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INFERENTIAL
Entertainment
Group™

EXECUTIVE SUMMARY

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(URL) <https://inferentialmgmt.com/>

The INFERENTIAL Entertainment Group™ is intended to be a transformational, curated partnership with hand-selected rights-holders, creating a marketplace designed to exploit innovative intellectual properties and products. Immediate areas of opportunity include the creation and ownership of NFT's, web-based and mobile device apps, and rights-holder assets ranging from master and publishing music copyrights to 3D and VR assets. Linked directly to the decentralized digital ledger, the *INFERENTIAL Gallery* and an *Online Marketplace*, are uniquely suited to optimize blockchain technology, leverage artificial intelligence, and thrive in the new *Metaverse Era*. This is our intention, and what follows is our strategy.

A Quick Overview on NFTs

An NFT is a non-fungible token. A nonfungible token is a unique digital asset registered on the block chain. Every token is different and can represent a variety of value propositions that can be expressed in the form of an agreement or a smart contract. While today's most common association of the term NFT is applied to collectibles, generally in the form of a visual graphic animation or a piece of motion art, often accompanied by sound; the business applications beyond art are expanding.

B2B Apps include verified documents, royalty and financial statements, licensing research and clearance apps, agreements of service, ownership, and licensing rights in the form of smart contracts, and even coupons and loyalty points. The main difference between traditional, fungible tokens; for example Bitcoin or Ethereum, and NFTs, lies in the unique set of attributes specific to the NFT. Since an NFT is more complicated than a fungible token, there needs to be a standard describing what makes the NFT tick. This standard is ERC-721, the descriptor of the NFT's technical details.

A Quick Overview on Metaverses

A *metaverse* is a network of 3-dimensional digital environments, connected via the internet, and more recently via blockchain technology. By connecting our NFTs directly to the Ethereum and Filecoin Blockchains, the INFERENTIAL Entertainment Group™ will pioneer *Fully Decentralized NFTs™* with expanded capacity for both long-form and short-form virtual reality and audio-visual art.

Critical Elements for The INFERENTIAL Entertainment Group™

Critical to the success of The INFERENTIAL Entertainment Group™ are:

- The development of a ubiquitous, online, digital marketplace, accessible through the Internet, and integrated with the blockchain,
- Access to, and synergistic relationships with the creators and owners of iconic photography that can be augmented in terms of dimensionality and online capacity for the creation unique NFTs,
- A lean and well-focused, in-house digital team capable of creating engaging original animations that lend themselves to VR and the Metaverse,
- Recording artists of various genres, who enthusiastically embrace and maximize the impact of their social media. Artists who tour with well-crafted, entertaining live shows . . . those who create both audio and visual content that lends itself to licensed syncs, virtual reality, streaming and physical commerce,
- A powerful *Loyalty and Engagement Platform* through the release of our own crypto-currency in the form of ERC-20 tokens,
- The development and release of short-form programming supported by INFERENTIAL's proprietary capacity-expanding coding protocol, and
- B2B and B2C apps.

Our Unique Value Strategy

In the spirit of providing value that is defensible, replicable, and scalable, our new entity will house its own online virtual-reality (VR) gallery and digital marketplace, accessible via the Internet, and anchored in blockchain technology to support NFT e-commerce.

Defendable via:

- Proprietary *Coupling and Coding* of open-source technology,
- The use of *Licensed Assets* as starting blocks for artistic expression, and
- Rapid development and growth of a Copyright Catalog.

Replicable via:

- An expansion and re-imagination of *Exclusive Assets*, and
- Systematic and ongoing *Content and Artist Development*.

Scalable via:

- *An Independent Online e-Commerce Marketplace with Digital Delivery [no physical inventory]*.

An in-house team, experienced in both coding and graphic design will leverage proprietary technology to provide three-dimensional modifications to iconic photography as well as developing our own digital artwork and animations.

Leveraging artist development and creative promotion, we will provide expanded revenue streams and opportunities for the exposure of talented artists in both the audio and visual arts. Innovative licensing agreements will provide the opportunity for INFERENTIAL™ to control both performance and composition copyrights over mutually agreeable periods of time, opening the door to revenue generation through digital streaming platforms, licensing syncs, touring and merch revenue, along with audio and video NFTs, as well as short form programming associated with these developing artists.

Leveraging influencers from various corners of the sports, music, and entertainment worlds, we intend to promote our own proprietary form of cryptocurrency.

And leveraging best practices as well as the innate creativity of our own in-house team, we will implement presentation formats and delivery systems that support transformational art in ways that have never before been seen.

Revenue Generation

INFERENTIAL will generate revenue through the commissioning of sales through our online market-place.

Additional revenue will be generated through minting fees, the mining efforts that connect NFTs to the blockchain. By embedding smart contracts, these minted NFTs will provide ongoing commissions to INFERENTIAL™ with each associated transaction.

Leveraging influencers and providing a loyalty-rewards platform, we will encourage the value appreciation of tokens associated with our proprietary cryptocurrency.

And through the commissioning of entertainment industry and business apps minted through INFERENTIAL™, we plan to generate an ongoing cash flow stream through a subscription-based model that has already been accepted by most app users as the industry standard.

With respect to visual and audio recording artists signed to our new entity, INFERENTIAL™ will secure master recording and publishing copyrights for prolonged terms with these rights ultimately reverting back to the artists, encouraging their cooperation and creativity. During the ownership term, INFERENTIAL™ will create associated graphic and motion artwork as well as expanded short form programming, all minted and distributed through our company with sale and commission rights retained in perpetuity.

The NFT Market

According to the October, 2021 *Markets Business Insider*, the NFT market cap is surpassing 7 billion dollars with each of the top NFT's market places focusing on specific artistic models, pricing strategies, smart contracts, and demo-targeted content to differentiate themselves from the pack. Content ranges from sports memorabilia to music to art to graphics to GIFs, and even smart apps and agreements secured on the blockchain.

Below is a table showing ten of the top-selling NFT marketplaces for January through September of 2021.

OpenSea	\$6.5 Billion	[Collectibles, Artwork, Music, GIFs]
Axie Infinity	\$2.1 Billion	[Trades in Pokemon-Style Games]
CryptoPunks/Larva Labs	\$1.3 Billion	[Expensive Larva Labs Art starting at \$285K]
NBA Top Shot	\$0.6 Billion	[Dapper Labs with Google Access]
Nifty Gateway	\$0.4 Billion	[Uses Gemini to support Credit Cards]
Rarible	\$0.2 Billion	[Community-Owned Digital Art Marketplace]
SuperRare	\$0.2 Billion	[Curation, Creation, & Acquisition of Art]
Foundations	\$ 79.0MM	[The “Creative Playground” for Artists – Variety]
MakersPlace	\$ 23.5MM	[Exclusive <i>One-of-a-Kind</i> Artifacts/Exclusive]
KnownOrigin	\$ 6.9MM	[Curated Gallery protected by IPFS]

The key value predictors for an NFT are scarcity, usefulness, and areas of interest. *CNBC.com* recently attributed much of the increased interest in the NFT market to a growing belief in the technology of the decentralized digital ledger, combined with the perceived importance of one's social status within the *crypto community*. Given the meteoric growth of social platforms like *Facebook*, *Instagram*, *Twitter*, *YouTube*, *LinkedIn*, and *TikTok*, the future for NFTs could be significant.

Content Strategy

Regarding Content Strategy, the six areas where we believe we can leverage a unique value proposition include:

- Photography
- eSports
- Traditional Sports
- Graphic and Motion Art
- Music and Music Videos
- B2B and B2C Web-Based & Mobile Apps.

Our unique value propositions generally combine:

- Compelling Imagery,
- Leveraging of Influencers,
- Implementation of Proprietary Technology for the integration of open-source coding, combined with strategic cross-pollination in uses.

Examples of the cross-pollination of proprietary technology might include:

- Revolutionary, three-dimensional and virtual-reality imaging, integrated with iconic photos as well as the INFERENTIAL™ Team's in-house-generated photos,
- VR technology, summoning elements of, and connection with *The Metaverse* for password-protected gaming apps,

- The leveraging of sanctioning bodies as well as iconic athletes to create specific events,
- The incorporation of rendering platforms like *Unreal Engine, Unity, Frostbite, CryEngine* and the likes, bringing gaming-reality to music, music videos, and associated audio-visual assets,
- Incorporation of B2B & B2C apps into mobile devices for targeted market segments to provide the potential for ongoing subscription-based revenue.

The combination of these forms of content, provide a set of revenue sources that include commissions, minting fees, licensing rights in some cases, and full-on ownership in other cases, with respect to both consumer (B2C) and business (B2B) targeted content.

Risk and Risk Mitigation

Our risk mitigation strategy mirrors our sales strategy. We plan to leverage cutting edge technology, and whenever possible, we will attempt to partner with credible influencers in the various content fields. Since INFERENTIAL is entering the social media environments of *NFTs* and *The Metaverse*, the power of *Influencers* will be important in the perceived value of our NFTs, our audio-visual content, our digital footprint, INFERENTIAL's crypto-currency, and our online marketplace platform.

With respect to transience, we will bring a new twist to an old entertainment, music, and streaming industry model . . . *The Power of the Catalog*. INFERENTIAL™ will develop our own artists in-house, maximize copyright revenue, and always strive for the optimal connection to the blockchain. Business applications and copyrighted catalogs have demonstrated themselves to hold enduring value (**), and the integration of NFT properties using these copyrights, should support the ongoing appreciation of assets.

(**) <https://variety.com/2021/music/features/music-catalog-publishing-sales-advisor-1234946214/>

Financial Projections

Below is the Financial Projection Summary for INFERENTIAL™, projecting a \$6.5 Million EBITDA with \$10.3 Million in Owners' Equity by Year #7.

P&L [PROJECTED]	Year #1	Year #2	Year #3	Year #4	Year #5	Year #6	Year #7
Projected Revenue							
<i>In-House Visual Sales NFT Revenue</i>	30,333	163,333	423,526	991,857	1,984,037	3,276,387	4,473,752
<i>In-House Audio Recording Artist Revenue</i>	75,792	346,178	683,222	804,425	960,511	1,202,232	1,678,176
<i>INFERENTIAL Tokens/Crypto-Currency Revenue</i>	37,896	88,708	175,076	206,134	246,131	308,072	430,033
<i>INFERENTIAL Content Licensing Rights Revenue</i>	-	76,427	166,012	269,442	441,682	671,793	922,789
<i>Outside Online Marketplace Sales Commission Revenue</i>	7,583	41,854	108,529	254,163	508,410	839,574	925,631
<i>INFERENTIAL Branded Merchandise Revenue</i>	-	50,951	110,675	179,628	294,455	447,862	615,193
<i>INFERENTIAL B2B & B2C App. NFT Revenue</i>	37,896	173,089	341,611	402,213	480,256	601,116	419,544
<i>Miscellaneous & TBD Ancillary Revenue</i>	-	-	-	-	-	-	-
TOTAL INCOME (\$)	189,500	940,541	2,008,650	3,107,862	4,915,481	7,347,036	9,465,117
Projected Expenses							
<i>Salaries, Sub-Contractors, and Employee Revenue Sharing</i>	365,127	365,127	505,295	776,477	1,046,291	1,590,284	1,783,721
<i>Record Label Operations</i>	210,000	300,000	435,000	480,000	525,000	570,000	615,000
<i>Monthly Office (Phones, Rent, Utilities, etc.)</i>	-	-	12,000	51,875	53,302	54,914	56,741
<i>Travel & Entertainment</i>	-	24,000	36,000	48,000	60,000	60,000	60,000
<i>PR, Marketing, & Advertising</i>	33,000	102,000	104,550	107,164	110,111	113,442	113,442
<i>Interest Payment On Credit Line</i>	-	-	-	-	-	-	-
<i>Production Expenses</i>	32,000	29,416	61,459	67,942	65,087	43,274	41,934
<i>Outside Commissions (Sales & Support)</i>	948	4,703	10,043	15,539	24,577	36,735	47,326
<i>Out-Sourced Legal, Accounting, and Insurance</i>	47,370	85,622	121,523	127,417	179,415	175,962	184,215
TOTAL EXPENSES (\$)	688,444	910,867	1,285,871	1,674,413	2,063,783	2,644,610	2,902,378
NET INCOME (\$)							
	EBITDA (\$)	(498,944)	29,674	722,779	1,433,449	2,851,699	4,702,426
							6,562,739
BALANCE SHEET [PROJECTED]							
ASSETS	Year #1	Year #2	Year #3	Year #4	Year #5	Year #6	Year #7
<i>Cash On Hand</i>	190,605	210,863	560,631	1,350,845	3,020,312	5,837,242	9,807,606
	-	-	-	-	-	-	-
<i>Equipment Value (Depreciated Over 7 Years)</i>	14,888	14,140	13,507	12,970	12,516	12,131	11,805
	-	-	-	-	-	-	-
<i>Digital Assets, Good Will (Ownership Group Estimate)</i>	500,000	500,000	500,000	500,000	500,000	500,000	500,000
TOTAL ASSETS (\$)	705,493	725,003	1,074,138	1,863,815	3,532,828	6,349,373	10,319,411
LIABILITIES							
<i>Loan Balance</i>	500,000	500,000	400,000	300,000	200,000	100,000	-
LIABILITIES (\$)	500,000	500,000	400,000	300,000	200,000	100,000	-
OWNERS' EQUITY							
OWNERS' EQUITY (\$)	205,493	225,003	674,138	1,563,815	3,332,828	6,249,373	10,319,411

Our Web Site: <<https://inferentialmgmt.com>> provides downloadable access to the details & assumptions behind the projected P&L.

Co-Founder/CEO: Pat O'Connor



Founder/CEO, Pat O'Connor, has spent the past 3 decades developing his integrated brand marketing company (POC Media, Inc.) into a leading source of alternative media distribution, from the development of in-arena & in-stadium broadcast of music videos, to the creation of the *POC Media Music Supervision & Licensing System™* and the *POC Media LRE™ License Record Editing System*. Leveraging technology & a network of relationships, POC Media has been retained by FOX Sports, AT&T Sports Networks, PAC-12 Network, FSN, BTN, NFL Network, FS1, FS2, SMI, Bellator, Root Sports, and NASCAR Productions, among other sports broadcast & cable outlets. More than 20,000 song clearances and \$5MM in sync licenses have been generated through POC Media, Inc.

Pat's work in the integrated marketing world has included the development and execution of more than \$3MM in branded mobile marketing, social media, and consumer activation platforms for companies that include Coca-Cola, Heinz, Nestle, Sunoco, Castrol, Cinnabon, Walmart, Bass Pro Shops, Webasto, and The Accor Hotel Group among others.

POC Media has booked and produced more than 100 concerts and branded events for artists that include Taylor Swift, Ludacris, TobyMac, 3 Doors Down, Train, Big & Rich, Robert Randolph and The Family Band, MercyMe, Rae Sremmurd, The Band Perry, Building 429, Sugarland, 3OH!3, Boyz II Men, We The Kings, Monica, Jennifer Paige, Big Sean, and Motley Crue's Vince Neil among others.

Pat holds a Bachelor's of Arts & Sciences degree in biophysics with a chemical engineering emphasis from the University of Pennsylvania.