

BUSINESS AND ANTICIPATED BUSINESS PLAN

Business Overview

Snapwire is an online marketplace that connects a new generation of photographer with brands that need a high volume of imagery to help draw viewers to their websites. We believe there is an untapped resource of mostly young, smartphone photographers who are shooting pictures today that could turn viral tomorrow as online audiences discover them and spread the word on social media. Snapwire serves as the connection between companies in the market for original photos and the photographers – both novices and those more seasoned – who create the images. Both groups could benefit. Photographers who are posting their creations on sites like Instagram could also post on Snapwire and potentially earn money for their photos; companies' websites could be home to a photo that evolves into an Internet sensation.

Snapwire operates in the collaborative economy where the people comprising our supply line are incentivized to deliver superior product and service to those who seek their abilities to perform. Photo buyers can post a photo assignment on our website and in a matter of minutes, begin sorting through submitted images to find the photo that best matches their creative aesthetic needs. Likewise, photographers are alerted to each new assignment through an app on their smartphones and can respond instantaneously, shooting photos, quickly uploading them, and earning money if their photo is purchased. High quality cameras built into smartphones continue to evolve. They have changed the face of photography, creating a new generation of mobile photographers who shoot authentic, in-the-moment pictures that are highly desired in the social media realm. Additionally, the traditional DSLR cameras are continually improving and becoming more affordable, providing opportunity to aspiring professional photographers. Brands and businesses are becoming increasingly dependent on photos produced on these devices to help them tell their story to a worldwide audience around the world. Snapwire is capitalizing on this photographic transformation to fulfill the near insatiable demand for images by online social marketers and others.

Mobile Photography

Ever-advancing smartphone camera technology and the evolution of higher quality DSLR cameras are encouraging growing numbers of people to develop a love for photography. In addition, editing software makes it possible to produce commercial-quality pictures inexpensively and while on the move. At Snapwire, we capitalize on the expanding universe of photographers to build our already sizable portfolio of digital images. Our vision is to enable anyone with a creative passion for photography to earn money doing what he or she loves, while at the same time making it easier and more affordable for photo buyers to procure unique, custom photos that elevate their creative projects.

Our business is a modern-day evolution of the traditional stock-photo suppliers. Buying stock photos was an experience completely disconnected from the creator of an image. Users of those photos were forced to search through massive archives of irrelevant, outdated, pre-shot pictures. Searching for the right photo was an inefficient use of time and often failed to yield the desired result. This can be an extremely expensive process, especially when hundreds of photos

are needed over the course of a year. At Snapwire, we've put the photographer back into the picture, creating an environment where buyers can directly communicate with the photographers and vice versa. The result is more authentic photographs designed to be a custom fit for the buyer's needs. Licensing is simple and affordable because all photos are royalty free.

Snapwire caters to two groups of people: the photographers who create images and the users who pay to license them. We offer something for everyone who uses our platform, from the weekend mobile phone photographer to the professional. From the individual with his or her own blog to major corporate brands.

Here's how it works

Photo Buyers

Brands, businesses, and individuals from around the globe come to us when they need beautiful photos to enhance their own advertising and promotional projects, websites, social media, blogs, videos and presentations in any medium. The growing importance of communicating with the public via the Internet has created an overwhelming demand for images, which in today's fast-paced world are approaching or even surpassing the written word as the primary mode of expression. More than 100 million photos are licensed annually, with hundreds of thousands of online publishers needing 20-plus photos a month. With the ever growing online publishing industry, companies like Squarespace afford anyone the ability to have an online commercial presence. This includes Fortune 500 companies, creative agencies, emerging brands, freelance designers, individual online publishers and millions of users of social media.

Since launching Snapwire in 2014, we have hosted more than 4,930 photo assignments, and our photo buyer base has grown to more than 12,000. During the 12-month period ending in December 2015, buyers paid for and downloaded more than 7,000 photos.

We give buyers several purchasing options:

- 1) They can post their own creative briefs on our website requesting specific photos (each called a request). The buyers tell photographers what they're looking for, set a price, various image requirements, and turnaround time. Then they can review images in real time as they are submitted. They nominate photos to indicate what they like – further communicating their needs to photographers, and begin to build working relationships with their favorite photographers. Finally, they download and purchase the photos that best match their creative vision.
- 2) Alternatively, they can peruse our searchable image database we call the Marketplace, which is a growing collection of the best photos that were submitted in response to all buyers' previous photo requests. The Marketplace stores more than 1.5 million royalty-free, easy-to-search images available for licensing.

Our buyers always know the skill level of the photographers they see on Snapwire because of our points-based leveling system. Buyers have the option of offering their photo

assignments to only the higher ranking, more proven photographers, or giving all levels of photographers with a range of abilities the chance to compete.

All photos licensed through Snapwire are royalty free, which means buyers can use a photo an unlimited number of times in as many different projects as desired for an indefinite length of time.

The Photographers

We provide photographers with a community in which to work and grow as artists. Photographers can follow peers who inspire them, learn what photos sell, and respond to photo buyers' questions. On average, 15,000 people sign up for Snapwire every month. The community has grown to 285,000 photographers in 180 countries who capture insights, concepts, products, or locations on time and on budget. Our photographers are qualified through our platform and work their way up the ranks to professional-level photography jobs.

We provide a point of connection between photographers and potential buyers, making it easy to find each other. All paperwork, indemnification and licensing is handled by Snapwire. As a result, photographers can concentrate on their art and leave the business side of things to us.

Photographers respond to buyer requests for specific images through Snapwire's mobile app or on our website. We built Snapwire's five-star rated mobile apps for the photographers in the field to help them stay informed of new buyer requests, allowing them to upload photos on the go and stay connected to the valuable photographer community.

The more success a photographer has, the higher the level he or she achieves, providing a better opportunity to earn more money, post more photographs on our platform, and work directly with higher end buyers. Everyone wins on Snapwire. Even if a photographer's photos aren't purchased in response to a posted photo request, they may be selected to move into our Marketplace stock photo library, making them available for anyone to purchase.

Using unique algorithms, submitted photos are automatically curated, leveraging Snapwire's proprietary leveling and points system. Exceptional photos are handpicked by curators to appear in our premium photo library, which lists them at a higher price point. This is to ensure that the best photos always appear first in response to buyer requests and in our Marketplace.

Snapwire provides photographers with a virtual venue in which to connect with other photographers to share best practices and tips for success. We also provide tools to help photographers improve their images, including Adobe editing software and the newly introduced Snapwire FX Adobe Lightroom Presets packs. These packs integrate directly within Adobe's Lightroom Product, allowing photographers to get professional photos with one click. All of what Snapwire provides to its photographer community is geared to maximize our users' earning potential and goals achievement.

About Our Payment to Photographers

Other than the limited license grant, photographers retain ownership of, and are solely responsible for, the content they post on our website. Photographers also decide when and how their photos become available for sale. For example, a photographer may choose not to offer his or her images for sale as part of a subscription package.

Snapwire's photographer pay schedules are among the most generous in the industry. Photographers keep 70 percent of the licensing fee when buyers pay for photos chosen from submissions to their creative requests. Photographers keep 50 percent of fees paid for photos purchased from the Marketplace or their individual profile pages. The same photo can be sold to unlimited numbers of buyers simultaneously. The various ways a photo may sell on Snapwire provides photographers an opportunity to receive multiple earning streams for the same photo.

Marketing to Reach Buyers and Photographers

We have acquired our customer and photographer bases by using a three-tiered strategy that we have tested and that has proven successful. We plan to continue to use and build upon this marketing strategy in the future. The tiers work in tandem to attract a dynamic set of buyers that not only includes smaller, everyday photo buyers, but also bigger brands that are looking for photos for longer term projects. Photographers from throughout the world and of all skill levels become aware of us and begin to post their work on our platform. The three tiers we utilize include paid channel, direct sales, and strategic partnerships. Paid channel sales involve strategies to acquire new users through social media advertising platforms (such as Facebook Ads), direct online sales and lead generation via pay-per-click and re-targeting strategies. Direct sales involve contacting potential customers and photographers one-on-one and educating them about our website. Partnerships are formed with other related businesses that reach our target audiences.

User adoption of our website and our services varies slightly for those who supply the photos and those who create the demand for them.

For Photographers:

The goal of most photographers is to sell as much of their work as possible. As a result, many adopt a strategy of uploading their photos to multiple platforms to get as much exposure as possible. Some platforms offer financial incentives for photo exclusivity. But for the most part, the average photographer will earn less than 20 percent of the licensing fee a platform charges a photo buyer. Snapwire pays its photographers as much as 70 percent of licensing fees. We also attract photographers by offering innovative mobile applications not available on other platforms. Snapwire strategically created an iOS mobile app and an Android mobile app that appeal to a wide audience of photographers and when they use them to sign up for our service, it saves us advertising dollars. Therefore, growing the photographer community has been scalable with the funds we have raised to date.

For Buyers:

Photo buyer user adoption in the commercial photography industry is accomplished through a multitude of channels. Offering high quality and aesthetically pleasing photographs is the primary draw, but having a large volume of photos to search also is part of a winning formula for attracting and retaining photo consumers and turning them into paying customers. Once an archive achieves a critical mass of quality photos, buyers are willing to consume from a variety of purchasing models. There will always be some buyers who have only an occasional need for photos and will purchase them one at a time. But most leading platforms, including Snapwire, offer customers that have ongoing photo needs the option of a monthly subscription service, giving them more purchasing power when they need to download large numbers of photos. In addition, Snapwire offers the added feature of pre-screening and rating the photographers using our website, which can be a timesaver for buyers. With the use of points and levels, we have engineered an algorithm that helps us discover highly talented artists who are then clearly identified to buyers who want to filter out images shot by less experienced photographers.

About Our Photo Purchasing Options

Snapwire charges its buyers a licensing fee for the right to use a photo royalty free. For the one-time payment, they may use the photo over and over again for a variety of purposes, including for advertising and promotional projects, websites, presentations, editorial publications, videos, commercials, catalogs and broadcasting.

Buyers can purchase photos submitted in response to their creative requests, or from our Marketplace library. They set a price they are willing to pay per photo (a \$25 minimum) when launching a request. Fees for individual photos posted in the Marketplace or for sale on a photographer's profile page range from \$5 to \$500 depending on the size of the image and level of the photographer.

Subscription plans also are available. Prices range from \$99 to \$499 per month depending on the number of photos desired, resolution quality and the number of the buyer's employees who need access to them. Additionally, buyers may purchase exclusivity options when purchasing the rights to use a photo. Custom-designed subscription packages also are available to accommodate everyone's needs.

Snapwire offers \$10,000 in indemnification protection to each buyer to cover the costs of any actual or threatened third-party lawsuit, claim, or legal proceeding for direct damages together with expenses (including reasonable outside attorneys' fees) stemming from their use of a Snapwire photograph.

About the Royalty-Free Stock Photo Business and its Growth Potential

The global commercial photography market is estimated at \$10 billion, including the \$4.2 billion commercial photography licensing business, which is estimated to grow to \$5 billion by 2018. Licensing in this sector is sold on a royalty-free basis in the majority of cases. This means for a one-time payment, a photo buyer (often referred to as an end user) chooses the photo

size he or she requires and uses the licensed photo over and over again for permitted uses defined in the licensing agreement. Typically royalty-free licenses provide one to 10 seats per end user. A seat license is defined by the number of individuals having the right to access and use the photo at any given time. Most agreements allow the licensed image to be kept on a storage device.

The outlook for the industry is optimistic, as the industry has consolidated over the past several decades with the removal of fragmented players driving buyers to a smaller number of leading platforms. Today's market leaders are Shutterstock, Getty Images and Adobe Stock Photo, which together generate half of the revenue of the global market. Several mid-market platforms account for the balance. All platforms primarily operate under the same offering concept in which photos are archived and keyworded with metadata, allowing buyers to search for and discover the ones meeting their needs. Oftentimes there are overlapping photos offered on all platforms. However, a new generation of hybrid business models started to emerge in 2012, offering additional services and unique content. Crowd-sourced content aggregators and assignment-based models had yet to materialize until Snapwire's launch in July 2014.

Our Business Plan

We will use the proceeds of this offering to improve the user adoption of the platform in several ways. With product improvements, we plan to enhance the quality of our supply line through rated performance and by penetrating local markets with our new and unique localized request flow. We expect this new feature to attract consumer image buyers who need freelance photographers where they live and work to shoot events like weddings or to take professional head-shot photos.

We also have plans for increasing the volume of photos available on our platform, which directly correlates to the number of photos sold. The larger the choice of photos, the larger the number of purchases. We plan to roll out new product features that will result in a more robust overall user experience for both buyers and photographers. We will soon offer batch photo uploading, which will encourage photographers to submit more images. Batch uploading will allow photographers to upload multiple photos at once, streamlining the process for responding to a photo request or challenge, thereby increasing the number of photos available for purchase. For photo buyers, we have plans to enhance keyword automation, making it easier to search for and find the perfect photo.

In addition, international adoption will continue to be a priority. We plan to leverage existing partners in Western Europe to expand the demand side of the business in those markets. Additionally, Eastern Asia has shown an appetite for the authentic, quality photography that Snapwire provides. We plan to market to these areas extensively upon successful funding.

We recently created a vehicle for allowing brands/businesses to leverage a particular photographer's social-media following in addition to licensing his/her photo. We plan to fully

develop this feature and integrate it into every aspect of the platform. With the rise of social media we've seen firsthand how powerful leveraging these unique photographer audiences can be.

We plan to fully integrate Snapwire FX into the app used by photographers, allowing them to purchase both our original Adobe Lightroom Presets packs as well as unique mobile packs for when they are on the go. We are also looking at creating a new subscription model specifically for photographers that would give them access to premium features not currently offered on our competitors' platforms.

We plan on instituting an aggressive buyer growth program aimed at acquiring the qualified image buyers. We will implement our three-tiered growth strategy (see BUSINESS AND ANTICIPATED BUSINESS PLAN - Marketing to Reach Buyers and Photographers), and will dedicate additional new team hires to execute proven lead generation and customer retention strategies. Much of our success will be determined by our ability to raise funds to hire regional sales team members in the New York metropolitan area where many image buyers from Fortune 500 companies are based.

We presently have three employees.