



Snipp Interactive – Conference Call Script -- August 29, 2024

Atul Sabharwal - Chief Executive Officer

Good morning, everyone. Thank you for joining us for the Snipp Interactive second quarter 2024 earnings conference call. I am Atul Sabharwal, Founder and Chief Executive Officer of Snipp Interactive. Joining me today is Jaisun Garcha, our Chief Financial Officer.

Please visit our investor relations site at [Snipp.com](https://snipp.com) for a copy of our earnings press release and detailed financials, which have also been filed on SEDAR. We present all financial figures in U.S. dollars unless otherwise indicated.

Before we proceed, I'd like to remind everyone that today's discussion may contain forward-looking statements. These statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially.

Q2 2024 Summary and Key Developments:

The second quarter of 2024 marked a period of record achievement for Snipp Interactive, underscored by the highest sales, which we measure as bookings, in our company's history. Our continued focus on refining our revenue mix and enhancing our margin profile is yielding tangible results, positioning us well for sustained growth and profitability.

During Q2, our revenue mix continued to shift towards higher-margin business, which is a testament to our strategic focus on securing more profitable contracts. This has contributed to a significant improvement in our overall margin profile, aligning us more closely with our long-term financial objectives.

Our bookings backlog through the first half of 2024 reached the highest level in the company's history, reflecting not only the success of our sales efforts but also the strong demand for our platform across various industries, from leading consumer product brands to financial services. This backlog provides a solid foundation for continued revenue growth in our core Snipp business and profitability as we progress through the remainder of the year.

So let's now focus on our Strategic Focus and Achievements:

Our strategic initiatives remain centered around three key areas: improving our revenue mix, expanding our high-margin core business, and driving innovation through our platforms. Here is an update on our progress in each of these areas:

1. **Improving Revenue Mix:** We have continued to shed unprofitable revenue streams, focusing on contracts that align with our gross margin threshold of 50% or higher. This disciplined approach is evident in our improved margins and has been a key driver behind our strong margin performance this quarter. The shift in our revenue mix is a critical component of our strategy, ensuring that we not only grow but do so profitably.



2. **Expanding Our Core Business:** Our core Snipp business remains strong, with momentum continuing to build as we secure larger and more impactful contracts. Our record bookings number is reflective of this momentum. Additionally, we continue to deepen our relationships with key partners, including Walmart, where earlier this year we were onboarded as a Walmart Connect Preferred Partner. Our pipeline is filled with marquee brands, and we are increasingly recognized for our ability to deliver scalable, high-impact solutions across diverse industries. During the first half of the year we hit the pavement, attending Path to Purchase, the Retail Media Summit, CRMC, Loyalty 360, the Shopper Summit, and the Grocery Summit. These events are important parts of the sales process, ensuring we stay in front of industry leaders and clients, showcasing our leadership and subject matter expertise especially as our industry is consolidating and there are market share opportunities for us to capitalize on

3. **Driving Innovation Through Platforms:** Innovation remains at the heart of our growth strategy, particularly through our SnippMEDIA and Gambit platforms. Customers appreciate not only the reliability of our platform and speed to market; they recognize our ability to deliver a truly differentiated solution.
 - Let's start with **SnippMEDIA**. Our unique cash back offers platform continues to gain traction within our first client, Bank of America and conservatively for it's over 40MM million customers; Snipp's CPG offerings have become a top-clicked grocery tile within Bank of America's loyalty program, highlighting its growing influence. Looking ahead, we are excited about the upcoming launches with PNC Bank and over 85 regional banks in the second half of this year. Over time we estimate this will grow to over 200 regional banks. These partnerships will further expand our customer audience and enhance the value we offer to our roster of CPG clients.
 - Moving on to **Gambit**: Our Gambit loyalty gaming platform, having undergone strategic realignment, continues to be focused on finding new customers that align with our profitability goals. As discussed in the past, after sunsetting one, and I repeat just 1 legacy, low margin contract, we are now focused on higher-margin opportunities within Gambit. We are having conversations across a variety of customer use cases and will keep you updated if any of these potential contracts materialize. In the meantime, and for modeling purposes, total reported Snipp revenues will remain pressured through the end of the year until we lap our strategic realignment of Gambit in Q1-24.
 - Both Gambit and the SnippMedia businesses were investments we have funded internally. We named these projects Moon and Mars for a reason. They represent immense opportunity for our shareholders, but they are not without risk. The opportunity for both these projects has been clearly visible – with Gambit the massive end user interest was clearly demonstrated with the massive surge we witnessed in users exchanging their loyalty points for sports bets. We successfully also demonstrated an economic model with Dave & Busterst hat that had a 50% plus margin profile. But as with first to market initiatives it's not always a straight line to success. The contract with Swagbucks as mentioned was an inherited contract that did not have any economic value for us while with the latter with Dave & Busters, for no fault of Gambit was impacted by Dave & Busters other initiatives in the world of cash-based wagering that is completely unrelated to Gambits non-cash wagering model. With SnippMEDIA one can measure the potential opportunity simply by looking at the caliber of banking



partners we have attracted and who have allowed us to integrate our platform into theirs. It's not every day that Bank of America and PNC bank would allow a small company like ours to hook into their banking platforms to test something new.

- With all groundbreaking ideas converting new and untested opportunities into sustainable profitable businesses is never a guaranteed outcome. But if you are successful it can lead to outsized returns. To mitigate risk investors should take comfort that we are working these opportunities diligently and in a very disciplined way to ensure that they add value to our core business and not in any way be a distraction on any front. Both operationally and financially.

Outlook for Q3 2024:

As we look ahead, we are poised for a strong third quarter, with expectations for sequential revenue increases in our core Snipp business and continued margin improvements. As we have stated in the past, our elevated backlog indicates that the Company's profitability will scale in the second half of the year when our largest clients are spending the majority of their annual promotional advertising and loyalty budgets. We are very pleased with our progress in repositioning our revenue mix and expect the core Snipp business to scale substantially given our new hires this past year, driving incremental margin and a sustained path towards EBITDA profitability.

While the exiting of the low margin Gambit contract might be making it noisier for investors to appreciate our underlying performance for 2024, our strategic initiatives, combined with the strong momentum from recent contracts, gives us confidence that we will deliver another year of record revenues within our core Snipp business. We are committed to driving value for our shareholders and are excited about the opportunities that lie ahead.

Jaisun Garcha – Chief Financial Officer

Financial Results

Thank you, Atul.

Revenue for Q2 2024 was \$4.8 million, compared to \$7.5 million for Q2 2023, a **decrease of 36% and Revenue** for the first six months of 2024 was \$9.4 million, compared to \$14 million in the comparative prior year period, a **decrease of 33%**. *This revenue decline in both the three and six months ended June 30 2024, was expected and tied to the sunseting of a single pilot contract that Snipp inherited from the Gambit acquisition.*

Gross Margin for Q2 2024 was 64%, a significant improvement from 26% in Q2 2023.

Gross Margin for the first six months of 2024 was 59%, which is also a significant improvement from 26% in the comparative prior year period.



EBITDA for Q2 2024 was positive \$11,958 compared to an EBITDA loss of \$873,552 in Q2 2023, an EBITDA improvement of \$885,510.

EBITDA for the first six months of 2024 was a loss of \$587,783 compared to an EBITDA loss of \$1,973,329 in the comparative prior year period, an EBITDA improvement of \$1,385,546.

Our bookings backlog stood at \$17.2 million on June 30, 2024, an increase of 23% from June 30, 2023.

Cash at the end of Q2 2024 was \$5 million and the company continues to be debt free.

Atul Sabharwal - Chief Executive Officer

Closing Remarks:

In closing, I want to extend my deepest gratitude to our dedicated team members for their relentless effort in driving Snipp forward. Their work has been instrumental in achieving the milestones we've discussed today.

I would also like to thank our investors for their continued support. We remain focused on executing our strategic plan, and we believe the progress we've made thus far will create long-term value.

Thank you all for joining us today. We look forward to updating you on our progress in the coming months.