

LIFEAPPS DIGITAL MEDIA, INC.

Changing How We Approach Health and Fitness

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LIFEAPPS DIGITAL MEDIA, INC. (OTC:QB – LFAP - \$0.048)

Price Target: \$0.50

Rating: Speculative Buy

COMPANY SNAPSHOT

LifeApps is a digital media company focusing on health, fitness, sports publications, and next-generation social networks. The company is a leading, authorized developer, publisher and licensee for Apple iOS – iPhone, iPod Touch, and iPad – and Android tablets on Google Play and Kindle Fire and Androids via Amazon Mobile Marketplace. Health, fitness and sports enthusiasts can benefit from the expertise of top-tier sports physicians, performance fitness trainers and professional athletes through LifeApps® multi-sport and fitness publications and mobile apps. These subject matter experts create the skills, drills and workouts that are featured in the family of LifeApps® Digital Media products and publications.

KEY STATISTICS

Price as of 7/22/13	\$0.048
52 Wk High – Low	\$0.48 – 0.349
Est. Shares Outstanding	76.0M
Market Capitalization	\$3.6M
3 Mo Avg Vol	136,000
Exchange	OTC:QB

COMPANY INFORMATION

LifeApps Digital Media, Inc.
5752 Oberlin Drive, #106
San Diego CA 92121
858.245.5179
www.lifeappsmedia.com
info@lifeappsmedia.com

INVESTMENT HIGHLIGHTS

Through its innovative cross-platform approach to digital media that incorporates the sale of popular fitness and sports products, LifeApps is poised to fill the gap as a go-to digital brand platform and physical products marketer in the multi-billion dollar fitness and sports products markets.

The Company leverages the hyper growth in digital apps by offering high-end, interactive mobile apps, digital publications, tutorials, social media, and products to health, fitness, and sports enthusiasts. In addition to its digital offerings, LifeApps sells athletic apparel and other products through its April 2013 acquisition of Sports One Group and will offer daily deals through Today's New Deal.

LifeApps key brands and platform products include the YouWorkout digital magazine and associated apps such as the Golf Core Grip Workout, MD Workout, MD Workout.com, MDWorkout.com Yoga, and TennisWorkout.com.

The Company just inked a deal with Amazon.com (NASDAQ – AMZN) to sell its revolutionary Golf Core Grip fitness product. Plus its Sports One division is beginning to generate sales traction heading into summer.

In our view, LFAP LOR is a significantly undervalued digital media platform that will expand its reach organically as well through offering its platform to numerous others brands seeking greater awareness and monetization. As more brands' apps and products join the platform LFAP should dominate the sports and fitness digital media segment while driving its own value higher. Our target price is \$0.50 and we rate these shares Speculative Buy.

LIFEAPPS MEDIA GROUP INC. (OTC:QB LFAP)**COMPANY OVERVIEW**

The explosion of mobile devices and digital media content delivered to those devices by internet, social media, along with related physical product sales are multi-billion dollar hyper-growth markets. LifeApps is set to capitalize on these opportunities by offering differentiated products and services from a motivational and adaptability perspective in consumer areas of interest in health, fitness, and sports.

LifeApps Digital Media Inc. is a digital media company that offers a unique and innovative cross-platform approach to digital media that incorporates the sale of popular fitness and sports products. The Company incorporates web, mobile, social media, and product sales to engage customers and advertisers in multiple vertical areas of interest that currently include various workouts, yoga, golf, tennis, and others. Plus, via its recent acquisitions, the Company is poised to generate meaningful revenue via wholesale sports product sales and daily deals in its key vertical markets.

The Company is a leading, authorized developer, publisher and licensee for Apple iOS – iPhone, iPod Touch, and iPad – and Android tablets on Google Play and Kindle Fire and Androids via Amazon Mobile Marketplace. Health, fitness and sports enthusiasts can benefit from the expertise of top-tier sports physicians, performance fitness trainers and professional athletes through LifeApps® multi-sport and fitness publications and mobile apps. These subject matter experts create the skills, drills and workouts that are featured in the family of LifeApps® Digital Media products and publications.

Product sales, which are already gaining traction, are largely a result of the April 2013 acquisition of Sports One Group and Performance Gear, a wholesale supplier to the promotional products industry providing athletic apparel, uniforms and decorating service, with a supplier base of leading fitness apparel designers and over 1,300 valued and consistent customers. Beginning this summer, the Company will be branding the recently acquired Today's New Deal (of SoCal) as a sports, health and fitness specific daily deals site combined with an m-Commerce mobile app companion and market it to its 40,000 registered users.

Moreover, the Company is poised to fill the gap as a go-to digital brand platform in the multi-billion dollar health, fitness, and sports products markets by offering brands the opportunity to increase awareness and monetization of their brands by utilizing the LifeApps web and mobile platform along with its expertise. Revenue is generated via product sales, advertising, and revenue share from joint venture marketing. The Company was founded in 2009 and is based in San Diego, California.

LIFEAPPS MEDIA GROUP INC. (OTC:QB LFAP)

THE OFFERINGS

LifeApps® offers products of interest to health, fitness, and sports communities of users across a variety of digital platforms and digital publications, social media, smartphones, mobile applications, and other internet gateways. The target audience is the consumer who is seeking expertise and topical content covering news, performance training, healthy diet, fitness equipment, sports medicine, and healthy lifestyle entertainment on their preferred media device.

The Company invests in applications and technology in sport and health and fitness communities to build customer loyalty and brand recognition that deliver digitally enhanced physical consumer products that enrich and improve the user's sports, health and fitness lifestyle.

The Company operates in four primary segments; Digital Magazines, Mobile Apps, Online and product sales. Product descriptions and images can be found below.

Digital Magazines



Image I. YouWorkout Magazine
Source: www.LifeAppsMedia.com

Youworkout:

YouWorkout is the Company's flagship publication. These digital magazines are available on iPhone, iPad, iPod Touch, Kindle Fire and Android Tablets. This publication is a motivational and entertaining series focused on outstanding content from professional athletes, Olympians, trainers, sports physicians, nutritionists, leading Subject Matter Experts, sports technology, and sports journalists.

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The premiere issue featured Rachel Buehler of the U.S. National Women's Soccer team and Olympic Volleyball stars Jennifer Kessy and April Ross. The most recent edition features MLS Soccer star David Beckham, PGA star Rickie Fowler, Anthony Torbio of the Kansas City Chiefs, and Ryan Lindley of the Arizona Cardinals.

Mobile Apps



Image II. Golf Core Grip System

Source: www.LifeAppsMedia.com

Golf Core Grip Workout System:

This revolutionary system includes the use of an actual gold grip along with the associated app and is geared toward golfers seeking to improve their game. The *Golf Core Grip* offers the ability to strengthen, stretch and stabilize the muscle groups that drive the golf swing. The *Golf Core Grip Workout System* combines a gym-quality ergonomic golf handle with state of the art training from leading golf fitness experts, to deliver increased speed, power and stability in the golfer's drive. The *Golf Core Grip App*, available as a free download for iPhone, iPod touch and iPad, delivers continual training, video instruction and recording features for the *Golf Core Grip Workout System*.

The *Golf Core Grip Workout System* includes: one Ergonomic *Golf Core Grip*, one Light Tension Band, one Medium Tension Band, one Wall Chart, one Mesh Travel Bag and a downloadable iPhone, iPod touch and iPad app for continual and enhanced training. Users with non-Apple devices can access workouts at GolfWorkout.com. The *Golf Core Grip Workout System* retails for \$99.99 and can now be purchased at Amazon.com.

MDWorkout:

This is a newer product that is a full-featured workout tutorial app that highlights over 100 workouts, yoga routines and stretches. A My Routine function allows users to customize workouts and easily build playlists.

TennisWorkout: Basics

The Basics covers the fundamentals of tennis as taught by tennis experts and includes video instructions, descriptions, and court and racquet explanations.

LIFEAPPS MEDIA GROUP INC. (OTC:QB LFAP)

YogaWorkout PRO:

These are professional yoga instruction with narrated videos. The latest update features retina display support and AirPlay support that allow the user to stream videos from the phone or AppleTV.

Online

MDWORKOUT.COM

YOUR SOURCE FOR MEDICAL NEWS IN SPORTS, HEALTH AND FITNESS.



Image III. MD Workout Portal

Source: www.LifeAppsMedia.com

In addition to *MDWorkout.com*, the Company offers *GolfWorkout.com*, *TennisWorkout.com* and *YogaWorkout.com*. Many of the same features that are offered in the mobile applications are available online but also include key articles and news features.

As noted above, the Company recently acquired Today's New Deal (of SoCal), a daily deal site with 40,000 registered users. During the summer of 2013, the Company plans to re-brand Today's New Deal as a sports, health and fitness specific daily deals site combined with an m-Commerce mobile app companion and make it make Today's New Deal Southern California's go-to e-Commerce and m-Commerce service for sports, health and fitness services and products.

Product Sales

In April 2013, Sports One Group, a digital wholesale marketer and seller of promotional and team athletic apparel, joined the LifeApps Digital Media family of community based e-commerce and m-commerce tools for sports, health and fitness enthusiasts.

The promotional products industry is a large, quickly expanding industry with annual revenue of nearly \$18 billion. Sports One Group caters to a niche market, focused on supplying sports teams with high quality, personalized athletic apparel. Sports One has a large, national, well-defined customer base with strong year-over-year sales growth and strong buying power, and offers unique value-added services and expertise. Sports One Group is in a unique position to offer value added service and custom order creation to sport-specific buyers, with its 1300 suppliers.

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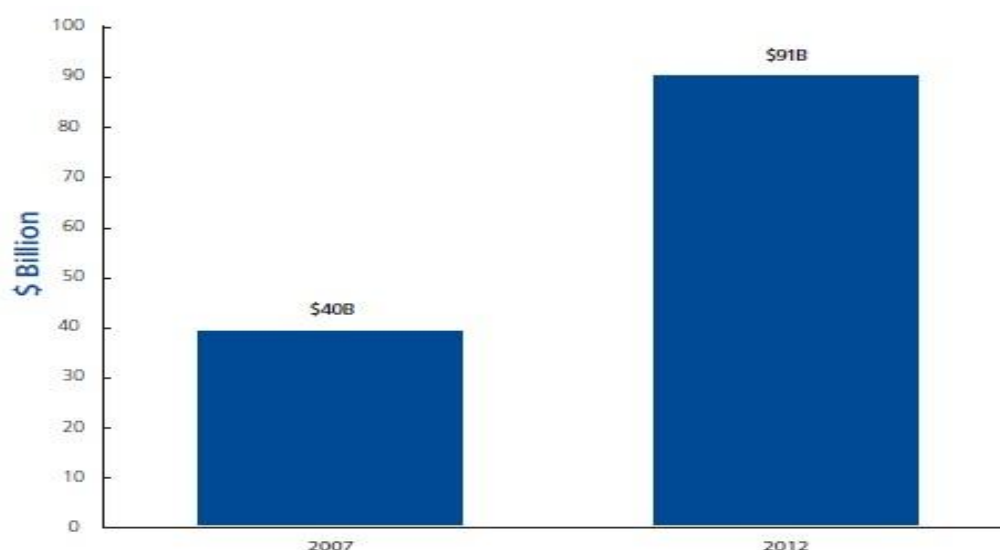
The Company is also a respected member of the leading promotional apparel trade organizations, including Advertising Specialty Institute and Promotional Products Association international. This acquisition not only is a driver of revenue and a means of broadening the brand but could be a conduit between physical sales and digital sales for new brands and a way to cross-sell across platforms.

INDUSTRY OVERVIEW

LifeApps Digital Media is a unique combination of sports and fitness with technology, digital media and physical product sales and are enjoying meaningful growth rates. For example, industry reports suggest that the U.S. market for sporting goods and apparel was \$84 billion in 2012. The three main market segments consist of athletic apparel, athletic footwear, and equipment with a very fragmented market, mostly controlled by North American manufacturers like Nike (NYSE – NKE) and Adidas, and outlets like Dick's Sporting Goods (NYSE – DKS). The demand for informative content delivered to the consumer related to his or her sport or fitness activity of interest as demographics change and the method of information delivery remains in motion.

Figure 1 shows historical growth of the US interactive media market over the past five years or so in a study done by Deloitte. The internet, social media, notebooks and tablets, and especially smartphones are enabling this market to explode. Several recent studies conducted by major firms indicate that smartphones are just entering the real growth stage. A study released by Nokia (NYSE – NOK) illustrated that mobile users check their smartphones an average of 150 times per day according a survey. Additionally, Cisco (NASDAQ – CSCO) has predicted that the number of mobile devices will exceed the population of the entire planet by the end of this year.

Figure 1: Growth of U.S. Interactive Media Market 2007 – 2012



Source: Deloitte analysis

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Figure 2 illustrates the historical and forecast growth in mobile phone use globally. Mobile tablets are also an increasing method the consumer is using to access the internet and digital media. The number of tablets used by consumers increased 250% from 2011 to 2012, and generated 2.4 times more web traffic than smartphones.

Figure 2: Mobile Phone Growth

	2009	2010	2011	2012	2013	2014	2015
China	574.9	671.1	762.8	851.9	926.7	996.0	1,062.1
India	358.6	516.2	618.4	698.9	781.3	840.7	901.2
Japan	102.9	104.0	105.0	105.9	106.8	107.7	108.5
South Korea	40.3	40.9	41.2	41.5	41.9	42.2	42.5
Australia	14.6	14.9	15.3	15.7	16.1	16.5	16.9
Other	519.0	557.4	600.5	639.2	677.9	717.8	758.4
Asia-Pacific	1,610.4	1,904.4	2,143.1	2,353.2	2,550.7	2,720.9	2,889.7
Germany	61.4	62.7	64.3	65.6	66.8	68.2	69.6
UK	51.5	52.4	52.9	53.5	53.9	54.4	54.7
France	45.7	47.3	48.8	50.0	51.3	52.2	53.0
Italy	43.5	45.3	47.0	48.4	49.8	51.2	52.0
Spain	33.5	34.4	35.3	36.1	36.9	37.6	38.3
Other	1,142.8	1,177.2	1,220.2	1,248.5	1,280.3	1,303.9	1,321.1
Europe	1,378.3	1,419.2	1,468.5	1,502.1	1,538.9	1,567.4	1,588.7
Middle East & Africa	343.4	381.6	422.5	460.0	496.6	526.7	563.3
Brazil	91.4	100.6	109.9	119.3	128.9	136.6	146.5
Argentina	29.0	31.0	32.2	33.3	34.5	35.3	36.0
Mexico	50.0	55.1	59.1	63.2	67.4	71.6	75.4
Other	161.0	167.9	174.3	180.3	184.8	189.1	192.8
Latin America	331.5	354.6	375.5	396.2	415.6	432.7	450.7
US	224.6	231.5	236.6	241.2	245.9	250.6	254.7
Canada	18.0	19.1	20.3	21.4	22.3	23.3	24.2
North America	242.6	250.6	256.9	262.6	268.2	273.9	278.9

Note: Individuals of any age who own at least one mobile phone and use the phone(s) at least once per month; numbers may not add up to total due to rounding

Source: eMarketer, April 2011

Finally to drive home the point, select results from the Price, Waterhouse, Coopers 2012 Global Media and Entertainment Outlook 2012-2106 are shown in figures 4 and 5. Figure 3 indicates a 10% increase in digital media spending over the next 3-4 years.

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Figure 3: Global Digital and Non-Digital Spending

Global digital/non-digital spending

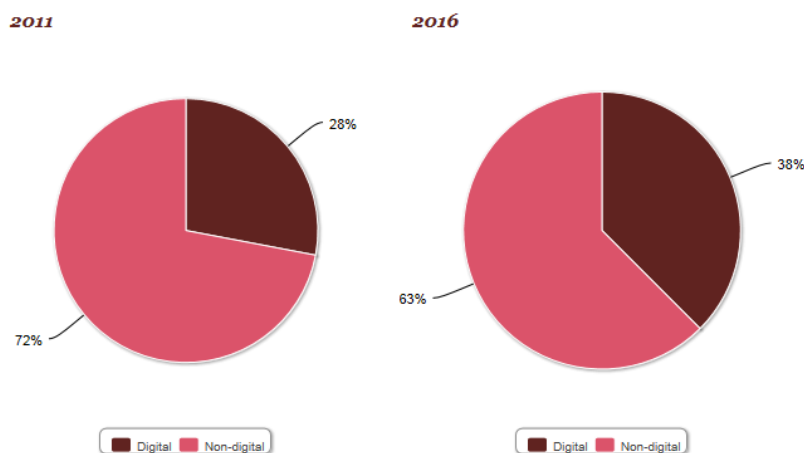
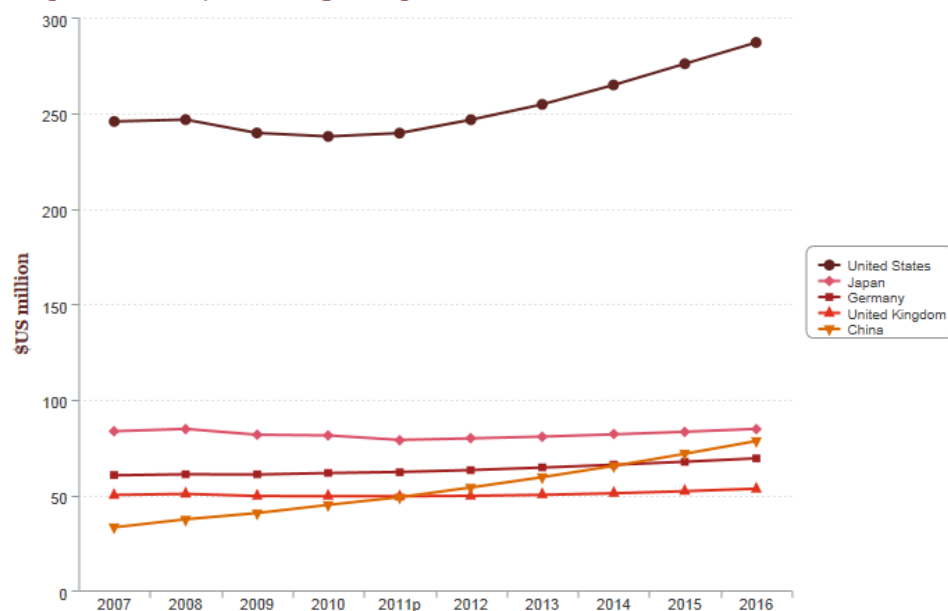


Figure 5: Digital Media Spending Forecast By Market

Largest consumer/end user spending markets



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Clearly the explosion of mobile devices and digital media content delivered to those devices by internet, social media, or other method is a hyper-growth market. LifeApps is set to capitalize on this market with differentiated products and services from a motivational and adaptability perspective in consumer areas of interest in health, fitness, and sports.

We should note that an outstanding publicly traded comparable for LFAP is The Active Network, Inc. (NYSE – ACTV). The Company also combines technology solutions for marketing and branding purposes in the health, wellness, sports, and recreation space with online communities, and real-world events management and product sales. The Company boasts tens of thousands of organizations and corporations as customers. We believe that LifeApps is akin to an earlier stage version of Active but with an emphasis on effective marketing and branding through digital media services rather than solution-based offerings, which offers greater potential and reach.

THE LIFEAPPS EXECUTIVE TEAM**Robert Gayman – Chairman, President, CEO and Founder**

Mr. Gayman has had an illustrious career in development and commercialization of software where he spent over 20 years in technology related to interactive gaming and mobile devices. His background includes sales management positions at SONY and Dolphin Interactive, a company he founded in 2000 which provided consulting and sales and marketing support for other software technology firms. Mr. Gayman received a Bachelor of Arts degree in general studies in 1984 from University of Iowa.

David Dawson – Vice President, Operations, Managing Editor, YouWorkout

Mr. Dawson is a 20 year veteran of the entertainment industry with expertise in all technical aspects of video and sound production. He is also an accomplished actor and voice-over artist. Mr. Dawson also has extensive experience in web, mobile app and graphic design. Mr. Dawson is a three time Pacific/Southwest Regional Emmy Nominee and his work has been featured in numerous film festivals and has won several awards for excellence in production. For much of the past decade he has run a successful multi-media and mobile/web development company in San Diego, CA.

Zoe Sophos, Director of Sports One, Co-managing Editor, YouWorkout

Ms. Sophos graduated cum laude from the University of California, San Diego with two B.A degrees in Political Science and Chinese Studies. She currently oversees all aspects and operations of Sports One Group, an athletic apparel wholesale reselling company based in San Diego. She is also an editor and journalist for YouWorkout Magazine, for which she has written features on topics such as Floating Yoga, HGH therapy, Eastern Medicine and the latest in gym technology. Ms. Sophos has written and published a school textbook on stress relief for teens through yoga and meditation, and she is trilingual in Chinese, Spanish and English. A former NCAA Division II athlete, she enjoys running half marathons, practicing yoga and coaching tennis in her spare time.

LIFEAPPS MEDIA GROUP INC. (OTC:QB LFAP)**Jacquelyn Davis, Contributor**

A collegiate tennis player from UC San Diego, runner and water sports enthusiast, Ms. Davis graduated with a degree in Media Communications and Business with a Professional Certificate in Marketing. She has spent the last 3 years working in the MLB for both the San Diego Padres and the Houston Astros in the areas of Entertainment/Production, Community Relations and Marketing. In 2011, Ms. Davis founded The Geared Up Project, a non-profit organization that recycles non-used or lightly used athletic equipment for inner city youth athletics.

RISK FACTORS

In our view, LifeApps' biggest risk factors are the typical issues facing early stage digital media companies. Despite its robust platforms and exciting offerings, it may take longer than expected to monetize the assets and generate meaningful revenue the current economic environment. Plus, the integration of 2 acquisitions which are a bit disparate may take longer and develop operational and strategic complications. Competition from larger firms or even from newer entrants with new offerings is another typical concern and is also consistent with firms of LifeApps' size and standing.

CONCLUSION

We believe that LifeApps is poised to fill the gap as a go-to digital brand platform and physical products marketer in the multi-billion dollar fitness and sports products markets. LifeApps is successfully leveraging the hyper growth in digital apps by offering high-end, interactive mobile apps, digital publications, tutorials, social media, and related physical products to health, fitness, and sports enthusiasts.

The Company has won acclaim for its digital offerings and via its recent acquisition of Sports One and the introduction of the *Golf Core Grip* System, management is gaining real sales traction and we expect 4Q13 to be a landmark quarter for the Company as it will have 2 full quarters of sales for Sports One and Today's New Deal, along with its core digital media offerings.

Looking ahead, as more brands' apps and products join the platform, LFAP should dominate the sports and fitness digital media segment while driving its own value higher. As noted above, we believe that LifeApps is akin to an earlier stage version of Active but with an emphasis on effective marketing and branding through digital media services rather than solution-based offerings, which offer investors a greater likelihood of success, in our view. Active has a market cap of over \$550M and generates over \$400M in annual revenue. Meanwhile, our current target price is \$0.50 and we rate these shares Speculative Buy.

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Recent Trading History For LFAP

(Source: Stockta.com)





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Senior Analyst: Robert Goldman

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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