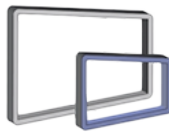


PixFlx, Inc.



Business Plan Summary “White Paper” 2018 v.1.0 final release

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Executive Summary / White Paper

Joe Lorkovic, CEO
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Company Overview:

PixFlx Player is a 2 part Media Player that spans 2 screens, installs to TV device such as TVStick/SmartTV/MediaPC and Mobile device such as Android/iPhone/Windows. PixFlx Inc. is a California C Corporation and PixFlxCoin.com Currency is a Cryptocurrency based on our own platform that's built on our own Distributed Database based on [Http Data Services \(HDS\)](#) that was originally built for PixFlx use. PixFlx provides TV object selection from a secondary device such as tablet or phone. This works by the tablet acting as a touch pad for the TV screen. The corresponding patent specification is at <https://www.google.com/gi/patents/US20060218618> that defines our token use pre Bitcoin. The tablet also provides menus and web browser, so an object selection on TV opens the tablet browser to the content related to the video object.

With this platform comes interesting advertising methods of short video intro and simultaneous browser going to landing page and ecommerce opportunities. This has some major advantages over all other legacy advertising methods, less disruption of time to the consumer and a more effective ad unit delivered for the advertiser. This platform is ideal for selling from video because as consumer object selection takes place, the producer may provide more info or open an ecommerce page or both. The media player also plays audio and monetizes it through video ads played on the TV screen. So the media player is a superior system for audio and video for consumer, advertiser and content owner based on the platform leveraging wireless hardware in new innovative ways. The PixFlx network Cryptocurrency provides better monetization as well as faster with monetization event reconciliation in near real time. The currency ecosystem is based on value of advertising and ecommerce purchases. Consumer user accounts take 1% of ad revenue into their PixFlxCoin.com accounts created with each family master account. They may add to the account by other actions and may deposit or withdraw bank cash to the account. For most consumers their first Cryptocurrency encounter will be the PixFlxCoin account and provided

digital wallet as well as Debit Card based on the PixFlxCoin account providing legacy banking functionality.

The PixFlx system uses its own Cryptocurrency based on tamper-proof decentralized Distributed Ledger maintained by the 'Miner' equivalent in this network that's Ad Network partner companies that operate on the PixFlx network. PixFlx Cryptocurrency is credited to content owners as ads are routed into defined Ad spots, content owners can exchange the currency to bank currency as often as they want and can order a debit card for off line access to the fund held in the PixFlx account. As Ad Network operators are paid deposits to run campaigns, if using fiat currency the funds are converted to PixFlxCoin Currency for use on the network.

Planned Debit-Card and Exchange services are to be provided by third party services providers that do not pre-exist now.

The PixFlx platform defines a new "Standard" for online TV and online Radio Ads and related ecommerce tied into TV object selection. The system provides ad spots spanning TV and second-screen device that are filled by dual simultaneous action, providing a web landing page in conjunction with a short video ad. These aspects are essential to the future TV standard. We operate our Ad Network specific to our Media Player components. We have 4 customer types:

- 1) Consumers
- 2) Ad Networks
 - a. Video Owners
 - b. Music Owners

Content owners engage directly with the Ad Networks, not directly with PixFlx. The platform is provided as a co-op network of service providers. The business is at its core structure based on hosting advertising event and financial transactions on the platform and is the controller and the maintainer of the PixFlx network software for Ad Placement and Financial Transactions. The network operates decentralized without a central server, PixFlx, Inc. is the organizer and controls the autonomous decentralized network membership and operating standards. We define the network and assign it members, the network functions operate automatically without our intervention. We intervene per our contract acting on anomalies as needed. Network operators are limited for now to 100 partner companies we chose to license to on a preset fee schedule.

The Problem:

Historically TV has had little innovation as the Set-Top-Box has been a cable company owned market. For now TV online and Google Chromecast mobile device control we invented is the core innovation for the industry. As content has become more available over the internet and the business case of the smart phone device apps has emerged, the idea of applying that model to the TV has brought about the so called "Smart TV". Another related concept of using the internet while watching TV called "Second-Screen" has some limited traction in the market. These concepts are not that useful at this time as they are disconnected from each other and very limited. So "Smart TV" and "Second-Screen" and the Chromecast concept are far from breakthrough must have technology in the current state but are recognized as having great potential and thought to be the basis of next big thing in TV.

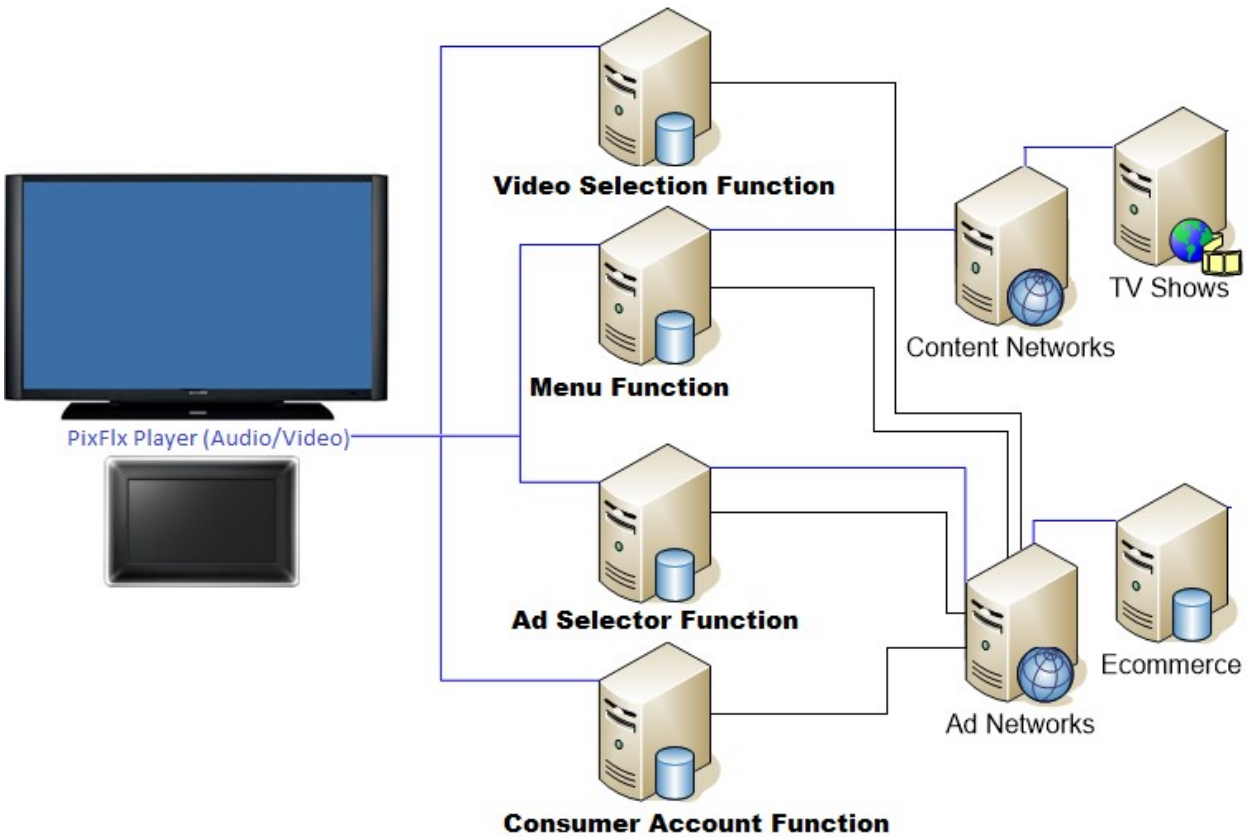
The PixFlx Solution:

We bring together TV with selectable video objects in conjunction with a second-screen. The PixFlx platform makes it possible to simultaneously provide a web landing page in conjunction with a video ad. The platform spans multiple service providers in PixFlx Ad Network that rely on Content Delivery Networks or other sources to stream all assets from content to components used to fill advertising spots. The partners are the network's "Miners" that mine by performing the onramp services to content owners and the advertising services and operations to content sponsors. The software and network are highly efficient and perform meaningful tasks in co-op.

Features include:

- Ad management system
- Decentralized Ad Routing Services
- Free Public Media Player
- Decentralized User Management System
- Menu and Search
 - Content management system (PixFlx only registers content locations into its database and never provides content delivery services)

High level diagram of the PixFlx platform, Ad Network Nodes are "Miners" maintaining ledgers and performing Media Player support functions:



The addition of a wireless display or second-screen remote control ties together Web and TV, in this scenario selecting video objects is non disruptive to TV shows. The full screen video display provides the video experience while supplemental content, commerce and advertising related to selecting video objects is placed on the second-screen remote control providing the Web experience.

Market Overview:

PixFlx straddles two high value markets – Online TV/Radio Advertising and Ecommerce. Both industries are well positioned for online growth as greater percentages of marketing and sales effort budgets continue to flow online. The company’s offering is inclusive to the existing industry as the network is currently open to join and operates a shared revenue model to enable rapid high growth.

A few key statistics and larger trends that benefit the company’s prospects include:

- Online advertising is an \$80 B industry and TV advertising is a \$70 B US industry.
- Online ecommerce is an \$400+ B industry, 4 trillion projected by 2020.

- This emerging interactive TV standard represent the best opportunities for growth in the digital advertising arena.
- Content owners are under increased pressure to effectively monetize and by addressing the second-screen content, monetization is greatly increased using hybrid web/TV platform we provide.
- Rise of on demand streaming content and consumer expectations for the digital home of the future to finally arrive in their living room. (solving the TV / Internet disconnect)
- Claiming a place in the Livingroom (TV) long term enables many more opportunities going forward as a technology platform controlling the TV screen we have the opportunity innovate and integrate AI, VR, communications and commerce.

Revenue Model:

PixFlx’s business model is a network of SaaS/PaaS providers tied into each other creating the PixFlx co-op network that provides the consumer user interface for entertainment and related ecommerce. NaaS (Network as a Service) providers are the “Miners” on the PixFlx ecosystem and are strategic partners and operate as co-op nodes on the PixFlxCoin.com Currency token network that maintains the distributed ledger. The Miners share in recurring advertising and ecommerce revenue. Being a partner on the network provides additional revenue opportunities beyond the PixFlx network revenue and ad sales as these can integrate with many services and business models, examples are web development, video production and ad creation and other conventional ad networks. All payments on the network are processed into the distributed ledger and thus instantly dispersed at the time the ledger transaction is completed. Our strategic partners and in-house revenue accounts increase in our cryptocurrency (PixFlxCoin.com Currency) that maybe converted on exchange to any other currency as needed.

Management Team:

- Joe Lorkovic [in](#) Founder/Inventor, (complete team currently in formation process)
 - Currently Focused As CEO/CTO/Software Architect for PixFlx, Inc.
 - Built API Platform Server, Base API, and Media Player Prototype
 - Architect of PixFlxCoin.com Currency Platform Distributed Ledger system
 - Inventor Patent – “Dual Display Interactive Video” with Token system (2005)
 - Microsoft SQL Server Focused Database Developer / SQL Database Administrator
 - 20+ Years Tech Business Management, Computer Networking and Programming

Joe Lorkovic will remain in control at the board level for the foreseeable future and can and will answer all questions from high level to inner working details.

Competitors:

Several companies have offerings closely related to PixFlx, but these competitors' products do not provide a similar feature set and focus on simply providing conventional streaming content services or old school Cable TV. A few examples include:

- Apple TV, Amazon, YouTube, TiVo, Roku, Vudu, DirecTV, Playstation, Vue, Sling
- Netflix – Revenue US\$9 billion NASDAQ: NFLX.
- Hulu.com – Provider of (OTT) subscription service offering ad-supported on-demand streaming video. Is a joint venture of NBCUniversal Television Group (Comcast/General Electric), Fox Broadcasting Company (News Corp) and Disney-ABC Television Group (The Walt Disney Company), with funding by Providence Equity Partners, the owner of Newport Television, which made a US\$100 million equity investment and received a 10% stake. Hulu has \$695 million in revenue from 1,000 advertisers based on 430 content providers of 60,000 videos spanning 50,000 hours. Service is available on 320 million Internet connected devices in the U.S. (not including laptop and desktop computers).
- Brightcove and Ooyala video platforms help manage, deliver, syndicate, analyze, and monetize online video content. Ooyala has raised a total of \$79M in venture capital, Brightcove raised a total of \$103M in venture capital
- Middleware and media player examples: Boxee, Google TV, Ubuntu TV, XBMC Media Center, Yahoo! Connected TV, CableLabs, Smart TV Alliance, Samsung Developer forum, Rovi Corp, Active Video.
- Second Screen Apps: ZeeBox, SecondScreen Networks, Magic Ruby, GetGlue, Shazam(raised \$32 million), IntoNow, Viggie, ConnecTV (same investors as Hulu), Miso, Delivery Agent, Ex Machina

A great many middleware and a few media player developers exist in the market, most are potential partners or on the flip side may be acquirers providing an exit opportunity.

Financial Performance:

This unique startup is likely the first and last startup to have a direct disruptive impact on the content ecosystem setting the future standards. Knowing it requires some time to form critical mass and educate the general public, we will be preparing for rapid influx of activity early on. We can generalize the revenue expectations. Assuming 10% market share of the 10 billion YouTube advertising market is achieved, that would be 1 billion going through the network, our 10% fee would give us operating income of 100 mm based on first a 70/30 split with content owners, then of the 30% an ad router partner split of 2/3 leaving PixFlx 1/3 or 10% of total revenue. We never deliver content or store files, just list the resources in our distributed database and play the files. A goal and expectation of 10% or 1 billion going through our network achieved in 2 years maybe

reasonable in light of content owner's motivation to better monetize. No way exists to accurately predict the turning point of sales revenue at this time. Our ICO and licensing will provide funds to complete current plans and launch, beyond these generalizations market share / revenue projections, to accurately forecasting a specific revenue timeline is an exercise in futility. However, it's not unreasonable to envision reaching the revenue YouTube is currently at (10 billion) in less than 5 years. This is not taking into account Cable TV shows moving online to PixFlx and movies from Netflix moving over to PixFlx. 1% off the top of all gross revenue on the network is reserved for consumer accounts to reward for continued account maintenance of interests, interaction with advertising sponsors and reinforcement of consumer adoption. The total US market for video content is about 100 billion, no limit exist on how much of that content would go through PixFlx in the future, as it stands now reasonable logic is most all of it should go through PixFlx to better monetize it. For this reason a large raise in ICO for PixFlxCoin.com Currency would not be unreasonable in light of the 100+ billion advertising market size plus 460 billion ecommerce addressable market size for 2018. The entire ICO is capped at 6.7% of its total addressable market, if this is reached we will pause sales to wait for launch to reopen coin sales.

Fundraising:

The company is in the process of executing on Pre Offering, the Initial Coin Offering (ICO) funding with the expectation of raising about \$30mm. This funding will allow us to scale up the head count that's needed to quickly launch the network. The pre-developed IP has a current pre-launch valuation of 10mm to 50mm estimate considering the current developed assets. The basis of valuation is modestly formulated on mainly software already built and IP. The upside is based on the TV Advertising, Music Advertising and related TV ecommerce tied to the currency. TV advertising in just the US is 70 billion and ecommerce from TV (a term known as tcommerce) will grow larger than the mentioned advertising market over the next 10 years as all video objects become selectable. Ecommerce in the US 2018 is a 460 billion market, TV commerce can logically surpass Amazon.com easily if envisioning most all things seen in video becoming ecommerce items.

ICO Contract:

Contract terms are the purchaser is buying PixFlxCoin.com Currency Coins at inception, every \$1.00 USD purchased enables the issuance of 4 PixFlxCoin.com Currency Token Coins. Long term value is linked to the advertising bid prices as the advertising is paid for in PixFlxCoin.com Currency and that will be in consideration of exchange buy rate at any given time and not known at this time. PixFlxCoin accounts holding the purchased coins are created in the ledger now on purchase and will be available when the network platform launches some 6 to 9 months later estimated timeframe. Initial currency created will be twice whatever the entire number of coins that are sold in the ICO turns out to be. For example, selling 1 billion coins will create 2 billion coins in total. Coins will continue to be sold on an ongoing basis, early purchase price is discounted to kick off the sales to ensure content owners looking to monetize will see advertising funds are ready. Our intent is that you are buying now to spend on ecommerce goods and/or advertising once the PixFlx network is live.

Miner Contract:

Contract terms are the purchaser is buying the “privilege” to operate “Mining” of PixFlxCoin.com Currency Coins at the inception or start date of contract. Mining PixFlxCoin.com Currency Coins is by way of operating as for one thing an Advertising Network Node. Work done to earn coin is 100% meaningful operations and not wasteful of resources as it is in the case with Bitcoin. Miners of PixFlxCoin.com Currency provide the public interface to register content into the network and register advertising assets and funds to run advertising on the PixFlx network. The contract has a substantial number of terms that must be agreed to and the licensing fee goes up over time.

The fee schedule to place a Mining node on the network is;

- \$50,000 for the first 10 nodes
- \$100,000 additional nodes beyond 10 and up to 20
- \$200,000 additional nodes beyond 20 and up to 30
- \$400,000 additional nodes beyond 30 and up to 40
- \$800,000 additional nodes beyond 40 and up to 50
- \$1,500,000 additional nodes beyond 50 and up to 60
- \$5,000,000 additional nodes beyond 60 and up to 70

\$10,000,000 additional nodes beyond 70 and up to 80

\$50,000,000 additional nodes beyond 80 and up to 90

\$100,000,000 additional nodes beyond 90

NOTE: Node above is a license for operating number of server computers to handle load, more capacity will create more interactions and transactions meaning more revenue. The more network partners, the more valuable the network

Execution Overview:

This company has much of the software needed, about 50% complete, by the founder from years of effort off and on but the final development of the last part takes more resources than the first half of the development. The software alone while having great value, that value can only be fully realized in conjunction with content. We will get content from existing sources and plan on developing specific content (based on budget we end up with) that takes full advantage of the technology our platform provides. The plan is to be flexible in every aspect so no opportunity is missed or overlooked while not losing focus on the core operations. While we plan to partner with other companies and can and do offer incentive, we also may operate the first instances of our Ad Network and our Content Network ourselves. That said they will be setup as separate operations to accommodate our long term business model. Shopping style shows are low budget and do not require advertising and thus this may be a first focus of content. Another core focus on content is on Game Show as that can be developed in new ways using our technology, however, Game Show content tends to have a much higher production cost over Shopping Show, we are very interested in both show categories in showcasing the platform capabilities. At this time we need 3 programmers and a PR and marketing executive and this is where the first \$500k will be going. If we have more then we will make good use of it and would like to have 10 to 15 people onboard ASAP to get to market faster and with better quality software and content. The more funds raised, the more impact can be made, see the use of funds section for more details.

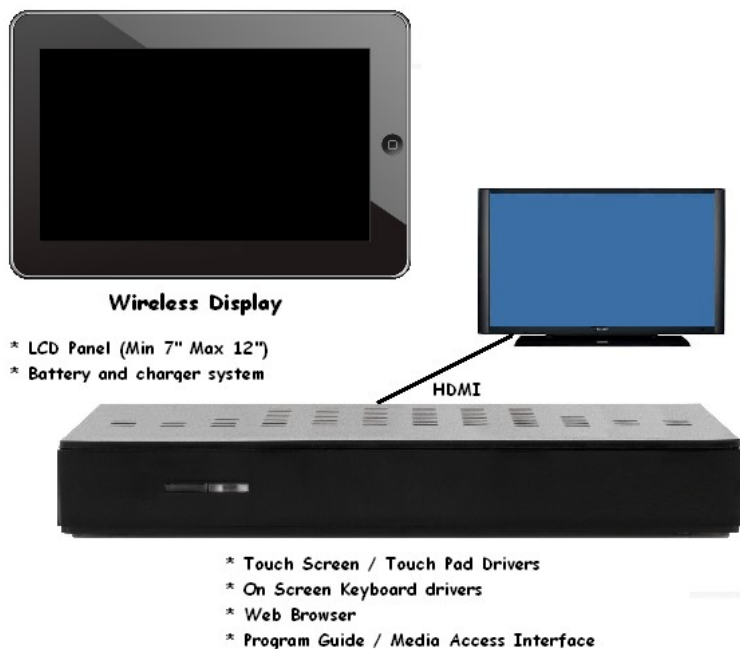
Company Description

Mission

PixFlx’s mission is to set and control the leading standard for future “Entertainment Services Network” provider in the emerging Smart TV and entertainment content market providing core advertising and interactivity functionality standards and software API that’s centered on our PixFlxCoin.com Currency token system based on distributed ledger implementation. We will contract with partner companies to use our controlled network standard and APIs while holding and expand on our current intellectual lead in this field.

Company History

Mr. Lorkovic conducted an initial patentability study and filings for the system and the Dual Display Interactive TV product patent with the United States Patent Office Mar. 22, 2005 pre iPhone and Android market launch and before Chromecast. The first prototype was a single device with 2 video outputs, one wireless, followed by the 2 device peer to peer based system.



Four technology and digital entertainment market trends created a unique opportunity to successfully launch PixFlx.

1. Many media companies are engaging in Internet delivered TV and are interested in future Internet TV platforms that solve monetization issues and blend TV style video with web page based application functionality and provide sponsor benefits.
2. Traditional TV in the form of broadcast and channels tied to times of broadcast are now obsolete. Current cable broadcast providers business models are becoming out dated concepts. The out dated model of Cable TV as gatekeeper of content and the notions of channel line-up provided on a time schedule will soon be history.
3. The availability of high quality wireless video transmission has made a secondary wireless display highly practical and low cost.
4. The concept of the Tokens defined in the patent specification back in 2005 have become mainstream adopted thanks to Bitcoin and the others coming after that set the stage for PixFlxCoin adoption. Note that our currency was defined in the patent specification many years before Bitcoin was introduced.

Smart TV/Device IOT and AI adoption is accelerating ever faster. However, as of yet, the user-friendly interface device necessary to bring to life the full functionality and value proposition of Interactive TV convergence is not on the market. The market is primed with anticipation, no doubt a consensus in the TV content industry now exists that Second-Screen is the future of TV and they are right. Such an interface device is absolutely necessary before the Smart TV can really be "Smart" and for this home entertainment technology to reach its inflection point for mass adoption and commercial success expected by 2020. Adoption is similar to Smart Phone adoption over Cell Phone or DVD disk adoption over VHS tapes. No doubt television cannot remain non-interactive yet interaction that disrupts video content will never be acceptable in the Livingroom shared screen environment. The solution is a wireless display or tablet in conjunction with the TV screen interactivity that our software and network provides. We have built extensive IP backed systems based on that inevitable future.

Our Tablet platform enables the TV to act as the heart of a digital home entertainment network, and provide a seamless user-friendly way to deliver the same Smart Phone apps functionality and the TV's video entertainment capabilities while linking TV and touchscreen user interface

wirelessly. It enhances usages for all types of media using the existing, familiar and easy to use tablet computer. The tablet interface will control a multitude of home entertainment devices and provide the form factor of choice for the large-scale growth of the market for home entertainment and related technology. PixFlx will radically change the way consumers think about media. Rather than thinking of separate TV content and Internet content, they will have integrated content and any content can be displayed on large screen TV or up close on the small screen of the tablet. The platform also enables new hybrid media types that were never before possible combining games with video and auto loading web content with video and providing Tcommerce.

The PixFlx Technology Advantage

The Company's flagship product is the IP and network of partners enabling the Platform content as delivered to the combination of TV and tablet computer and monetized through the network by our PixFlxCoin.com Currency token system.

PixFlxCoin.com Currency was documented about 4 years prior to Bitcoin. Our Distributed Database platform developed about the time Bitcoin was starting. Blockchain concepts inspired from Bitcoin originated long ago as error detection. With Blockchain it's not so much an error detection as it is primarily fraud detection or any part of a log of events altered being quickly detected and invalid changes being rejected.

The PixFlx core revenue product is intelligent advertisement routing within our interactive hyperlinked video player and the advertising is in conjunction with viewing video or listing to audio and supplemental content that contains ad spots we fill on the fly. In simple terms the content owner will place the video production into the system to present the content to the public in a high quality setting that is designed to specifically to generate more revenue for the content owner thus building more value. The owner provides supplemental content with ad spot definitions to generate income as well as enhance the content to build much more valuable assets. Otherwise the content could be tagged by the public with comments or links. All functionality is available from a web browser interface, no software install or upfront investment is required by the content owner to use the system.

We fill the defined ad spots by selecting the specific ads from our system that are relevant to the user combined with consideration of high bid for the ad spot. The inner workings of the algorithm used takes the user account into consideration in terms of account status as well as how well the ad is matched to user interests. These aspects are not hard coded into the ad placement engine algorithm because it is engineered with adjustable parameters so it may be fine-tuned over time.

When the platform is used in conjunction with TV content our proprietary system must be used to provide the full interactivity and advertising model consumers will demand as they will no longer be accepting of a legacy substandard experience of 30,60,90 second ad spots once introduced to the superior system. Owning the consumer accounts and primary interface to the consumer on a massive scale brings many other possibilities to the table and the long term value here should not be overlooked and really cannot be overstated, it's substantial.

The core aspect of the business is media content listing and control over TCP/IP and is based on interactive video-on-demand. This media is post-processed by producers to add hotspot links developed for use within our system that provides internet links overlaid on standard video content. Our links are non-visible, all objects linked, video objects produce at minimum a default page for the show. Our current system stores metadata about links in a server side database accessible by API so the actual video file is not altered thus enabling the system to work with any video format and could be implemented with any video source that logically could even including cable TV and YouTube content and other streaming sources. The system is based on layers of defined links so the publisher can build up any number of links layered throughout all of the show. The link definitions are defined from a web browser interface. Options exist to let consumers tag content with their own links if the producer desired that functionality so the content can contain both consumer tags as well as producer pages if desired.

Current Operations

PixFlx, Inc. owns the core assets that will be leveraged in rolling out the next TV standard. PixFlx may distribute and deploy unlimited copies of the product to provide a linked TV/Internet with full ecommerce, advertising and automated transaction that are not otherwise available. This product forms the critical components of our business partner network that will in turn provide

compelling motivation for quickly spreading our offering across the internet and developing our Content and Ad partner network as well as financial network. Our high value intellectual property combined with highly refined plans provides a long term vision for consumer video in terms of hardware components and software services based on operational aspects that are implemented as a network of service providers. The vision spans content delivery, interaction with video, advertising, ecommerce within selectable video and encompasses multiple interlinking business methods. The business methods are highly complimentary to each other. The partners in the network work together as a cohesive team of partner companies.

We are currently focusing on five areas:

- Complete product patent prosecution (Develop New Claims)
- Refine the current prototype PixFlx Ad Network product launch version
- Launch Payment Services PixFlxCoin.com Currency distributed ledger network
- Refine media player video search and custom shareable video menu system
- Developing and acquiring interactive video and audio content and advertising.

PixFlx's Distributed Ledger Cryptocurrency

The PixFlx network is based on the product *Http Data Services* HttpDataServices.com as the underlying platform that provides the core distributed database to ride on, so adding a ledger table to the database leverages the distributed database platform. Other currencies have just distributed ledger not distributed database processors so to add functionality code was added to the currency unit, our code resides in the database engine so its capabilities are much more flexible and powerful. Every entry in the ledger has a checksum hash generated that provides the Blockchain functionality line entry by line entry. Operating on high end Microsoft SQL Server database engine offer better performance than other currency technology. The core platform is available now in Amazon Web Services running as an EC2 instance and is highly scalable.

This currency is credited and debited directly by the PixFlx network operators. The currency is used as the payment method for all transactions on the network. This currency is very fast having multiple servers, each server capable of performing thousands of transactions per second. The currency is convertible to other currencies for inbound and out bound funds transfer as required to perform reconciliation of transactional events nearly instantly as the events take place.

Examples of funds movement event types are;

1. Sponsor Stipend (consumers receive 1% of related advertising)
2. Ecommerce Purchase (video objects are commonly available to purchase)
3. Monetization Payment to Content Owner
4. Ad Campaign Funding
5. Inbound and outbound transfers to banks or other currency systems

Funds typically flow from Sponsors bank to Sponsors PixFlx Coin account then into Ad Campaign accounts to fund advertising to Content Owners accounts and Consumers accounts. Then Content Owners move the funds to a bank account. Consumers tend to replenish accounts from bank accounts to have it on hand for ecommerce and premium content or other payment needs. Some consumers may receive more than they spend in the PixFlx environment and tend to move funds into the bank. All accounts work the same basic way, funds go in and out of PixFlx accounts and get transferred in and out of the PixFlx network to currency exchanges and banks.

Account funds may be transferred to an external wallet for the funds to be saved away where they cannot be accessed or may be usable outside the PixFlx Network on exchanges. PixFlxCoin.com Currency is usable by merchants operating outside the PixFlx media player network for ecommerce provided they have a commercial PixFlx account and the consumer has a PixFlx account.

PixFlx tokens are described in patent document US 20060218618 A1 Priority Date: Mar 22, 2005

<https://www.google.com/patents/US20060218618>

“The content delivery control system of claim 6, further including a means for user incentive related to activity with sponsors by maintaining an account of token credits for users where by the tokens may enable the user with a range of benefits and provide the sponsors with a means of rewarding user's interaction.”

“This data maybe used by the database server to determine how to handle customer's future content requests and issuance of rewards tokens that are redeemable in the form of premium content and services.”

“The advantages of creating an account are that the user can receive incentive tokens that maybe used to pay for content and services”

The entire database was designed to be always on, distributed and redundant, not just the financial transaction ledger. The Ad Management, Ad Routing, Content Management and Menu Listings as well as transactions are all mission critical and needing to operate on a network with distributed redundancy to be as failure proof as technologically posable. In the event of network failure then the client media player refers to its server list to utilize a different server connection. Every server knows how the load is currently distributed across the network and can direct the client to another server that's not as busy if needed.

A little on inner workings. In our system transactions are recorded using 3 nodes, the *Originating Node* needing the transaction, the *Agent Node* performing the transactions and the *Witness Node* for notarizing the transaction. All nodes may act in all these capacities at the same time for different transactions but not on the same transaction, the mentioned roles relate only to a single transaction. For an example in the case of customer deposit, the customer connected node is the Origination Node that requests a transaction from randomly selected node to act as the Agent in the transaction. The Agent starts the transaction then asks a randomly chosen node to act as the Witness Node. Thus every transactions involves 3 nodes to record a transaction. A pending transaction table entry places a lock on the account at the start of the transaction for preventing errors. Once the 3 nodes have recorded the transactions then all nodes on the network update their own transaction table verifying they calculate the same hash. Once all nodes have the transaction verified then the Commit is issued and with all nodes confirming the commit, the account lock is taken off the account so other transaction may then be performed on that account.

The below documents how the transactions get recorded. All transaction actions are predefined to credit and debit the proper accounts.

TransactionDefinitions	
🔑 TdefID	
Credit	
Debit	
Description	

Chart of Accounts
PK-ID
Customer Account
Internal Digital Currency
Internal Bank Currency

Transactions	
🔑 [LOG-ID]	
TransactionID	
Account	
Reject	
Commit	
Debit	
Credit	
Table Name of source info	
ID In Table for Source record	
Integrity Check	
Notary Witness	
Originator	
Agent	
Checksum Hash	

Grouping Records In A Transaction
 Customer Account or Internal Digital Currency Or Bank Account
 If Integrity Check Failed, Error Info Records Here
 True Or False, Once Committed No Rollback Option Exists
 All Credits Require Corisponding Debit
 All Debits Require Corisponding Credit
 Exchange or Bank Transfer info in separate table
 Record for this transaction
 Internal check and Notary Witness check and Agent check by Originator
 Notary Can Notarize/Witness only for Agent Of Record For Transaction
 Original Initiating Node Can Not Start A Transaction On Its Own
 Originator Must Ask Agent To Create Transaction (selected at random)
 Record Of This Row And Row Above Combined Hash

Any Node ever having incorrect hash not in agreement with the majority of the network is found, that means it has recorded incorrect information and will go off line as the network starts ignoring it. The owner of the node no longer is able to generate fees until its corrected and brought back on line. So network integrity is maintained by that check and others through the process. A transaction audit will always show where the transaction originated, what node performed the entries and what node verified the process and performed the commit to the transaction. Note that the transaction records a table and row in that related table that contains details not held in transaction ledger.

Industry Analysis

The cable industry came into existence to bridge the gap of over the air TV signals then moved on to provide more TV stations and channels. Now the concept of channels is obsolete because any video ever made is available on demand in terms of technology. Inevitably all available bandwidth will become committed to providing the basis for an open market of on-demand communications and entertainment services, net neutrality will be implemented stronger as streaming becomes the

standard, consumers will demand it. Our competitive edge is non disruptive interactive content delivery to dual and single display platforms and the optimal advertising system for both environments. The market for our OTT broadband TV service's advertising revenue generation has a tangible market in the billions. The delivery of all video over internet protocol is the future and will continue to pull ad dollars away from the conventional TV ad market for years to come. The outlook for the industry over the coming years is excellent as a move from legacy broadcast is replaced by internet enabled on demand IPTV systems. Our system will provide the overall best option for online TV due to superior user experience, advertising efficiency and the greatly enhanced user experience combined with the ability for content owners to monetize much better than any system available now or in the foreseeable future.

With the ability to uniquely provide content to the advanced platform of the future provides us with the ability to capture tremendous market shares long term.

Capturing market share from existing competitors is highly attainable due to our capacity to give content owners the ability to create more value, promote their own brand, web sites and operations while generating more income that's paid instantly practically in real time, for example a wholesale exodus from YouTube by publishers to get 70% of more funds generated rather than 55% of less funds generated. Also, the above mentioned competitors can be our potential customer as well. The key is not in aggregating content (video site concept like YouTube) but rather aggregating advertisers and consumers through our business partners that conduct software based services giving them access to the network that enables them to reach customers with new efficiency and greater rewards. The content spans across the internet launching from anywhere and may be aggregated by many while the advertisers and content owners enjoy the same profit regardless of where the media player content is launched from and regardless of device types.

The viewers are not expected to tolerate annoying forced long form video ads as they did in the days of conventional television, also that old advertising method is now also being used online much to the dismay of users that often decide to leave over enduring a multi second video ad they don't care to watch. Rather they will embrace interaction and follow up with product makers they chose on their own terms and time table through interaction combined with targeting ad

placements to user interests. For the user it's a win, for the content owner it's a win and for the advertiser it's a win. It's that level of pleasing all involved that provides our win.

Note that our granular ad routing in conjunction with known consumer interests due to consumer motivation to cooperate drives the ad placement value and the dual screen intro/page combo ad format further contributes to that value. An ad on video sites that disrupts the video for 10 seconds may generate a dime, in our system a 2 second disruption a dollar because its better targeted and places the customer on a landing page bringing a sale just one click away and that potential remains in the browser for the user session or longer unless the consumer closes the tab. We have no statistics so the statement is logical rather than factual, reality could be more or less, logically not likely less. Competing platforms ad units logically have many fold less value than the PixFlx platform combo ad placement. Value of the ad spots drives the value of the currency that must be purchased at the market going rate to be used in the advertising system. Currency value is further driven by the ad auction system that may be compared to average CPC of \$1 to \$2 and expensive keywords like insurance bid up to around \$50 as provided in search. The currency is also used in ecommerce transactions on our network that further stabilizes the value. It's believed logically that a typical show on YouTube struggling to generate a dime or two per view will generate a dollar or two per view on the PixFlx network do to the value of the ads that's driven by effective sales performance causing the price bid up as better performance = more value.

The value factors are over all 500+ billion dollar tangible market size, the potential to gain the lead in our tangible market with the currency driven by more than just a factor of buyer willing to pay a price to a seller on an arbitrary basis, rather with PixFlx Currency the costs of advertising and purchasing goods on the network relate directly to the PixFlx Currency value worldwide creating fair value and stability.

Demographics

Early adopters of our platform are computer literate and interactive entertainment orientated consumers that are increasingly representative of technology consumers in developed economy markets. These technology users demand easily deployable and powerful entertainment convergence and are anticipating a solution to the internet and TV disconnects. Wireless

integration and network interoperability promotes our tablet based menu for media access. Early adopters on a software level span anyone that wants to watch TV content from the Internet on any computer system supporting a web browser; dual display is not required although it is highly desirable when available. Most computers are now dual display capable and currently about 1/3 have 2 connected displays. It's the combination of 2 display capable devices that enables our best platform. Overall our network is not confined only to the US and we will provide multi language support so the lower cost all in one computer and TV device will be highly desirable world wide to all income classes, think TV sticks and wireless display tablets everywhere.

Technology

As a result of the consumer demographic shift, a dominant technology industry trend in the years ahead will be more adoption digital money. Appliances (IOT) and consumer electronic devices are common now and the internet continues to become all the more important. The world is about exploding with digital money flowing freely and our network is expected to take that concept mainstream and drive it home to all consumers with ease gracefully as a feature built into their media consumption. The vision is our media player is also a browser and also a digital wallet and opening an account to log in will also provide a PixFlxCoin.com Currency account that will start to gain immediately, a most pleasant experience for consumers possibly fueling record breaking massive adoption at incredible speeds.

Customers and Competition

Customers

Initial direct customers for our Platform are partner companies that license the “Ad Mining Network” components. Ad Mining Network type customers (Businesses operating a node on our network) in turn provide all related services to the public that are financial, media consumption and ecommerce related. Distributed services are ledger operation, ad placements, money movements due to ad placements as well as funding of campaigns and other functions like content

menus and event processing. With the ad network the server also provides PixFlxCoin.com Currency services directly to the public. End users are content consumers, however from the user prospective they are the customer of the Show they are watching while our system operates mainly as a background entity other than when they setup accounts for getting advertising based on their interests to avoid long form video ads and take to advantage of digital currency.

Future Customers

End-User Profile

Based on a study of current technology we estimate that the typical early adopter that will use our system with a TV display and secondary display of some type will include the following demographic traits.

PixFlx/PixFlxCoin.com Currency expects the earliest adopters of the system to be:

- Young to middle-age (18-55)
- Computer and/or Smart Phone owner / Computer savvy
- Professionals with interest/use of latest technologies
- Internet video and Gaming Console users
- Resident of major metropolitan centers with pervasive broadband Internet.
- The majority of the world population are actually potential customers, even the poor, this could help them and we will try to make that the case.

Competition

Substitute Products

On the financial end is the current legacy cryptocurrencies and debit card providers. The core products were conceived in 1997. YouTube launched in 2005 and since that time countless video sites launched, then the market consolidated when Google declared the game over with the 1.7 billion purchase of YouTube at less than a year since it launched. The reason is Google was flush with cash from earlier IPO the year before, they thought they could make YouTube the gate keeper of TV. Video site competition was from that time pointless, no other sites could compete

with so much funding behind YouTube. Now we all know too well what YouTube is about in the new world of nonprofessional TV production. Some of it is great, most not so much. It's the great part that will transform over to the co-op PixFlx network. A form of selectable web browser based video was known to exist as far back as 1999. We are the first and only design for TV with a secondary display for object selection and supplemental web content. We expect to maintain our innovation and design market leadership and will be exploring business methods claims availability on our pending patent. Initial patent issues contributed to delay and complexity of prosecution. We will be going into a very aggressive mode with the patent and trademark office. Bottom line is we have many overwhelming advantages regardless of what other defensible IP we may obtain moving forward. We have copyrights and trademark and may expect to develop multiple great claims regarding our patent disclosure including a claim we have been locked in battle over.

Competing Companies

PixFlx believes that competitive advantage will come from its combination PixFlxCoin.com currency funds flow and platform licensing fees early on. It is possible that some will offer similar functionality to the extent possible without infringing. Competitors may solve some functional limitations to some degree however many circumstances prevent them from offering an acceptable interface like our system is able to from the payments to the content and the user interface. We believe that the comparative simplicity, advanced architecture, low cost and dual screen design of our system and its partner network will give us the greatest competitive advantage by far. Primary competing companies are mainly all other ad routing networks competing for ad dollars that provide video monetization services as well as Video Sites like YouTube and Netflix. Our business model is designed for competitors to become allies and customers when they chose to be part of our network, consumer demand will make or break even the largest companies. Beyond that we are in a position to be acquired very early on as multiple very large companies are operating in our core space. And yes, they could also chose to infringe and force us to address such an infringement event. That said any large infringer faces the possibility of us being acquired by a likewise deep pocket large competitor so it makes little sense to infringe over joining or validly owning the technology.

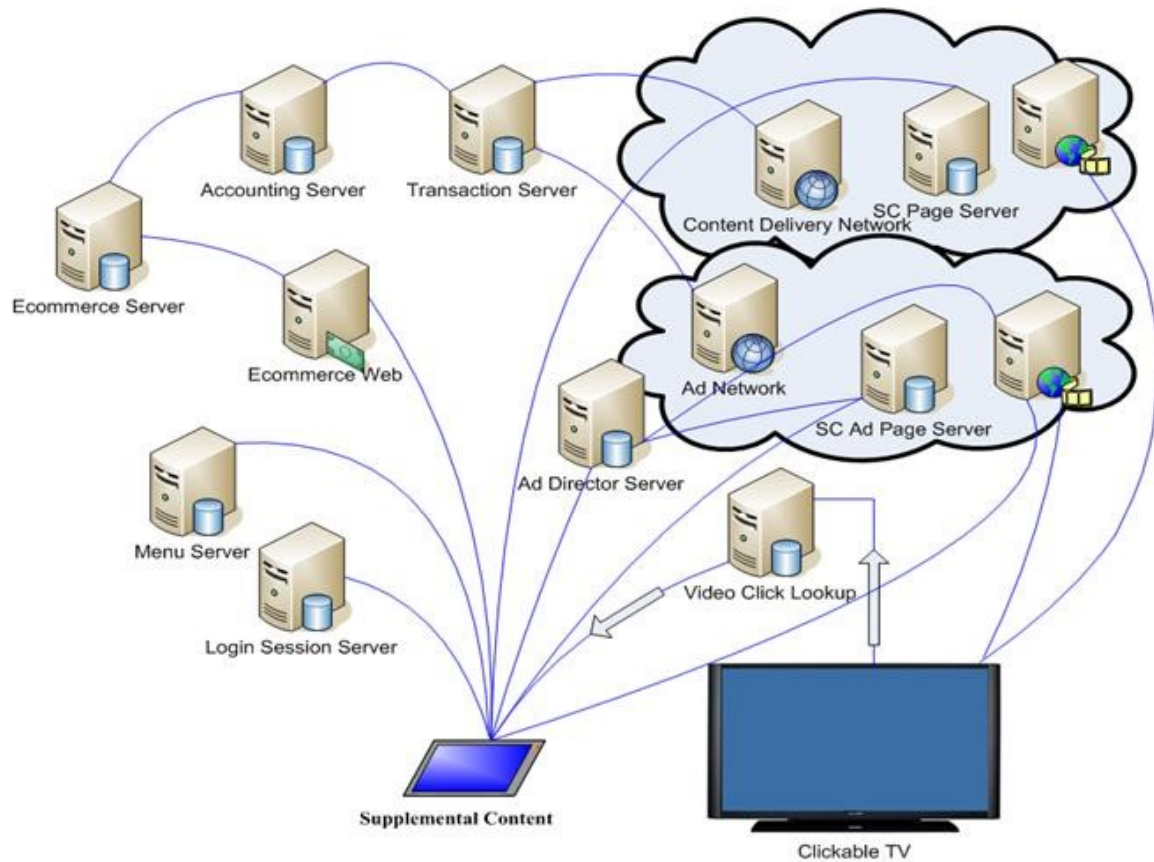
In addition, we believe that our focus on the big picture and the ideal user interface component and related patent creates a substantial competitive advantage that will enable us to set a defacto primary standard on a world wide basis. Thus the business model is designed to support that scope and developed assets have been protected and kept intact for leveraging its full potential.

We do not enable sites providing poor quality user generated content so video sites of that class in general are not an issue; however Amazon, Apple, Hulu.com and Netflix currently hosts most TV shows available on the internet other than going directly to a production company's site such as ABC.com, CBS.com CNN.com and so on. However, Hulu is also completely owned by other companies so it's much like an extension of some content production companies rather than a stand alone company. We can provide much better monetization and Hulu, Netflix and the like could eventually license our components so they can make more money by become customers and partners and follow consumer demand. We can take in multiple smaller players to get initial traction as needed, we can take in any partner companies both very small and very large. Everything is computer automated so 1 large transaction or a thousand smaller transactions are virtually the same value. Many small players can be the same value as a single large player.

Our system was designed to place TV video on the big screen and user interface on another screen to provide simultaneous integrated 2 foot and 10 foot experience. While video interactivity is an important feature, the overall system and advertising business model that provides the consumer with a highly desirable experience is the key factor. Combining our currency operations leveraging our superior software platform is an incredible advantage, no competitor has anything like it.

Design and Development Plans

High-level design was completed long ago 2002 to 2005. New features and new interfaces were development cross platform up to the present time. The founding of the company and over half the software platform development was conceived, designed, funded, and coded by the single founder over a dozen year span with work performed off and on. The system is comprised of 2 directly linked application categories, one is the Media Player and the other is the Ad Network.



All components contribute to and are part of a network involved in internet delivered interactive TV that implements advertising with instant payments and consumer rewards. We will process partner payments for Ad Sales and Ecommerce Sales per our IP licensing agreement in the distributed ledger.

The core applications involved are;

1. Security
2. Ad Routing Network / Advertising Campaign Management / Ad Design
3. Payment Processing Distributed Ledger Software (directly integrated with transactions)
4. Accounting Database Management (Ad Sales API)
5. Unified Login and User Accounts Management (Consumers)
6. Content Search and Electronic Program Guide (EPG) (Menu)

We license the following Ad Provider functions to all providers, some produce revenue and others are a duty to the network.

- **Ad Provider** (Ad Routing Network)
 - Performs Ad sales and support
 - Analytics and Ads Tracking
 - Provides Ad Campaign Management and Distributed Ledger
 - Delivers and tracks Videos and Monetization
 - Provides Video Hotspot Mapping Tools
 - Provides TV Commerce services
 - Player support
 - Provides Electronic Program Guide customization
 - Provides a Unified Login service across all sites
 - Provides Payment Processing and Accounting services
 - Makes all actual ad placement decisions across the network
 - Manages dispersing of funds from Distributed Ledger

Future Research and Development Plans

Future generations/versions of our player may be integrated to its own operating system. The tablet interface may be a simple wireless display and will include multiple Tablet units supported by one system using a combination of software and hardware. Multiple tablets are already supported in the current prototype, limited only by IP subnet. We will not present the player software to the public until we have content worthy of demonstration, business partner demonstration is available.

Operations Plan

Operations

Current operations revolve around public education, PixFlxCoin.com Currency development, possibly some content development and partner acquisition and finalizing the details of licensing our network. During this final development stage our web sites interfaces and marketing materials will be refined.

The core business operations are financial transactions and database management. Our software provides database transaction processing for ad sales, ad placements, ecommerce sales and disbursement of funds earned by producers and CMS partners as well consumer PixFlxCoin.com

Currency functions for account maintenance. Ad sales are earned at the time of sale. Each selection of a video based object, menu a user loads and ad placement requires a database tracking operation. Our core operations are transactional database software development.

Our business model is based on coop network partners that must be approved internally. Willingness to pay the licensing fee and sign the contract may not bring the company into the network. In addition we must consider the overall company and circumstances and do reserve the right to refuse service to any entity without the need to explain why. Also the startup of the initial network operations as separate businesses our self is an ongoing consideration to be implemented only if needed.

Marketing Plan

Marketing Strategy

This business has a major focus on intelligent advertisement routing in the realm of new interactive TV containing selectable video objects. The business model maybe compared to Google Ad Words in the advertising control realm of serve yourself ad management on any scale and maybe compared to eBay in the sense of providing anyone the ability to sale to the public. We provide for anyone to sale by video, we provide anyone the ability publish and monetize TV shows, we do not provide video file storage or delivery or and content delivery network functions. We also provide select companies with our business systems enabling them to provide the services to their customers to publish interactive video content for substantially more profitability than other available means on a case by case basis.

Every time content is delivered using our system, it in essence advertises our content services as our player is very distinct in function and licensing agreements require copyright notices. The player components are very unique and only come from us or through our licensed customers in a controlled way. Our sales and marketing is thus long term really focused on those that want to provide the services our system offers and working with them as they place video content with supplemental content into the systems with ad spot definitions and the corresponding assets to

support the productions. Educating the market players and promoting the concepts in general will be required.

This is a new and modern co-op business model. Our service must gain critical mass to enable our advertising placement activity on the scale needed. Our player in conjunction with quality content being launched from web sites and Set-Tops, smart TV and tablets is expected to make our unique product well known relatively fast. The reason content owners will place the content in our system is that it's by far the best way they have to generate revenue from their content as we provide advertisers with superior multi part ad spots that impact their bottom line more effectively than other methods. The majority of consumers may be experiencing digital currency first through our system and it's the PixFlx digital currency that may be the first widely accepted at offline retail locations.

Pricing

We make 10% of advertising funds per licensing agreement with partners to operate on the PixFlx network We provide our IP, Software, Platform, core organizational and management services and earn an additional 10% of ecommerce revenue for in network ecommerce transactions. This structure leaves 70% pass through to content owners and 20% to partner mining operators. Advertising fees are auction driven, consumers get 1% off the top before split.

Company Organization

PixFlx, Inc. is organized as a California C Corporation. The majority shares are privately held by Cal Coast Ventures LLC that is also privately held. At the time of this writing Joseph Lorkovic and son own 98% of the company through the above structure. Licensing operations and coin sales do not provide equity and no SEC registrations are required for current business operations. PixFlx will not ever refer to coin sales to operate on the network as an investment. PixFlx is not offering any investment or securities. Licensing IP provides no equity.

PixFlx is accepting fiat currency such as USD to purchase coins as well as cryptocurrency. The SEC was asked specifically about the PixFlx intended activity pre commencement and replied

without comment on that presented aspect of activity when specifically asked. The reason for pressing this issue is that we will always be selling coin and customers will always be converting it and it starts with pre-ICO sales.

Financial Plan

PixFlx will not operate an exchange and fiat currency debit card functions are provided by a third party provider that's provided the ability pull and place funds into and out of our network per customer agreement. Customers do not need to enlist in the debit card functionality if they do not care for to. Accounts are split in 2 parts, a savings section is not available to the debit card or online transactions unless the funds are first moved out of the savings section that requires 2 separate authorizations from separate devices. PixFlx is a 100% licensing business model, we defined the network, software and license the IP bundle enabling customers to operate on the defined network. The network has its own steering committee and PixFlx is not in control of all aspects of that, just those terms stated in the licensing contract and the agreed to initial charter. Please refer to the licensing contract for details.

The company has no current specific valuation documented nor has it launched ad operations or ecommerce operations at the time of this writing. Before the network commerce can commence, content and ads are needed and it must startup at some scale that can ramp up quickly to critical mass on public introduction. It will have a beta testing period. Business partners that operate the network we refer to as "Miners" buy-in at low cost provides incentive to support the co-op early on and provides the company with additional development and launch funds. Also early coin sales purchased through Initial Coin Offering (ICO) and pre offering further provide funds to launch the network. PixFlx Token Coins value will be driven by advertising price, ads are placed by auction, the price paid for an ad placement is in tokens, tenths are the lowest increment, and the tokens are exchanged to other currency based on exchange rate that is driven by the market where buyer is willing to buy at a price, seller is willing to sell at the same price, then the transaction takes place. For that instance the price is based on that agreed value and thus and current price is based on a

recent transaction snapshot in time. In the case of PixFlx, its tokens value is related to the value of advertising on the PixFlx network that's driven by market demand for its advertising and should also relate well to the advertising market as a whole. If advertising on PixFlx is in high demand, competition to fill ad spots would be higher than if advertising on PixFlx is in less or lower demand. Ecommerce is also conducted based on PixFlxCoin providing further value reinforcement.

The Token unit value is one factor, then bid prices on ad placements based on the token unit the second factor. This 2 factor systems is expected logically to enable meaningful true value beyond any other digital currency. For this reason it's also an ideal general-purpose currency and technologically also superior, however, it's not for open to the public network operators like Bitcoin is and will not support code execution embedded like Ethereum. However, it is not hard to support pre-defined functions (code execution) within the system. A set of predefined functions is better than a programming language for currency based contract development without having to write code.

Use of Funds

Employee salaries are the primary expenses, some outsourced legal and IT are the other major categories of expenses.

During pre-launch prep to startup the network head counts are expected and planned as follows;

1. 1 CTO and 2 TSQL Database Developers (Senior DBAs) Platform completion and all backend functions
2. 1 graphics designer and assistant for user interface and page layout
3. 4 JavaScript programmers (Front End)
4. 4 Media Player programmers
5. 3 Communications marketing and public relations
6. 1 Business Development Manager
7. 1 Financial Controller
8. 1 Office Manager/Receptionist

Engineering head count, about 12, average of \$100k =	\$1.2m
Business Management head count 5, average of \$70k =	\$350k
Office space, desks and computer	\$70k
Budget 1 year to launch, 6 to 9 months to beta at a cost of	\$2.2m

The above plan is an optimal/minimal plan, the very minimal plan is one person doing all jobs as has been the case with founder funding and development to build current resources over the last few years and so the business can and will function anywhere between the extremes of self-funding and pre-launch sales. Beyond the optimal/minimal plan, the market focus is so large that billions in capital could be put into good use expanding on operations in a 500 billion dollar market and could include expansion into many related aspects of opportunity with this rollout.

Pre-ICO, pre-registration for sales the first phase is taking place or may have already completed dependent on when you are reading this. Registration and positive identification will be required to buy into ICO or Licensing.

No offering includes any equity.

Token coins are sold with the intent to be used in our network for example on advertising and ecommerce, they are not provided as an investment and no equity is included with purchase.

Our licensing to operate as a partner on our network using our platform software is a business to business transaction and requires more than just capital to leverage, it includes no equity.

Nothing is offered as an investment and nothing offered includes equity. All statements are speculative in nature and no guarantee is implied of any value outcome of anything mentioned herein.