FINANCIAL CONDITION

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes. This discussion contains forward-looking statements that involve risk and uncertainties, such as statements of our plans, objectives, expectations and intentions. As a result of many factors, including those factors set forth in the "Risk Factors" section, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

Since our inception in late 2012, we have devoted substantially all of our resources to organizing, business planning, raising capital, and research and development of our platform and general and administrative expense to support such research and development. As an early-stage company, we have incurred operating losses since inception. Our net operating losses were $838,411 and $690,190 for the years ended December 31, 2014, and 2015, respectively. As of December 31, 2015, we had an accumulated deficit of $2,131,077. We have financed our operations to date primarily through the issuance of convertible notes.

We are now conducting our first round of equity financing utilizing securities offering methods made possible with the enactment of the Jumpstart Our Business Startups (JOBS) Act of 2012. This offering is an equity crowdfunding offering pursuant to Title III of the JOBS Act and Securities and Exchange Commission Regulation Crowdfunding, which allow us to raise up to $1 million. We intend to use the proceeds from this offering to fund our operating expenses and to enhance our business and value. See, DESCRIPTION OF INTENDED USE OF PROCEEDS. Following the current offering under Regulation Crowdfunding, we will seek to qualify a larger second-round of equity financing with the SEC pursuant to SEC Regulation A, as amended by Title IV of the JOBS Act. Regulation A will allow us to raise significantly more than $1 million following a review and qualification process by the SEC’s Division of Corporation Finance, which we anticipate will take between 60 to 120 days after we file our offering circular with the SEC on Form 1-A.

Results of Operations

Comparison of Year Ended December 31, 2014, and 2015

Revenue

Revenue increased from $58,468 in 2014 to $125,022 in 2015. We have three primary revenue sources: (1) Photo Creative Briefs (projects called Requests or Challenges); (2) stock photography library sales; and (3) subscription sales that allow a subscriber access to a certain
amount of photographs each period of the subscription. We generally act as a principal for the sale of stock photography and subscription services, so we recognize revenue related to stock photography and subscription sales on a gross basis. For Creative Briefs we act as the agent in the transaction, so we receive a fixed percentage of the transaction. Therefore Creative Briefs revenue is recognized on a net basis. As we continue to build our stock photography library, we anticipate that an increasing portion of our revenue will be derived from higher margin stock photography and subscription sales. The leading source of revenue will come from our photo subscription and Request/Challenges products where we intend to deploy capital to achieve paid marketing goals.

High-end brand engagements represent an additional revenue source. For these types of engagements, established brands use the Snapwire platform to fulfill on-brand content needs, gain additional brand exposure, and posture to a new audience. These brands not only recognize the obvious benefit of sourcing photos from Snapwire, but they value the company’s unique ability to connect brands with our large photographer community.

Channel sales revenues come from our resell partners who select photos from our Marketplace library and sell them directly to their vast network of photo buyers. This distribution strategy generates additional cash flow for Snapwire, but also increases each photographer's earning potential by exposing photos to more buyers while our demand side scales. Many of these partners sell our photos at a premium price point due to the high quality nature of the photography assets on Snapwire. As our partner network expands, we expect to see this revenue center increase rapidly month to month thereafter.

At the end of 2015 the company invoiced for prepaid content to a large customer, of which $123,388 was unearned as of December 31, 2015. The revenue will be earned upon usage of content by our customer which is expected to take place in 2016.

**General and Administrative Expense**

General and administrative expense increased from $259,238 in 2014 to $266,971 in 2015. This increase was attributable primarily to an increase in legal and other professional fees and general fluctuations in payroll-related costs which stem from a ramping up and scaling back of employees during 2014 and 2015. Chad Newell’s compensation in 2014 was $50,000 and in 2015 was $12,500.

**Sales and Marketing Expense**

Sales and marketing expenses increased from $248,857 in 2014 to $347,142 in 2015. In June 2014, we publicly launched our website; accordingly, marketing efforts were not in effect for a whole calendar year. In 2015, we continued to market our platform and service, which included negotiating a marketing credit in exchange for a proportionate value of a convertible
note. At the beginning of 2015, the company began to deploy $200,000 in marketing credits it had negotiated from an investor in exchange for the said convertible note. By the end of the year, the company had utilized the whole marketing credit. Marketing efforts were reduced in late 2015 when working capital was not as readily available.

**Interest Expense**

Interest expense increased from $44,250 in 2014 to $73,708 in 2015 as a result of additional convertible debt incurred in 2015.

**Liquidity and Capital Resources**

Our operations require continuing capital investment. We have financed our operations to date primarily through the issuance of convertible notes. We have no bank lines of credit. The minimum proceeds from this offering of approximately $50,000 will not be sufficient to fund our current operations through July 2017, and we do not expect to be able to satisfy our cash requirements solely through our revenue. We expect to rely on equity financing to fund our operations. The sale of additional equity securities could result in additional dilution to our stockholders and those securities may have rights senior to those of our common stock. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations.

If we are not successful at raising net proceeds of more than $50,000, we will immediately use the funds to initiate a Regulation A financing, because without it, we won’t be able to fund our business operations for the next twelve (12) months. If we raise net proceeds of at least $250,000, we believe that with revenue from operations, we will have sufficient capital to fund operations for the next twelve (12) months, and we will use a portion of the proceeds to initiate a Regulation A financing. In July 2016, our previously issued outstanding convertible notes were amended to extend the notes’ maturity date to June 30, 2017, and to reduce to $50,000 the amount of the equity financing (a “Qualified Financing”) pursuant to which the notes automatically convert into equity issued in the Qualified Financing.

**Going Concern and Management’s Plans**

As discussed above, we have relied heavily on debt financing for working capital and have incurred operating losses since inception. These above matters raise substantial doubt about the company's ability to continue as a going concern. Throughout the next twelve months, the company intends to fund its operations with funding from our Regulation Crowdfunding offering, additional debt and/or equity offerings, and increased revenue from our operations. If we cannot raise additional short-term capital, we may consume all of our cash reserved for operations. There are no assurances that management will be able to raise capital on terms acceptable to the company. If we are unable to obtain sufficient amounts of additional capital, we
may be required to reduce the scope of our planned development, which could harm our business, financial condition and operating results. The balance sheet does not include any adjustments that might result from these uncertainties. Despite the inherent risks of any new business, we have an experienced management team with decades of relevant industry experience and believe we are well positioned for growth in the coming years.

**Dividend Policy**

We have no current plans to pay future dividends on our common stock, and we have never paid any dividends on our common stock. Any decision to declare and pay dividends in the future will be made at the sole discretion of our Board of Directors and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions, and other factors that our Board of Directors may deem relevant.

**Annual Report**

Each year within 120 days of the end of the year, we file an annual report with the SEC and post it on our website at [www.snapwi.re](http://www.snapwi.re). In certain circumstances we may terminate our ongoing reporting requirement if:

1. We become a fully-reporting registrant with the SEC.
2. We have filed at least one annual report, but we have not more than 300 shareholders of record.
3. We have filed at least three annual reports, and we have not more than $10 million in assets.
4. We or another party repurchases or purchases all the securities sold in this offering.
5. We cease to do business.
BACKGROUND OF DIRECTORS AND OFFICERS

Chad Newell is Snapwire’s founder, chief executive officer and sole director. He has served in these positions since he incorporated the company as Snapwire Media, Inc., in August 2012. Chad came up with the idea for Snapwire after seeing the progression of talented photographers on Facebook’s Instagram platform. He believed that aspiring photographers were adopting the Instagram platform to gain exposure and validation for their photos. With the evolution of Apple’s iPhone 5S, Chad witnessed the world’s most widely adopted smartphone have the capability to produce a high resolution photo that could be sold and monetized on traditional stock photo sites.

Prior to Snapwire, Chad worked in the commercial stock photo licensing industry for nearly two decades. Beginning his career at the Getty Images-acquired The Image Bank, Chad helped launch the profitable San Francisco footage licensing division in 1996. Following Getty Images’ acquisition of The Image Bank, Chad joined outdoor mountaineer Rick Ridgeway’s Adventure Photo & Film where he served as managing director through its acquisition by ImageState, Plc. He then served as chief operating officer of the company’s footage licensing division. In 2001, Chad left ImageState to co-found Media Bakery, LLC., one of North America’s largest independent stock photo and footage agency collectives. While serving as CEO for more than 11 years, Chad was responsible for growing the company’s image archive to more than 10 million creative assets from more than 190 international image partners serving more than 23,000 image buyers.

Chad also advises startups, serves on the boards of companies in the photography vertical and lectures at the Brooks Institute of Photography in Ventura.