognized EBITDA of approximately $30,000 during the third quarter vs. $280,000 in Q3 2022.

Revenue for the first nine months of fiscal 2023 was $22.6m compared to the first nine months of fiscal 2022 of $17.6m, an increase of 28%. The Company recognized EBITDA loss of $1.94m during the first nine months of fiscal 2023 compared to EBITDA of $0.72m in the prior year period. The net loss for Q3 2023 amounted to $185k compared to net loss of $85k for Q3 2022.

The drop in EBITDA is largely the result of higher campaign infrastructure expenses, as we continue to test new revenue streams while we pivot the business to longer term higher margin revenues. These revenues often come with an extended sales cycle, which is why profitability in the short term will appear lower.

Backlog stood at $14.5M on September 30, 2023, an increase of 17% from September 30, 2022, of $12.4MM. Bookings Backlog represents a number of different signed contracts and with multiple types of revenue representing the Snipp product portfolio. Every contract signed each quarter will add to this growing backlog. Snipp defines Bookings Backlog as future revenue from existing customer contracts to be recognized in future quarters. Bookings get translated into revenues based on IFRS principles and the Bookings Backlog reflects how revenues in future quarters are steadily being booked today. This revenue gives the Company better revenue visibility each quarter.

Atul, I will now turn the call back over to you.

Atul Sabharwal

Before we begin Q&A, I wanted to add a few additional comments.

Snipp is focused on building a data platform that enables annualized positive EBITDA growth. As we move to 2024, our focus is shifting towards prioritizing sustainable, profitable growth. We will be more selective with our revenue opportunities, keeping a closer eye on positive contributions to margins. We expect profitable growth to continue and those margins to move back towards their historical range as Gambit scales its customer base. We believe we're positioned well to achieve this objective.

If you take away one theme from this call let it be this: It does not matter what business you are in - it could be retail, gaming, media, or even basic businesses like construction…If you are not innovating, you won't survive. If you are not building a brand and loyalty, you will struggle. If you are not making it easier and more efficient for your constituents to interact with your platform, those folks will go someplace else. Snipp helps its customers solve ALL these problems at a financial cost that may be trivial to the client's total enterprise expenditures, but meaningful and lucrative to Snipp's shareholders.

We will now begin the Q&A. We received almost fifty questions. We selected the list of most asked questions. For the rest we aim to have one on one calls with investor groups.

Conf Call Questions

How aggressively are you pursuing acquisitions and what would/are you looking at adding to complement the current business?

*** We are being targeted and opportunistic ie we are not competing in auctions or looking to do something splashy or transformational, but we talk frequently to other companies on a strategic level seeking out shareholder enhancing value that can help the company scale faster and help us enter new industries that we don't currently operate in.

What levers are you looking at pulling to help unlock shareholder value (Nasdaq listing, etc.) ++ What do you see as the biggest growth drivers (Snipp Media, Gambit…)?

*** In summary continued profitable growth, increasing margins, EBITDA, uplisting to a major exchange. With our management team and board owning a combined 42% of the company, you can be confident that we are always evaluating ways to drive value for all SNIPP shareholders.

We know you want to improve margins, how do margin targets look like in 2024 and 2025 and how should we expect those improved margins to impact growth?

*** We want to grow profitably and our focus in '24 is on moving margins back towards their historical norms as we strategically walk away from some unprofitable revenue primarily that stem from new product launches, market share capture strategies and new market seeding activities to generate case studies and learnings. The majority of that in the short term is improving the margin profile of Gambit Rewards that Richard has already talked about. Investors should see proof of that when we report our first quarter of 2024.

What are your 1, 3 and 5 year revenue growth targets?

*** We don't provide guidance, but when we think internally about our Core Snipp business which we call Earth, PLUS Gambit which for us internally is the Moon PLUS SNIPP MEDIA which we have code named MARS, we believe there is significant upside beyond the $30mm plus in revenues we should report for 2023. HOUSTAN is doing everything in its power to make all of these click together. Now again, we don't expect the growth to be all up and to the right (as we made a strategic decision to trade some revenues for margins in the short-term) but we have said before that internally we believe our current business opportunities would be to build a $75mm revenue company in the next few years.

Any significant changes in the advertising landscape that you see impacting the business +/-?

*** With privacy becoming more and more important – the importance of clean, opted in data that clients have access to becomes the new gold rush. All of our products are geared to creating first party opted in data to help our clients make faster, actionable decisions that are personalized and accurate.

Any updates on strategic partnerships? How are these being incentivized?

*** We can't reveal due to NDAs the payment structures between partners but suffice it to say that no two deals are the same. We negotiate carefully and deliberately with partners to ensure the deal structures are a win-win for all parties involved. Our deals terms with Bally's are public information and a good guide on a strategic partnership and the type of deal we strike. With Gambit and Dave & Busters those are profitable relationships as are our deal terms with Bank of America as an example that incentivizes both parties to grow and share revenue streams.

Any key takeaways from the prolonged audit worth noting?

*** We are just happy to have this behind us and even though it took a long time to get through – it did not reveal any major or minor for that matter shortcomings in our books.

What progress are you making with the banks? Are banks also developing their own infrastructure in a way that would impede SNIPFs progress?

*** We have addressed this in our earlier questions. Our Bank of America and Triple, a division of PNC bank relationships, are testament to the progress we have made and as we said before, our relationship with the CPG brands puts us in an enviable position.

How would you judge the competitive landscape in general?

*** We are encouraged by the competitive landscape. We see it in the quality of people we are attracting to Snipp. Our hires in 2023 are testament to the fact that we are getting high quality leaders from our competitors to join us. In general, a wave of consolidation is also helping us be one of the few turnkey independent marketing and promotion platforms still standing.

H**ow do you see AI impact your business? Positive, negative?**

*** AI will have a positive impact on our business. Our SnippCHECK transaction processing engine already has a version with ChatGPT embedded into it and we are really excited by the initial results we are seeing. We also believe our customer service costs will decline with the use of AI and we have plans to build a predictive analysis tool based on AI.

When will your stock begin trading again?

*** We are working actively with the stock exchange to make that happen. They have a process, and we hope to have it completed in the coming weeks. My best guess is before the end of this month.