

SNK: NZX MARKET UPDATE

Shareholder Update – May 2015

Dear Shareholders,

It's May, and we're almost halfway through 2015. Our last company update was in February when we released our Q3 revenues, and we'd like to share some highlights from this calendar year.

Q4 overview (January – March 2015)

The management team is pleased with the company's performance during this time. It's been an exciting quarter, with top tier brands including ANZ, Google, Disney, Lion Nathan, Fonterra, ASB and Spark continuing to choose Snakk's unique audience-targeting technologies and other mobile advertising innovations to deliver highly-relevant advertising campaigns to smartphone and tablet users.

Fourth quarter revenues are now with our auditors, and will be available when we report our End of Year result in June. Our continued focus on operational efficiencies, and the benefits of scale as we continue to grow, have helped us drive an increasingly healthy gross margin. Last year's million dollar-plus months have also strengthened our balance sheet considerably, and as a result we have seen a reduced rate of cash usage.

We've also successfully secured a \$1.3m rolling debt facility on favourable terms, and anticipate this facility can scale in size as the business grows. With \$2m currently in the bank, we feel we have sufficient reserves to get us through the calendar year.

Capital raising

In our February update, we signalled that Snakk intends to raise funds in the coming months. Snakk has steadily invested over the long-term to put the right people, systems and technology in place to help us scale the business to a point where our operational costs are levelling, while our revenue continues to increase.

We are now seeking capital to continue building a significant business in Australia, New Zealand and most importantly into Southeast Asia, where we will continue to take advantage of the enormous market opportunities for mobile advertising. We will fund this growth through a variety of avenues, and more information will be forthcoming as we finalise our plans for capital raising.

Asian expansion – update

Our Asian operations are now staffed by a team of three, signalling our commitment to this market. To meet the growing demand in Asia, where there are tens of millions of smartphone users, we are looking to employ more staff in markets including Malaysia, the Philippines and Indonesia.

Still within its first year of operation, the Snakk team in Singapore is currently running campaigns for global brands as diverse as Unilever's Paddle Pop and Lux, Nandos, Visa, Ikea, McDonald's and Airbnb - in markets including Singapore, Indonesia, Hong Kong and Thailand. Some of these campaigns have extended further into Korea, Japan, Vietnam, Malaysia, India, Macau, Brazil, Mexico, Germany and the

United Arab Emirates. It's an exciting time for Snakk as we unlock a world of opportunity outside of Australia and New Zealand.

TV Sync

Demand for TV Sync has been extremely high since we developed and launched the technology in Australia last November. This regional 'first-to-market' offering allows advertisers to match TV commercials with delivery of their mobile ads, all in real-time. The mobile ads are seen in the mobile social media newsfeeds of TV viewers within seconds of the commercial being aired. With more than half of TV audiences viewing their mobile devices while watching television, we are well-placed to take advantage of this trend.

Since launching TV Sync we've delivered a number of successful campaigns in Australia with major brands including Peugeot, NAB, Nestle/Uncle Tobys, TAB, Holden and Citibank.

We expect to launch TV Sync in New Zealand with its first campaign in the near future. New Zealand country manager Niko Toluono, who joined us mid-March from Fairfax, has had strong interest from local brands around TV Sync and has a number of exciting campaigns in the pipeline.

Represent Media

Represent Media is continuing to add new, well-known titles to its stable of premium mobile publishers. Earlier this year we signed media publishing giant [CBS Interactive \(CBSi\)](#) to sell the premium ad inventory available on their Asian mobile titles across 12 countries. These titles include ZDNet, Cnet, Chow, Gamespot, Tech Republic, Metrolyrics, Giant Bomb, Metacritic and TV.com.

During the same month, the Represent team signed one of Australia's largest independent publishers, [Conversant Media](#), best known for [The Roar](#), Australia's leading sports opinion site; [Lost At E Minor](#) a global pop culture site; and [Techly](#) a consumer-tech lifestyle site.

Momentum continues to build for this division of Snakk as more premium publishers choose Represent Media to sell their mobile inventory across Australia, New Zealand and Southeast Asia.

Awards & Recognition

Snakk was recently named an 'Official Honoree' in the prestigious 2015 Webby Awards for its campaign creative for one of the world's most popular video game franchises, 'Assassin's Creed Unity' by Ubisoft. The work was recognised in the Mobile Advertising section of the Media & Advertising category, with Snakk one of only five Official Honorees in that section.

With more than 13,000 global entries overall, the Webbys are the leading international awards honoring excellence on the Internet since 1995. The work can be seen here:

<http://thissite.mobi/webbies/assassins/>.

In April we earned a spot on the global "Best for Workers" list for the second year running, being recognised for creating some of the highest quality jobs and fostering an environment that allows our people to be successful, happy and healthy at work. Being a great place to work in a high-growth, fast-moving industry helps us attract great talent and contributes to our performance.

2015 dates to note

Snakk is preparing to announce its End of Year results on Friday 12 June. We've also confirmed a date for the Annual General Meeting, to be held on the afternoon of 16 September in Auckland. More details on time and venue to follow.

Mobile ad spend continues to grow

According to a report last month on the 2015 mobile landscape by the Interactive Advertising Bureau of Australia¹, mobile ad spend and the use of mobile advertising is expanding, particularly with the growth of new rich media formats that Snakk specialises in. The report reveals 41% of the Australian market now see mobile advertising as a significant part of their marketing mix and expect to use mobile in half of their campaigns.

eMarketer's ad spend data² shows that while mobile internet ad spend is set to increase by 63% in Australia, from \$US852m in 2014 to \$1.36b in 2015; expected growth in Asia is even more impressive. The amount spent on mobile internet ads is expected to triple in Indonesia, and double in countries like India and China from 2014 to 2015.

There is no question there are exciting times ahead, with enormous potential for Snakk. While the share price is not something we can control, we don't believe it reflects the consistent positive progress the company has achieved since it was publicly listed. We work in the fastest-growing media sector in history, and we are continually and successfully evolving the company to meet this pace of change. The Board and myself remain extremely positive, and are focussed on the remainder of 2015 and the company's long-term prospects in Australia, New Zealand and into Asia.

We thank you once again for your support.

Mark



Mark Ryan
Group CEO
Snakk Media

ENDS

About Snakk Media Limited

www.snk.co.nz, www.snakkmedia.com,

¹ 2015 Mobile Landscape Survey Results, Interactive Advertising Bureau, Australia, April 2015: <http://www.iabaustralia.com.au/research-and-resources/research-resources/item/1887-2015-mobile-landscape-survey-results>

² eMarketer's latest ad spending forecasts across 22 countries: <http://www.emarketer.com/adspendtool?ecid=PR1017>

NZAX-listed Snakk Media helps brands find and reach consumers using apps, games and social media on their smartphones, tablets and other smart screens. The company generates revenue every time it successfully targets and delivers an ad across its networks of mobile websites, apps and games. The ads are targeted to ensure the right audiences see them at the right time and place.

Snakk is one of the first public companies in the world that has met the rigorous social and environmental performance standards required to become a certified B Corporation.

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