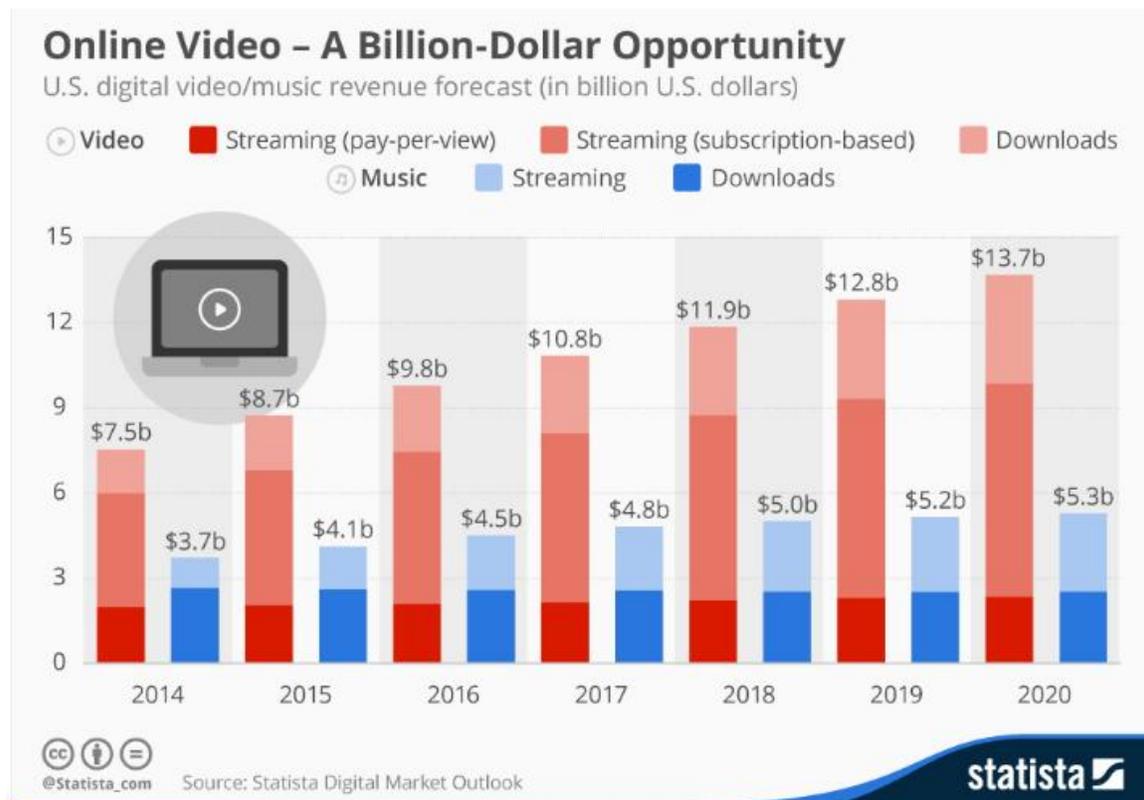


THE HOTTEST SECTOR IN THE ENTERTAINMENT INDUSTRY – ONLINE VIDEO

There is no doubt that the biggest trend in entertainment is online video as demonstrated by the substantial growth of OTT/Streaming Services such as established brands Apple, HBO Go, Google, Facebook, CBS, Comcast Streaming, Verizon, Vessell, Hulu and Amazon along with a host of up and coming players like Vimeo, Pivotshare, Fullscreen and many others. Ooyala forecasts that revenues for premium OTT Services, such as Netflix, are expected to go from 4 Billion in 2014 to 12 Billion in 2018.



Source: <https://www.statista.com/chart/31>

Statista has made a similar projection that the digital video streaming industry is forecast to see revenue grow from \$7.5 billion in 2014 to [\\$13.7 billion by 2020](#) and streaming video content is forecast to continue experiencing massive revenue growth for many years. And the biggest developing trend for content owners is the direct-to-consumer models as the revolution goes mobile.

According to [Econtent's Erik Martin](#), "The time U.S. adults devote daily to viewing video on digital gadgets (PCs, mobile phones, over-the-top [OTT] and game consoles, and other devices) has risen from 21 minutes in 2011 to 76 minutes in 2015, based on data published by eMarketer last April. ComScore Video Metrix data shows that nearly 195 million Americans watched online videos on desktop PCs last September,

and Ooyala's "Global Video Index Q2 2015" report reveals that 44% of all online viewing occurs on mobile devices. And in a recent white paper ("Visual Networking Index: Forecast and Methodology, 2014-2019"), Cisco predicted that, by 2019, consumer internet video traffic worldwide will comprise 80% (compared to 64% logged in 2014) of all consumer internet traffic."

One company that stands to benefit from the explosive growth in streaming video content is [Innovativ Media Group, Inc. \(OTC Pink: INMG\)](#).



The demand for entertainment content has never been greater. For years video creators have been creating content to upload to YouTube and other platforms in order to benefit financially from ad revenue. However, the low CPM click rates are making premium subscription services less viable and attractive to producers.

[Video subscription models](#) allow both large and small brands to target programming to special interest and niche audiences producing revenue at a consistently higher per-view rate. Subscription platforms provide content creators with interactive access to their audiences, allowing marketing expenses to remain low.

Small specialty producers like Crunchyroll, and Drama Fever, have found gold with subscription platforms and substantial sums of venture capital is pouring into digital video subscription start-ups. In Los Angeles alone, recently All Def Digital, Thoughtful Media Group, Kin Comment and Woven Media all raised large sums of capital. Innovativ Media Group is also poised to capitalize on the trends.

Overview

Innovativ Media Group, Inc. (OTC Pink: INMG) develops, produces, and distributes [digital entertainment](#) through a variety of brands including: Lux Digital Pictures, HPLovecraft.TV, New Broadway Cinema and The Alien Interview Channel (YouTube). In addition, the company is planning to roll out a lineup of premium niche targeted online channels in the near term. Meanwhile, Innovativ Media Group, Inc. (OTC Pink: INMG) continues to develop its VOD Movie Guide and the Film Finance Exchange Platforms.



INMG distributes the Lux Digital Pictures library of feature films including the titles:

- www.gameplaymovie.com
- www.nightmaresinredwhiteandblue.com
 - www.filmsoffury.com
- www.area51thealieninterview.com
- www.moneyfornothingmovie.com
- www.americangrindhouse.net
- www.nightofthelivingdead3d.com
- www.mountainsofmadnessmovie.com



New Broadway Cinema: focuses on acquiring the Virtual Reality exploitation rights to plays and musicals and plans on producing stage show adaptations, using its trademarked DigiTheater VR process.



The Alien Interview Channel: a [YouTube channel](#) which is operated with Fullscreen Inc. The YouTube channel pulls in 800,000 views per month for Innovativ Media Group, Inc. (OTC Pink: INMG).



VOD Movie Guide: a video-on-demand movie search platform currently in development.



Film Finance Exchange: Innovativ Media Group, Inc. (OTC Pink: INMG) is a principal of the Film Finance Exchange.

Innovativ Media Group, Inc. (OTC Pink: INMG) Prepares to Launch Premium Online Channel

Innovativ Media Group, Inc. (OTC Pink: INMG) anticipates launching its first planned premium online subscription channel, HPLovecraft.TV, in August 2016. The new premium channel programs content inspired by H.P. Lovecraft works.



"Ad-supported content is an excellent way of reaching the biggest possible audience, but it's a poor, inefficient way to actually make a living," explains VHX co-founder and CEO [Jamie Wilkinson](#), whose company made its API public in February 2016, so anyone can build his or her own Netflix-subscription model.

"A million views on YouTube will earn you a few thousand dollars, at best. A million views is no small feat to do once, let alone more than once. If you get 1,000 people to pay \$5 for your movie or comedy special, you can get the same return. If you're producing serial content or have a decently sized library, you could charge \$5 per month and make 12 times more."

On August 8, 2016, Hulu made a huge announcement that the company is winding down its free, ad-supported version to draw users, which is also known as an AVOD Service. Instead, Hulu will [turn to a subscription-only](#) based model, in order to focus on growing revenue and gaining paid subscribers to its online content. Hulu was the largest player in the AVOD Service space and the move to the subscription-based model only provides validation to Innovativ Media Group, Inc. (OTC Pink: INMG)'s premium subscription channel business model.

The ability for smaller creators to compete with larger brands using a video subscription model isn't just a myth. Take the example of creators Ryan Gutierrez

and Mike Ross, who produced a web series called [The Excellent Adventures](#). It made more money in the first 24 hours on Pivotshare than the preceding year on YouTube through ad revenue. Likewise, Numa Perrier, co-founder and chief content officer of Black&Sexy TV, notes that her company of just five full-time employees makes as much money in 1 month as it does in an entire year on YouTube. This is all possible, thanks to its subscription offering through the [VHX platform](#). VHX has also helped the web series [An African City](#) pull in more revenue in 24 hours than the show made in two years on YouTube.

Innovativ Media Group, Inc. (OTC Pink: INMG) expects to launch a variety of highly-profitable premium online channels over the next few years. The idea behind the premium online channels is to target specific communities or popular topics and create unique, premium streaming content to market to that community. The subscription-based streaming service will allow the Company to see expanding profit margins of around 20-25% in 2016 and management is forecasting its premium online channels to exponentially impact Company revenues over the next several years.

"We strongly believe that niche premium channels with customized content produced for select fan communities and made available through interactive platforms and on Facebook is not only the television of the future but the present," details Tom Coleman, Chief Executive Officer of Innovativ Media Group, Inc. (OTC Pink: INMG).

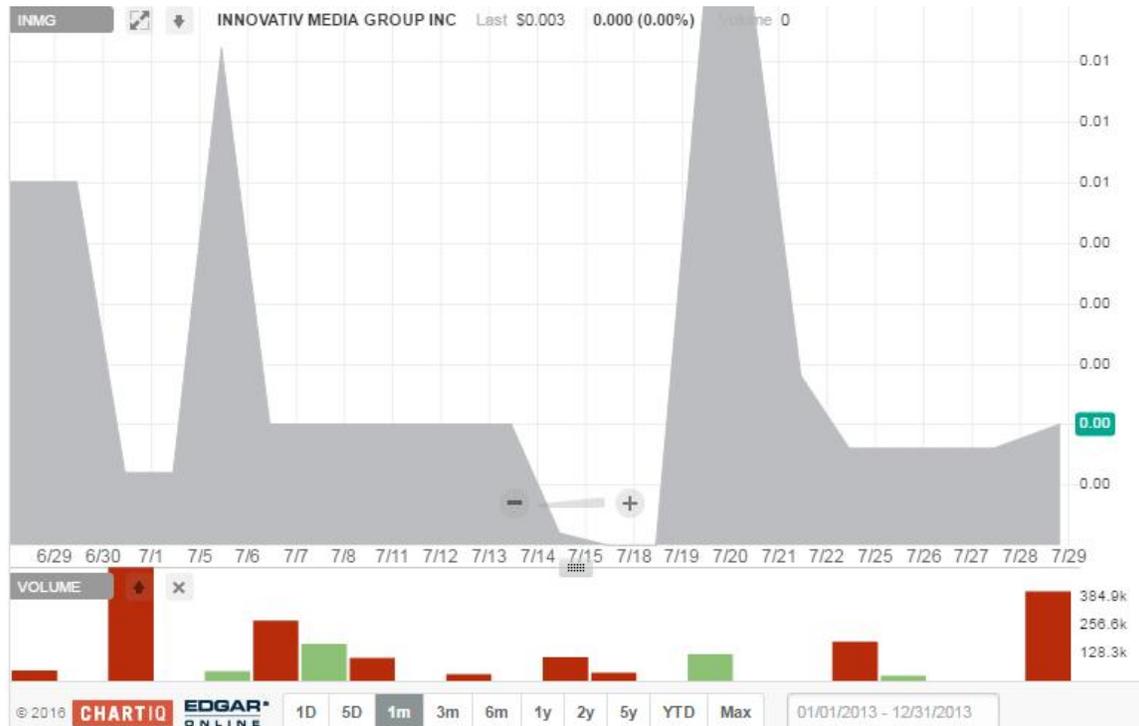
Overall, Innovativ Media Group, Inc. (OTC Pink: INMG) continues to experience strong growth from its current brands and the Company believes its streaming services will be the key to significant earnings growth impacting its financial results as early as the fourth quarter 2016.

INMG: Financial and Competitor Analysis

Turning to Innovativ Media Group, Inc. (OTC Pink: INMG)'s financials and competitor analysis, the digital entertainment company had a market cap value of only \$311,429, as of July 2016. This represents only a small percentage of the company's current book value and a minute fraction of appropriate market value. Looking at share structure, the company has 250 million authorized shares, nearly 111.22 million shares outstanding, and a float of 7.11 million shares, as of May 2016. For the first 6 months of 2016, [Innovativ Media Group, Inc. \(OTC Pink: INMG\)](#) is reporting total revenue of \$95,201, and EBITA of \$14,140.

With premium digital websites set to go live in the coming weeks, management estimates that Innovativ Media Group, Inc. (OTC Pink: INMG) could see total revenues between \$400,000-600,000 by the end of 2016 and with 20-25% profit margins. Overall, Innovativ Media Group, Inc. (OTC Pink: INMG) is a mark above most small cap companies as it does not have any toxic convertible debt or virtually

debt of any kind on its balance sheet. The company also has an extremely low share float.



Source: otcmart.com 1

Digital entertainment continues to be an explosive growth industry that is led by some very recognizable names such as Netflix, Inc. (NASDAQ: NFLX), Amazon.com, Inc. (NASDAQ: AMZN)'s [Prime Video](#), Hulu, and more. Streaming content is continuing to see demand amongst consumers, who wish to have multi-platform access to on-demand video, music, and other content. Innovativ Media Group, Inc. (OTC Pink: INMG) is in prime position to benefit from this growth as one of the few public Companies specializing in creating niche premium content channels. Comparing the company to other digital entertainment and content providers could help provide a sense of valuation and Innovativ Media Group, Inc. (OTC Pink: INMG)'s future. Here are a few public competitors worth comparing with Innovativ Media Group, Inc. (OTC Pink: INMG):

WRIT Media Group, Inc. (OTCQB: WRIT) is a developer and producer of TV shows, movies, and other entertainment products, across a variety of platforms. As of July 2016, the digital media company listed a market cap value of \$5.4 million. Furthermore, [WRIT Media Group, Inc. \(OTCQB: WRIT\)](#) has a share structure consisting of 20 billion authorized shares, 25.7 million shares outstanding, and a float of nearly 25.7 million shares, as of February 2016. During most recent quarterly earnings release on December 31, 2015, WRIT Media Group, Inc. (OTCQB: WRIT) that showed the company earned no revenue, and net loss of \$120,000.

IDW Media Holdings, Inc. (OTC Pink: IDWM) is a holding company that operates a wide range of digital entertainment assets, such as digital TV content, films, and more. As of July 2016, the media holding company had a market cap of nearly \$186.3 million. In addition, [IDW Media Holdings, Inc. \(OTC Pink: IDWM\)](#) has a share structure of 12 million authorized shares, 5.03 million shares outstanding, and a float of 1.21 million shares, as of July 2016. During the latest quarter ending on April 30, 2016, the media holding company reported total revenue of \$13.4 million, but a net loss of \$41,000.

You On Demand Holdings, Inc. (NASDAQ: YOD) is a provider of digital, on demand content in China. The Chinese digital content company has a market cap of \$39.28 million, 24.25 million shares outstanding and a float of 19.2 million shares, as of July 2016. During the first quarter of 2016, [You On Demand Holdings, Inc. \(NASDAQ: YOD\)](#) reports total revenue of nearly \$1.3 million, but a net loss of nearly \$2.14 million.

As most savvy investors know the market has strongly supported the first movers and big brands in the digital content space and the expectation is now that the up and coming streaming programmers and platforms will flourish.

Netflix, Inc. (NASDAQ: NFLX) is an internet TV company that provides content streaming of unique TV shows and movies, as well as popular cable TV shows and movies. As of July 2016, Netflix, Inc. (NASDAQ: NFLX) has a market cap value of \$39.3 billion, 428.73 million shares outstanding, and a float of nearly 421.5 million shares. [Netflix, Inc. \(NASDAQ: NFLX\)](#) reported second quarter 2016 revenue of \$2.11 billion, and net income of \$40.8 million.

Amazon.com, Inc. (NASDAQ: AMZN) is an internet-based company that offers a wide range of products and services across its platform of websites. Among its businesses is Amazon Prime Video, which includes the company's own answer to a Netflix, Inc. (NASDAQ: NFLX)-style streaming service. Amazon.com, Inc. (NASDAQ: AMZN)'s Prime Video offers unique TV and film content, as well as popular cable TV shows and movies. [Amazon.com, Inc. \(NASDAQ: AMZN\)](#) has a market cap value of \$355.1 billion, lists 471.83 million shares outstanding, and a float of nearly 389.5 million shares, as of July 2016. During the first quarter of 2016, Amazon.com, Inc. (NASDAQ: AMZN) reported total revenue of \$29.13 billion, and net income of \$513 million.

As Innovativ Media Group, Inc. (OTC Pink: INMG) expands its lineup of premium online channels, the company expects to see between \$400,000-\$600,000 in total revenue in full year 2016 and EBITA approaching six figures. Meanwhile, WRIT Media Group, Inc. (OTCQB: WRIT) has not reported [any revenue](#) thus far in 2016 that can be found, did not report any revenue in full year 2015, and yet commands a market cap of nearly \$5.4 million. This shows the potential for Innovativ Media Group, Inc. (OTC Pink: INMG) to vastly expand its market cap well into the millions, if the company is able to reach its goals and objectives. Overall, Innovativ Media Group, Inc. (OTC Pink: INMG) continues to strongly position itself within niche areas

of the hottest sector of the entertainment industry with unique, branded streaming content.

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