



## 2018: A Year of Improvements and Renewal

*Now the company is ready for explosive growth!*

By [Brad Listermann](#), President and Founder

Dear Shareholders,

Merry Christmas, Happy Holidays and Happy New Year!

2018 has been a year of learning, developing and correcting course. Let's start off by thanking everyone for their terrific and patient support of the company! We cannot begin to tell you how it means to all of us here at WorldFlix and Paranotek that you continue to stand behind us and support the company on a year filled with both excitement and disappointment. We also want to take a moment and thank all of our team: First, [Lauri Tunnela](#), our Chief Technology Officer and Co-Founder of Paranotek. Lauri is "The Wizard" as most of you know and has been the source of the amazing and groundbreaking technology that we possess today. Without Lauri's brilliant and continued passion to keep the world safer and more private, none of our achievements could exist today! Lauri, you're amazing and we thank you for your dedication to our company and joint mission!

We would like to thank our Chief Marketing Officer and co-founder at Paranotek, [Johannes Maliranta](#). The "Archer" has been continuing his education, working with our company all while supporting family members. We wish him and his family well and appreciate his hard work!

Last but not least, thank you, [Mick Davis](#), Paranotek CEO, and partner over the last year. Mick has been an inspiration with his thoughtful and strategic leadership helping the company correct course enlisting numerous allies and business associates who have brought to us tremendous opportunities and strategically aligned partnerships. Mick, we look forward to your continued leadership and vision to shape the path for our company moving forward. Let's not forget the wonderful and fetching, Mrs. Davis, who has supported and stood behind us both in her governance advice and her support of Mick's long and tedious hours. Thank you!

We have a terrific cadre of people that support, advise and help the company on a wide variety of topics. Thank you [Dominic Listermann](#), [Ryan Woods](#), (Our general legal counsel), [Nikita Volchetskiy](#) from No Stress Accounting, Entertainment Industry Veteran and Technology Guru [Jeff Ballard](#), [Andrew Listermann](#) and the [Riveting](#) Team, [Jim Orahood](#) and [Charles Curran](#) from [Ampex Data Systems Corporation](#), [William Hoffman](#) and [Aaron Fansler](#) from [Rocky Mountain Research Lab](#), [Daniel Nowak](#) and [Roel Schouwenberg](#) from [Celsus Advisory Group](#), Dr. [Ron Pitcock](#), [Russell Doyen](#) and [Dana Fusaris](#). Last but not least, we thank our WorldFlix Board of Directors; [Sean Teague](#), [Todd Myers](#), [Kevin Mills](#), and [Derick DeRoos](#).

## A YEAR IN REVIEW

These points are not in chronological order but a look back on the WorldFlix and review some of the most important items and lessons learned.

2018 was the year of hard lessons starting with the reality of our past debts. During our learning curve, serial egregious agreements with lenders pounded our stock. The [Phoenix Fund Management, LLC](#) supported by highly irregular practices of our transfer agent [Pacific Stock Transfer Company](#) resulted in millions of dollars of uncontrolled dilution in our market taking the stock price down from a 2017 high of 0.0024 to a low of 0.0003. Despite hours of a request to cure defects, demand letters and paying for legal advice – we were unable to stop their bad acts without a costly court order.

- We terminated [Pacific Stock Transfer Company](#) for cause on the last day of October. They still converted 600 million shares 30 days after we directed them to no longer act on our behalf. We also fired our [Reg A+ consulting attorney](#) William Eilers who had unsavory conflicts of interest and was not performing causing the Company to miss several critical opportunities with our [Regulation A+](#) amendments.
- We vowed to stop taking money from institutional funds with dilution-oriented agreements in the 2nd quarter and set out a plan to clean up the company's debt, balance sheet and liabilities that might spring forth from these former agreements. This was all made possible by a dozen stalwart “long” investors and an angel investor of stellar note.
- After several false starts, we filed our [Reg A+ May 9<sup>th</sup>](#) and the SEC is waiting on our amended filing to continue the review. After speaking to the SEC directly, we discovered we did not need to hire an expensive attorney to facilitate the process. The REG A + is being amended January 2019 with updated information.
- Our Annual shareholder conference in Los Angeles on May 12th was a great success and we introduced a fully functioning demonstration of [Paranotek's Sayphr Messaging app](#), utilizing the patent-pending Parano™ quantum computing resistant encryption technology, and presented a working [live Facebook demo](#) to the shareholders present.
- WorldFlix and Paranotek partnered with a group of [elite Department of Defense contractors](#) to create a set of Parano API's (Application Program Interfaces) to wrap around our patent-pending, Parano encryption technology into a software development toolkit and common interface capable of being licensed and sold to both government and commercial enterprise applications of all kinds.
- We validated with our [patent filing attorney](#) that we are still in the queue for review and expect 32 months before any comments would be available.
- We began exploring a joint venture with a company that has developed a cryptocurrency, bio-secure, cold wallet storage system.
- We began developing a partnership with an encrypted cloud storage company.
- We began developing a business [alignment with Ampex](#), who manufactures aircraft technology and electronic storage devices for use of our Parano protocol encryption technology.

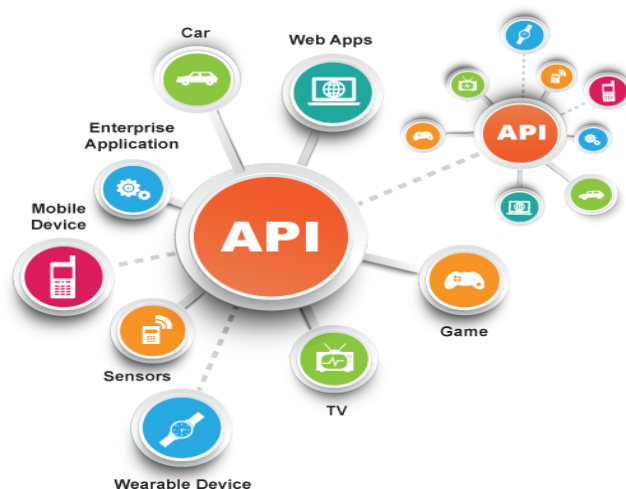
- We hired [No Stress Accounting](#) which has done tremendous work to help us repair our bookkeeping records and automate our financial reporting and provide a financial executive dashboard.
- We hired OTC Workouts Group (Now the Workout Group) to [design a debt remediation and company structure aligned](#) for larger stock markets such as NASDAQ. “Workouts” provided over 5 months of consulting services. Initially, they provided some valuable information and strategic planning. However, Mick and Brad decided to take over the debt negotiations themselves for a faster and more favorable outcome.
- In December all current debt holders with shares available to be sold into the active market have agreed to withhold selling until the debt negotiations have been completed.
- The company is restructuring stock, remediating debt, forming an outside audit committee, reorganizing management and preparing the way for to attract larger institutional investors with the goal of uplifting to a larger stock marketplace.
- Paranotek was contracted to build an app this year which was delivered successfully to produce first revenues. The end result opened the opportunity for a retail version of the app.
- In December, the company announced a new app to the shareholders’ community with some proprietary technology that allows any contractor or B2B seller to simply and easily take anything from blueprints to photos and make deliverable punch list estimates for customers.
- The Sayphr Messaging app was reviewed by an independent security firm and after an extensive technical review, recommendations to enable the app to be even more “hacker resistant” were added to the design specifications and the app was rolled back to improve functionality and resilience. The second round of internal beta testing will resume next quarter.

In summary, we have learned so much this year to prepare the way for a new year of tremendous growth and the determination to not repeat the same mistakes, adapt to new challenges as a team and continue to exploit the technology we possess with a mission to protect the world's data and privacy.

Expect to see new team roles, new names and new announcements that will propel the company into a well-known name in 2019!



# PARANOTEK: OUR YEAR IN REVIEW



## CLOUDS, API'S AND THE BILLION DOLLAR FUTURE FOR PARANOTEK AND FRIENDS

By Paranotek Team

With a patent pending quantum computer resistant encryption technology wrapped into an API - where do we take it from here?

The era of weaponized Shor's algorithm utilizing a quantum computing is close at hand. It is anticipated that current commercial and

nation-state encryption methods will be left largely inoperable after suffering through an exhaustive quantum attack. Personal data and private information will no longer be safe from anyone determined to take it.

This is a frightening notion when most standard encryption technologies can already be hacked with ordinary computers. The broad economic implications are catastrophic, resulting in lost productivity, revenues to companies, individuals and their governments eroding decades of investment in competitive research and strategic planning.

Paranotek has created a viable solution with a patent pending ephemeral key wrapping and ratcheting encryption technology. The Parano™ protocol which is capable of counteracting the brute force attacks of quantum computers on encrypted data.

Properly integrated, current brute force attacks will be rendered impotent against Parano's powerful quantum encryption strategy. An application using Parano as part of its encrypted data protection scheme will enable governments, corporations as well as ordinary individuals to take ownership in deciding who has access to their protected information.

By using the Parano protocol to "up-armor" existing information systems, worldwide corporate and government leaders can start to restore confidence that citizens and consumer information is secure from bad actors no matter where they originate. The long-term negative effects from the user record breach events in 2018 will be a thing of the past.

**Some of the top 2018 data losses:** T-Mobile (2 Million), Facebook (29 Million), Chegg (40 Million), Google+ (52.5 Million), Cambridge Analytica (87 Million), My Heritage (92 Million), Quora (100 Million), My Fitness Pal (150 Million), Exactis (340 Million), Marriott Starwood (500 Million) and Aadar (1.1 Billion)

2018 was a bootstrap year for Paranotek and our anticipated funding was only 5% of what was budgeted and remarkably the team achieved major objectives and leveraged pre-existing relationships to keep things moving forward towards our goals. Thank you to our angel investor, our CTO was able to dedicate his efforts full-time in July.

The Finland team developed a fully functioning live demo of the quantum computing resistant encryption inside a multi-platform messaging application to share with investors in May. This premium instant messaging app will endeavor to compete in popularity with Telegram and Signal for those dedicated to keeping their messages private and anonymous. This single demonstration application is not a social network and popular media convenience but a serious tool for private people everywhere. The [Messaging Security Market](#) is expected to grow at approximately USD 6 Billion by 2023, at 16% of CAGR between 2017 and 2023.

While waiting for the [Sayphr app](#) to be stress tested by our security partners, the development team completed a revenue-producing project management application customized for a large health and safety customer in October.



This construction project management application has been internally beta tested more than once with features added and debugged. A release candidate was accepted by the customer along with a proposed investment joint venture agreement for greater distribution.

In 2019 Paranotek will start to market several licensing solutions targeting commodity information enterprises. The initial Parano™ API effort is targeting opportunities in the [global Oracle based revenue](#) platforms earning USD 39.83 Billion in revenues in 2018.

Paranotek has partnered with two cleared defense contractors in the Washington DC to develop a set of (API) application program interfaces to be used in a number of pilot projects within the US Department of Defense and Intelligence. These test projects are working within the USD \$2.7 Billion [Kubernetes Cloud Native Computing Platform](#) market for large complex hosting enterprises originally developed by Google. Several trips were made to Washington DC to update security clearances and establish the required classified credentials for the effort.

Revenue generated by the [global clinical communication](#) and collaboration market is estimated to reach USD 1.2 Billion by 2028. The Paranotek small business efforts in 2019 are centered on a HIPAA compliant private encrypted cloud offering that contains Parano™ encryption technology targeting several verticals such as law firms, entertainment production, and the underserved small clinical communications market.

Storing sensitive intellectual property, legal and accounting data unencrypted on a “free cloud service” is a clear liability and high-risk behavior. If the service is free, your information is the product. With Paranotek’s Sayphr Cloud Storage service, anyone can have their own private encrypted cloud with internal messaging features built in.

## Developing other Apps and Software in Partnerships and Joint Ventures

We made some great strides in co-development partnerships and are grateful for the additional creative and innovative manpower and synergies.





Riveting Entertainment had successful investment rounds and their development team is looking forward to working with the Paranotek team in 2019, They requested a solution to securely take their recording artist media files and keep them safe throughout the production process.

Some of the early intentions did not pan out as anticipated or the specific business models were not a good fit for the WRFX in the long run.

- The West Indies Digital Currency Exchange deal was not acceptable based on the Hong Kong Banking exclusion terms.
- Co-affiliate investment partners iEldra SAM™, Ampex Data Systems Nano pilot project and Parano licensing partner for a secure digital wallet have experienced multiple delays due to production or funding shortfalls.

While our core business will continue to be focused on our Parano™ encryption technology, the company intends to continue to partner and even form new entity partnerships that will manage, develop and grow these independent of the core focus opportunities.

Each prospect co-affiliate opportunity will enable outside investment to be funneled into the business all while allowing WorldFlix shareholders to participate in the profits or partial equity ownership of every business venture that develops!

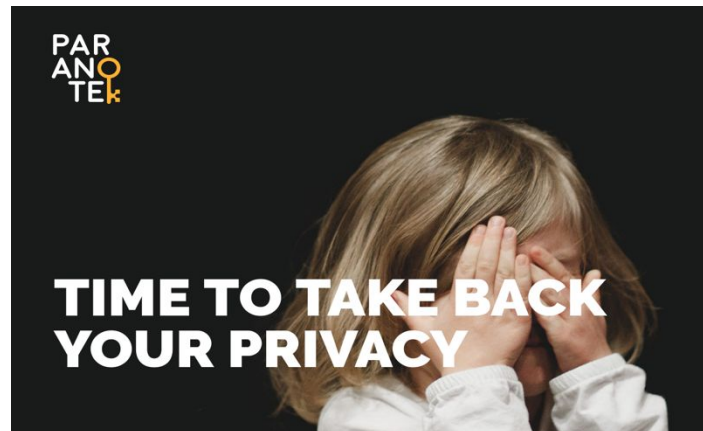
## **In Summary, from Brad Listermann, President:**

### **WE ARE ON A MISSION TO PROTECT DATA AND TAKE BACK YOUR PRIVACY!**

WorldFlix and Paranotek are committed to our mission and truly believe privacy and data protection is one of the largest industries of the future. Congress has even made it part of the national conversation!

Whether it is a cloud-based service, an API for enterprise use or a secure messaging app, our products and services will meet the growing need for privacy and information protection.

With our shareholders' support and continued guidance by the wonderful and talented team in place, headed by Mick Davis, we will continue to grow stronger, smarter and more capable of exploiting the tremendous opportunities that lay forward in our path.



We urge you to continue your support and “hold the line” as we march forward against those who will stand against us while lifting our partners to greater heights as we rise.

We wish you a wonderful New Year !

**Brad Listermann**  
Founder and CEO