

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2018

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 0-24115

WORLDS INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or
Organization)

22-1848316

(I.R.S. Employer Identification No.)

11 Royal Road, Brookline, MA 02445
(Address of Principal Executive Offices)

(617) 725-8900

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name Of Each Exchange On Which Registered
None	Not Applicable

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, \$.001 par value
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes** **No**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. **Yes** **No**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** **No**

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **Yes** **No**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (check one):

Large Accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting

Emerging growth

company

company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.) **Yes** **No**

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked closing price of such common equity, as of June 30, 2018 (closing price was \$0.29) was approximately \$16,476,300.

As of February 25, 2019, 56,814,833 shares of the Issuer's Common Stock were outstanding following the implementation of a 5:1 reverse split on February 9, 2018.

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements involve risks and uncertainties and our actual results could differ significantly from those discussed herein. These include statements about our expectations, beliefs, intentions or strategies for the future, which we indicate by words or phrases such as "anticipate," "expect," "intend," "plan," "will," "believe," and similar language, including those set forth in the discussion under "Description of Business," "Risk Factors" and "Management's Discussion and Analysis or Plan of Operation" as well as those discussed elsewhere in this Form 10-K. We base our forward-looking statements on information currently available to us, and we believe that the assumption and expectations reflected in such forward-looking statements are reasonable, and we assume no obligation to update them. Statements contained in this Form 10-K that are not

historical facts are forward-looking statements that are subject to the "safe harbor" created by the Private Securities Litigation Reform Act of 1995.

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PART I

ITEM 1. BUSINESS.

General

On March 31, 2011, it was announced that our board had determined it would be in the best interest of our shareholders to transfer all of our online and operational technologies to our subsidiary, Worlds Online Inc. (currently called MariMed Inc.). The assets were transferred as of May 16, 2011 and included: Worlds' technology platform, Worlds Ultimate Chat, Aerosmith World, DMC Worlds, Cinema Virtual, Pearson contracts and related revenue, URLs: Worlds.com, Cybersexworld.com, Hang.com, and Worldsfunds.com, a digital inventory of over 10,000 3D objects, animation sequences, an extensive avatar library, texture maps and virtual world architectures. The Company also entered into a License Agreement with MariMed Inc. to sublicense its patented technologies, which License expired upon the expiration of the underlying patents.

Worlds Inc. has retained all of its related Intellectual Property (IP) consisting of the nine existing patents, 6,219,045; 7,181,690; 7,493,558; 7,945,856; 8,082,501; 8,145,998; 8,161,385, 8,407,592 and 8,640,028 and all continuance claims currently before the USPTO including any to be filed going forward. While the last of these patents expired in 2016, we continue to pursue infringement we believe occurred during the lifetime of the patents.

We intend to endeavor to prosecute our issued patents and any future issued patents against all parties that the company and our legal counsel believe to be infringing on said patents.

Enforcement actions are subject to the analysis of all relevant prior art and the costs associated with litigation.

We may also seek to acquire additional patents we believe will enhance our portfolio position in the markets within which our existing patents cover.

There can be no assurance that we will be successful in our ability to prosecute our IP portfolio or that we will be able to acquire additional patents.

As of December 31, 2018, we own an approximately 2,994,697 shares in MariMed Inc.

Before the spin-off, Worlds was a leading 3D entertainment portal which leveraged its proprietary technology, which we retained through our patent portfolio, to offer visitors a network of virtual, multi-user environments which we call "worlds". These worlds are visually engaging online environments featuring animation, motion and content where people can come together and, by navigating through the website, shop, interact with others, attend events and be entertained. In support of this portal and the overall business strategy, we design and develop software, content and related technology for the creation of interactive, three-dimensional ("3D") Internet web sites. Using our technology, we created our own Internet sites, as well as sites available through third-party online service providers.

Sites using our technology allow numerous, simultaneous visitors to enter, navigate and share interactive "worlds". Our 3D Internet sites are designed to promote frequent, repeat and prolonged visitation by users by providing them with unique online communities featuring dynamic graphics, highly useful and entertaining information content, and interactive capabilities. We believe that sites are highly attractive to advertisers because they offer access to demographic-specific user bases comprised of people that visit the site frequently and stay for relatively long periods of time.

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Recent developments

In 2018, 7,000,000 post split warrants were exercised at a post split exercise price of \$0.125 per share raising \$875,000 and the Company raised \$4,692,990 from the sale of marketable securities.

On February 9, 2018 we implemented a 5:1 reverse split.

Our Technology

We used our technology to produce three-dimensional portals and web sites. We believe that our core technology delivers a considerably faster frame rate for user experiences and, in some cases, a meaningful productivity increase in art production and integration over its previous generation production tools. Our technology permits the development of virtual worlds which have broad applications. These applications include but are not limited to:

- a virtual meeting place (such as a fan club);
- a 3D e-commerce store (where merchandise can be viewed in 3D and purchased online); and
- a virtual classroom (where content can be viewed via video streaming and then discussed in real time).

Our core technology has substantial elements written in Sun Microsystem's programming language, Java, including WorldsBrowser and WorldsShaper, so we expect that it can be made portable across Windows and UNIX Platforms because of Java's platform independence.

Our core technology includes:

- **WorldsShaper:** WorldsShaper is the visual authoring component of our platform. It allows for quick assembly of pieces to create multi-user, shared state, virtual worlds. The WorldsShaper is an advanced compositing 3D building tool that integrates pre-existing or custom content, such as 3D models, textures or images created in Adobe's Photoshop, or midi or wave sound files, with architectural geometry and interactive behaviors and actions written in Java. The architectural building blocks for creating 3D worlds, the flexibility and power of integrating professional modeling and imaging tools, and the extensibility via Java make the WorldsShaper a tool well-suited for rapid creation of 3D environments.

- **WorldsServer:** WorldsServer is the scalable software that we use to control and operate our on-line virtual communities. WorldsServer manages the registration and authentication of users, the locations of users within the 3D environment, the physical structure of the 3D environment, all information regarding objects that are "shared" by the participants and any of the interactions between the users such as text chat. This platform also integrates an HTTP server for the delivery of other content such as audio and video streaming and secure e-commerce applications.
- **WorldsBrowser:** WorldsBrowser is used to access the 3D environments. The browser is optimized for speed, delivering relatively fast frame rates per second in highly textured virtual 3D worlds.
- **WorldsPlayer™:** The WorldsPlayer allows users to view and experience our multi-user, interactive technology. Any world created with the WorldsShaper will be viewable and navigable with the WorldsPlayer. The WorldsPlayer has a high frame rate for fast, quality graphics, an easy-to-use graphic user interface, 2D web browser integration, automatic upgrade capability over the internet and a complete communication tool set including text chat, voice-to-voice chat, e-mail and animation.
- **Worlds Gamma Libraries:** The Worlds Gamma Libraries are composed of sample worlds, textures, models, avatars, actions, sensors, sounds, motion sequences, and other behaviors.

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Our Strategy

Worlds Inc. will be focused solely on expanding our patent portfolio and to enforce our rights where it believes parties are infringing on its IP portfolio.

Effective upon the spin-off, we contracted to MariMed Inc. a perpetual world-wide license to our patented technology. However, inasmuch as the patents are currently expired we do not expect any licenses to be issued.

Competition

Since all operations were transferred to Worlds Online and our business is now the expansion of our patented technology, the Company does not have any direct competition as it did in the past. However, inasmuch as we believe that multi-user, interactive 3D is becoming a "hot" area, we expect other companies, many with far more resources than us, to move into this space.

Currently, there are many companies collaborating to establish standardization of 3D usage on the Internet, the adoption of which may require changes to our technology.

Intellectual Property

U.S. Patents: Worlds has been granted U.S patent 6,219,045, 7,181,690, 7,493,558, 7,945,856, 8,082,501, 8,145,998, 8,161,385, 8,407,592 and 8,640,028 for multi-server technology for 3D applications, which is our core technology. While the patents have all expired, we continue looking into the implications and

breadth of the patent in order to maximize there benefits. The description of the initial patent is as follows:

"The present invention provides a highly scalable architecture for a three dimensional, multi-user, interactive virtual world system. In a preferred embodiment a plurality of users interact in the three-dimensional, computer-generated graphical space where each user executes a client process to view a virtual world from the perspective of that user. The virtual world shows Avatars representing the other users who are neighbors of the user viewing the virtual world. In order that the view can be updated to reflect the motion of the remote user's Avatar, motion information is transmitted to a central server process that provides position updates to client processes for neighbors of the user at that client process. The client process also uses an environment database to determine which background objects to render as well as to limit the number of displayable Avatars to a maximum number of Avatars displayable by that client."

Trademark: Worldsplayer - The WorldsPlayer is especially designed to allow users to view and experience the multi-user, interactive Worlds Gamma technology. Any world created with the WorldsShaper will be viewable and navigable with WorldsPlayer. Utilizing the WorldsPlayer, a user assumes a persona (via a digital actor, or Avatars), and can then move, view, chat, play, express one's self via gestures and animations, voice chat, send email, join discussion groups, listen to music, shop at Worlds 3D stores, and watch videos, all in the company of users from around the world, within the 3D environment. The WorldsPlayer boasts high frame rate for fast, high quality graphics, an easy to use graphic user interface, seamless 2D Web browser integration, auto-upgrade capability over the Internet, and a complete communication tool set including chat, voice-to-voice chat, email and animation. The WorldsPlayer offers users the unique and creative experience of customizing their Avatars, while maintaining the ability to animate and activate their Avatars.

Employees

As of December 31, 2018, we had one full time employee, our president, Thomas Kidrin.

Corporate History

We were formed as a result of the contemporaneous mergers on December 3, 1997 of Worlds Inc., a Delaware corporation formed on April 26, 1994 with and into Worlds Acquisition Corp., a Delaware corporation formed on April 8, 1997 and of Worlds Acquisition Corp. with and into Academic Computer Systems, Inc., a New Jersey corporation formed on May 20, 1968 (the "Mergers"). Academic Computer Systems changed its name to Worlds Inc. after the Mergers. In December 1999, we changed our name from Worlds Inc. to Worlds.com Inc. in order to better reflect our business as a consumer Internet web site that offers virtual "worlds" in which consumers interact, conduct e-commerce and receive entertainment.

The Company created a wholly-owned subsidiary named Worlds Online Inc. on January 25, 2011. On May 16, 2011, Worlds Inc. transferred to Worlds Online Inc. the majority of its operations and related operational assets, except for its patent portfolio. Worlds Online Inc. changed its name to MariMed Inc. in 2017.

ITEM 1A. RISK FACTORS

Our business is subject to numerous risks, including but not limited to those set forth below. Our operations and performance could also be subject to risks that do not exist as of the date of this report but emerge thereafter as well as risks that we do not currently deem material.

Risks related to our operations

We have experienced relatively large losses during our development and, without significant increases in the market penetration of our services and improvements to our operating margins, we will not achieve profitability.

Since inception we have incurred significant net losses as set forth in the financial information included herein. We anticipate that we will continue to incur significant losses for at least the short-term. We will not achieve profitable operations until we successfully develop sources of revenues from our patent portfolio or generate revenues from other sources that are sufficient to offset our operating costs. We may never be able to accomplish these objectives. Patent litigation is very expensive and we may not have sufficient cash available to pursue any patent litigation to its conclusion because currently we do not generate revenues.

It will be difficult for you to evaluate us based on our past performance because we have a relatively new business strategy with a limited operating history.

We have been actively engaged in the business of being an IP company for a relatively short period of time and, accordingly, have only limited financial results on which you can evaluate our company and its new operations.

We cannot guarantee that the patents issued to us will be broad enough to provide any meaningful protection of our proprietary technologies.

We cannot be certain of the level of protection, if any that will be provided by our patents if we attempt to enforce them and they are challenged in court where our competitors may raise defenses such as invalidity, or unenforceability. In addition, the type and extent of any patent claims that may be issued to us in the future are uncertain. Any patents which are issued may not contain claims that will permit us to stop competitors from using similar technology.

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We may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights.

Third parties have, and others may, challenge the validity of our patents and other intellectual property rights, resulting in costly litigation or other time-consuming and expensive proceedings, which could deprive us of valuable rights. If we become involved in any intellectual property litigation, interference or other judicial or administrative proceedings, we may incur substantial expenses and the diversion of

financial resources and technical and management personnel. An adverse determination may subject us to significant liabilities or require us to seek licenses that may not be available from third parties on commercially favorable terms, if at all. Further, if such claims are proven valid, through litigation or otherwise, we may be required to pay substantial financial damages, which can be tripled if the infringement is deemed willful, or be required to discontinue or significantly delay development, marketing, selling and licensing of the affected products and intellectual property rights.

Our competitors may have filed, and may in the future file, patent applications covering technology similar to ours. There may be third-party patents, patent applications and other intellectual property relevant to our potential products that may block or compete with our products or processes. If another party has filed a United States patent application on inventions similar to ours, we may have to participate in an interference proceeding declared by the United States Patent and Trademark Office to determine priority of invention in the United States. The costs of these proceedings could be substantial, and it is possible that such efforts would be unsuccessful, resulting in a loss of our United States patent position with respect to such inventions. In addition, we cannot assure you that we would prevail in any of these suits or that the damages or other remedies if any, awarded against us would not be substantial. Claims of intellectual property infringement may require us to enter into royalty or license agreements with third parties that may not be available on acceptable terms, if at all. We may also become subject to injunctions against the further development and use of our technology, which would have a material adverse effect on our business, financial condition and results of operations.

Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations.

If we lose our key personnel our operations could be harmed.

Our success is currently dependent, in large part, on the personal efforts of Thomas Kidrin, our president and chief executive officer. The loss of Mr. Kidrin's services could have a material adverse effect on our business and prospects.

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We may not be able to economically comply with any new government regulation that may be adopted with respect to the Internet.

New Internet legislation or regulation, or the application of existing laws and regulations to the Internet and e-commerce could add additional costs and risks to doing business on the Internet. We are subject to regulations applicable to businesses generally and laws or regulations directly applicable to communications over the Internet and access to e-commerce. Although there are currently few laws and regulations directly applicable to e-commerce, it is possible that a number of laws and regulations may be adopted with respect to the Internet, covering issues such as user privacy, pricing, content, copyrights, distribution, antitrust, taxation and characteristics and quality of products and services.

Risks related to our common stock

Possible issuances of our capital stock would cause dilution to our existing shareholders.

While we currently have 56,814,833 shares of common stock outstanding after implementing the 5 to 1 reverse split, we are authorized to issue up to 250,000,000 shares of common stock. In the event we elect to issue additional shares of common stock in connection with any financing, acquisition or otherwise, current shareholders could find their holdings substantially diluted, which means they will own a smaller percentage of our company. There are also 5 million shares of preferred stock that the board can issue under any terms it wants and without any shareholder approval. Shareholders approved the Company's proposal to increase the authorized capital and/or a reverse split, the risk described above will be heightened even more.

Certain shareholders control a substantial portion of our outstanding common stock.

Our chief executive officer owns a significant portion of the outstanding shares of our common stock and Mr. Kidrin may be issued an additional 5 million post reverse split shares of our common stock upon the exercise of outstanding stock options. Accordingly, he will be able to influence the election of our directors and thereby influence or direct our policies.

No dividends have been paid on our common stock.

To date, we have not paid any cash dividends on our common stock and we do not expect to declare or pay dividends on the common stock in the foreseeable future. In addition, the payment of cash dividends may be limited or prohibited by the terms of any future loan agreements.

We are subject to "penny stock" regulations which may adversely impact the liquidity and price of our common stock.

Our common stock is currently deemed a "penny stock." Penny stocks generally are equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information on penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and if the broker-dealer is the sole market-maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, broker-dealers who sell such securities to persons other than established customers and accredited investors (generally, those persons with assets in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 together with their spouse), the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction.

These requirements could reduce the level of trading activity, if any, in the secondary market for our common stock. As a result of the foregoing, our shareholders may find it more difficult to sell their shares.

The exercise or conversion of outstanding options into common stock will dilute the percentage ownership of our other shareholders. The sale of such common stock or other common stock in the open market could adversely affect the market price of our common stock.

As of December 31, 2018, there are outstanding options to purchase an aggregate of 11,140,000 shares of our common stock after implementing the 5 to 1 reverse split and more options and warrants will likely be granted in the future to our officers, directors, employees and consultants. Also, on such date there are outstanding warrants to purchase an aggregate of 4,480,000 shares of our common stock after implementing the 5 to 1 reverse stock split. The exercise of outstanding stock options and warrants and conversion of notes will dilute the percentage ownership of our other shareholders. Sales, or the expectation of sales, of a substantial number of shares of our common stock in the public market, including shares of our common stock issuable upon exercise of our stock options, could adversely affect the prevailing market price of our common stock.

ITEM 2. DESCRIPTION OF PROPERTIES.

We do not own any property nor do we have any contracts or options to acquire any property in the future. Presently, we are operating out of offices in our president's residence at 11 Royal Road, Brookline, Massachusetts 02445, where we occupy approximately 800 square feet. This space is adequate for our present and our planned future operations. We currently pay no rent to our president for use of this space, although when funds are available we may do so in the future. In addition we have no written agreement or formal arrangement with our president pertaining to the use of this space. We have no current plans to occupy other or additional office space.

ITEM 3. LEGAL PROCEEDINGS.

The Federal case before Judge Denise Casper has been stayed pending the outcome of the IPR appeal to the United States Court of Appeals for the Federal Circuit (“CAFC”).

On May 26, 2015, Bungie, Inc. filed three Petitions for Inter Partes Review with the U.S. Patent & Trademark Office (“USPTO”), and specifically, the Patent Trial and Appeal Board (“PTAB”). These Petitions for Inter Partes Review, Case Nos. IPR2015-01264, -01268, and -01269 respectively contained validity challenges of three U.S. patents assigned to the Company. On June 1, 2015, Bungie, Inc. filed three additional Petitions for Inter Partes Review with the USPTO, and specifically the PTAB. The Petition for Inter Partes Review, Case No. IPR201501319 contained validity challenges of one additional U.S. patent assigned to the Company. The Petitions for Inter Partes Review, Case Nos. IPR2015-01321 and 01325 contained validity challenges of one additional U.S. patent assigned to the Company. In each Inter Partes Review, Bungie, Inc. was asking the PTAB to cancel issued claims from the Company’s patents.

The Company’s legal counsel represented the Company before the USPTO with regard to these six Petitions for Inter Partes Review, Case Nos. IPR2015-01264, -01268, -01269, -01319, -01321, and -01325, instituted against the five U.S. patents assigned to the Company. The Company vigorously contested each Inter Partes Review.

On November 10, 2016, the PTAB issued its final written decision in IPR201501264, canceling claim 1 of Company’s U.S. Patent No. 7,945,856.

On November 30, 2016, the PTAB issued its final written decision in IPR201501268, canceling claims 1-3, 5-7, 10-12, 14, 15, 17, and 19 of Company’s U.S. Patent No. 7,181,690. Of the claims reviewed, the PTAB did not cancel claims 4, 8, 13, and 16.

On November 28, 2016, the PTAB issued its final written decision in IPR201501269, canceling claims 4, 6, 8, and 9 of Company's U.S. Patent No. 7,493,558. Of the claims reviewed, the PTAB did not cancel claims 5 and 7.

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On December 6, 2016, the PTAB issued its final written decision in IPR201501319, canceling claims 1-8, 10, 12, and 14-16 of Company's U.S. Patent No. 8,082,501.

On November 28, 2016, the PTAB issued its final written decision in IPR201501321, canceling claims 1-3, 7, 8, 12-18, and 20 of Company's U.S. Patent No. 8,145,998.

On November 28, 2016, the PTAB issued its final written decision in IPR201501325, canceling claims 1 and 20 of Company's U.S. Patent No. 8,145,998. Of the claims reviewed, the PTAB did not cancel claims 2-3, 7, 8, and 11-18 in this proceeding.

The Company did not appeal the final written decisions in IPR2015-01268, IPR201501269, and IPR2015-01325.

On January 12, 2017, February 7, 2017, and January 30, 2017, respectively, Company appealed the outcomes in IPR2015-01264, IPR2015-01319, and IPR2015-01321 to the United States Court of Appeals for the Federal Circuit ("CAFC"). These three cases have been consolidated.

The company filed formal appeal briefs with the United States Court of Appeals for the Federal Circuit ("CAFC") on June 26, 2017.

On June 19, 2017 Appellee, Bungie Inc., filed an extension request to respond which the CAFC granted on June 27, 2017.

On August 25, 2017, Appellee Bungie Inc. filed its Response Brief with CAFC.

On September 22, Appellant Worlds Inc. filed its Reply Brief with CAFC.

On January 22, 2018, the United States Court of Appeals for the Federal Circuit scheduled the oral argument for Worlds' appeal of the U.S. Patent & Trademark Office Patent Trial & Appeal Board (USPTO PTAB) *Inter Partes* Review (IPR) decisions that issued in November and December, 2016. The oral argument took place before a panel of three judges of the Federal Circuit on March 9, 2018.

On September 7, 2018, the United States Court of Appeals for the Federal Circuit issued a favorable ruling on Worlds' behalf. The ruling, written by the Chief Judge of the CAFC, vacated the USPTO's Patent and Trial Board's (PTAB) invalidity rulings against three of Worlds' patents, and remanded these cases back to the PTAB with instructions to re-evaluate whether Bungie was permitted to even file its petitions for *inter partes* review (IPR) of Worlds' patents.

ITEM 4. MINE SAFETY DISCLOSURES.

N/A

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PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock began trading on the OTC Bulletin Board on October 20, 1998 under the symbol "WLDI." On February 11, 2000, in connection with the change in our name from Worlds Inc. to Worlds.com Inc., our symbol was changed to "WDDD." During 2001, our stock was no longer quoted on the OTC Bulletin Board and was quoted on the Pink Sheets, but returned to the Bulletin Board in the third quarter of 2008. The following table sets forth, for the periods indicated, the high and low bids for our common stock as reported on the OTC Bulletin Board or the Pink Sheets (representing interdealer quotations, without retail mark-ups, mark-downs or commissions, and may not necessarily represent actual transactions). The bids below reflect the reverse 5 to 1 stock split implemented in February 2018.

Year Ended December 31, 2018:	High	Low
First quarter	\$ 0.43	\$ 0.24
Second quarter	\$ 0.30	\$ 0.21
Third quarter	\$ 0.29	\$ 0.22
Fourth quarter	\$ 0.29	\$ 0.19

Year Ended December 31, 2017:	High	Low
First quarter	\$ 0.16	\$ 0.11
Second quarter	\$ 0.15	\$ 0.11
Third quarter	\$ 0.22	\$ 0.15
Fourth quarter	\$ 0.22	\$ 0.15

Holders

As of December 31, 2018, we had 620 shareholders of record of our common stock.

Dividends

We have never paid a cash dividend on our common stock and do not anticipate paying any dividends in the near future.

Recent Sales of Unregistered Securities

During the year ended December 31, 2018, the Company raised \$875,000 from the exercise of common stock warrants.

During the year ended December 31, 2017, the Company raised \$292,800 from the exercise of common stock warrants.

All of these issuances were exempt from registration in as much as they were all sold to accredited investors in private offerings without the use of advertising.

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Company Equity Compensation Plans

The following table sets forth information as of December 31, 2018 with respect to compensation plans (including individual compensation arrangements) under which equity securities of the Company are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by stockholders	11,140,000	\$ 0.21	13,860,000
Equity compensation plans not approved by stockholders	4,480,000	\$ 0.29	—
Total	<u>16,620,000</u>	<u>\$ 0.23</u>	<u>13,860,000</u>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Forward Looking Statements

When used in this form 10-K and in future filings by the Company with the Commission, The words or phrases such as "anticipate," "believe," "could," "would," "should," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on any such forward looking statements, each of which speak only as of the date made. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. The Company has no obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different. These factors include, but are not limited to, changes

that may occur to general economic and business conditions; changes in current pricing levels that we can charge for our services or which we pay to our suppliers and business partners; changes in political, social and economic conditions in the jurisdictions in which we operate; changes to regulations that pertain to our operations; changes in technology that render our technology relatively inferior, obsolete or more expensive compared to others; foreign currency fluctuations; changes in the business prospects of our business partners and customers; increased competition, including from our business partners; delays in the delivery of broadband capacity to the homes and offices of persons who use our services; general disruptions to Internet service; and the loss of customer faith in the Internet as a means of commerce.

The following discussion should be read in conjunction with the financial statements and related notes which are included in this report under Item 8.

We do not undertake to update our forward-looking statements or risk factors to reflect future events or circumstances.

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Overview

General

On May 16, 2011, we transferred, through a spin-off to our then wholly owned subsidiary, Worlds Online Inc. (currently named MariMed Inc.), the majority of our operations and related operational assets. We retained our patent portfolio which we intend to continue to increase and to more aggressively enforce against alleged infringers. We also entered into a License Agreement with MariMed Inc. to sublicense patented technologies, which agreement has since expired.

At present, the Company's anticipated sources of revenue after the spin-off will be from any revenue that may be generated from enforcing its patents.

Revenues

We generated no revenue during the year because we transferred the operations of the Company to MariMed Inc. and our other anticipated revenue generation streams did not produce any income during the quarter.

Expenses

We classify our expenses into two broad groups:

- cost of revenues; and
- selling, general and administration.

Liquidity and Capital Resources

We have had to limit our operations since mid 2001 due to a lack of liquidity. However, we were able to issue equity and convertible debt in the last few years and raise small amounts of capital from time to time that, prior to the spinoff, was used to enable us to begin upgrading our technology, develop new

products and actively solicit additional business, and more recently to protect, increase and enforce our patent portfolio. Although we have been able to generate funds through our sale of shares of MariMed Inc., we continue to pursue additional sources of capital though we have no current arrangements with respect to, or sources of, additional financing at this time and there can be no assurance that any such financing will become available. If we cannot raise additional capital, form an alliance of some nature with another entity, raise more funds through the sale of shares of MariMed Inc., or start to generate sufficient revenues, we may be unable to purchase additional patents or otherwise expand operations through acquisition or otherwise.

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RESULTS OF OPERATIONS

Our net revenues for each of the years ended December 31, 2018 and 2017 were \$0. All the operations were transferred over to MariMed Inc. in the spin off. The Company's sources of revenue are anticipated to be from enforcing our patents in litigation or otherwise.

Year ended December 31, 2018 compared to year ended December 31, 2017

Revenue was \$0 for the years ended December 31, 2018 and 2017. All the operations were transferred over to MariMed Inc. in the spin off. The business up to the spin off continued to run in a severely diminished mode due to the lack of liquidity. Post spin off we still need to raise a sufficient amount of capital to provide the resources required that would enable us to continue running the business.

Selling general and administrative (S, G & A) expenses increased by \$467,486 from \$503,599 to \$971,085 for the year ended December 31, 2018. \$363,489 of the increase is attributable to costs related to the Company exploring potential opportunities in the augmented reality space and crypto currencies. The balance of the increase is due to an increase in professional service fees related to the patent infringement lawsuit and exploring new business opportunities as explained above.

Salaries and related expenses increased by \$33,181 to \$295,804 from \$262,624 for the year ended December 31, 2018. Increase is due to the CEO receiving a portion of his previously accrued salary from prior years and the Company having to pay the corporate share of employment taxes.

Loss on conversion of payable to common stock was \$5,394 in 2017 compared to \$0 in 2018.

For the year ended December 31, 2018, the Company recorded an option expense of \$415,383, equal to the estimated fair value of the options at the date of grants. The option expense was due to 5,800,000 options (post reverse split) granted to an officer and directors of the company.

For the year ended December 31, 2017, the Company recorded an option expense of \$1,041,264, equal to the estimated fair value of the options at the date of grants. The option expense was due to 5,220,000 options (post reverse split) granted to officers of the company.

For the year ended December 31, 2018, the Company recorded a warrant expense of \$1,211,403, equal to the estimated fair value of the warrants at the date of grants. The warrant expense was due to 3,400,000 (post reverse split) warrants granted to investors of the company.

For the year ended December 31, 2017, the Company recorded a warrant expense of \$1,215,240, equal to the estimated fair value of the warrants at the date of grants. The warrant expense was due to 7,980,000 (post reverse split) warrants granted to consultants and investors of the company.

For the year ended December 31, 2018 we had a gain on sale of marketable securities of \$4,692,990. For the year ended December 31, 2017 we had a gain on sale of marketable securities of \$326,153. The Company started to sell shares in the spin-off company Worlds Online Inc. now called MariMed Inc. in 2017.

For the year ended December 31, 2018 and 2017, the Company had interest expense of \$45,000.

As a result of the foregoing, we realized net income of \$1,754,315 for the year ended December 31, 2018 compared to a net loss of \$2,746,968 for the year ended December 31, 2017.

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Liquidity and Capital Resources

At December 31, 2018, our cash and cash equivalents were \$3,846,120. We raised \$875,000 from the exercise of common stock warrants during the year ended December 31, 2018. We raised an additional \$4,692,990 through the sale of shares of stock that the Company retained in the spin off company MariMed Inc.

At December 31, 2017, our cash and cash equivalents were \$168,229. We raised \$292,800 from the exercise of common stock warrants during the year ended December 31, 2017. We raised an additional \$326,153 through the sale of shares of stock that the Company retained in the spin off company MariMed Inc.

No capital expenditures were made in 2018 or 2017.

Our primary cash requirements have been used to fund the cost of operations and lawsuits, and patent enforcement, with additional funds having been used in connection with the exploration of new business lines.

The funds raised in our 2018 and 2017 financings and from our sale of shares of common stock of MariMed Inc. were and will be used to enhance our patent portfolio, pay salaries to management and pay professional fees to our attorneys and auditors to prepare and file reports with the Securities and Exchange Commission and to explore new business opportunities. We hope to raise additional funds to be used for further developing our portfolio of patents and to document our technology in order to enforce our patents where there is infringement. No assurances can be given that we will be able to raise any additional funds or implement any of these plans.

New Directors

On August 28, 2018, the board of directors of the Company appointed Peter N. Christos and Leonard Toboroff to be directors and to hold such office until the earlier of their resignation or until after the next annual meeting of shareholders and their successors have been duly elected and assumed office. Pursuant

to the policy previously established by the Company, Messrs. Christos and Toboroff were each granted on the date of their appointment 150,000 options that are exercisable for five years from the date of grant at an exercise price equal to the closing price of the Company's common stock on the grant date. All of the options vest after 12 months provided the director served in office for at least 6 months.

Subsequent Events

Effective February 21, 2019, Mr. Edward Gildea voluntarily resigned as a director for personal reasons.

Recent Accounting Pronouncements

Recently issued accounting standards

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on its financial condition or the results of its operations.

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ITEM 8. FINANCIAL STATEMENTS.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Worlds, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Worlds, Inc. (the Company) as of December 31, 2018, and the related statements of operations, stockholders' deficit, and cash flows for the period ended December 31, 2018, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations and its cash flows for the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America. The financial statements of Worlds, Inc., as of December 31, 2017 were audited by other auditors, whose report dated April 2, 2018 expressed an unqualified opinion on those statements.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ M&K CPAS, PLLC

We have served as the Company's auditor since 2018.

Houston, TX

February 28, 2019

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19720 Jetton Road, 3rd Floor
Cornelius, NC 28031
Tel: 704-897-8336
Fax: 704-919-5089

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Worlds Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Worlds Inc. (the "Company") as of December 31, 2017 and 2016 the related statement of operations, stockholders' deficit, cash flow and the related notes (collectively referred to as the "financial statements") for the years ended December 31, 2017 and 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations, changes in stockholders' deficit and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance

with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

The Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has an accumulated deficit, recurring losses, and expects continuing future losses, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ L&L CPAS, PA
L&L CPAS, PA
Certified Public Accountants
Cornelius, NC
The United States of America
April 2, 2018

The firm has served this client since September 2007.

www.llcpas.net

Balance Sheets
December 31, 2018 and 2017

	Audited December 31, 2018	Audited December 31, 2017
ASSETS:		
Current Assets		
Cash and cash equivalents	\$ 3,846,120	\$ 168,229
Due from related parties	<u>—</u>	<u>15,998</u>
Total Current Assets	<u>3,846,120</u>	<u>184,227</u>
Total assets	<u>\$ 3,846,120</u>	<u>\$ 184,227</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT:		
Current Liabilities		
Accounts payable	\$ 797,908	\$ 797,908
Accrued expenses	2,120,075	2,813,656
Notes payable exceeding statute of limitations	773,279	773,279
Notes payable	600,000	25,000
Notes payable - related party	<u>150,000</u>	<u>—</u>
Total Current Liabilities	4,441,262	4,409,843
Long Term Liabilities		
Notes payable	—	575,000
Notes payable - related party	<u>—</u>	<u>150,000</u>
Total Long Term Liabilities	<u>—</u>	<u>725,000</u>
Total Liabilities	<u>4,441,262</u>	<u>5,134,843</u>
Common stock (Par value \$0.001 authorized 250,000,000 shares, issued and outstanding 56,814,833 at December 31, 2018 and 49,354,666 at December 31, 2017, reflecting the reverse split respectively)		
	56,815	49,355
Additional paid in capital	40,512,516	37,918,817
Common stock-warrants	1,206,913	1,206,913
Accumulated deficit	<u>(42,371,386)</u>	<u>(44,125,701)</u>
Total stockholders deficit	<u>(595,142)</u>	<u>(4,950,616)</u>
Total Liabilities and stockholders' deficit	<u>\$ 3,846,120</u>	<u>\$ 184,227</u>

The accompanying notes are an integral part of these financial statements

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Worlds Inc.
Statements of Operations
For the Year Ended December 31, 2018 and 2017

	Audited December 31,	
	2018	2017
Revenues		
Revenue	\$ —	\$ —
Total Revenue	—	—
Cost and Expenses		
Cost of Revenue	—	—
Gross Profit/(Loss)	—	—
Warrant expense	1,211,403	1,215,240
Option expense	415,383	1,041,264
Selling, General & Admin.	971,085	503,599
Salaries and related	295,804	262,624
Operating loss	(2,893,675)	(3,022,727)
Other Income (Expense)		
Gain on sale of marketable securities	4,692,990	326,153
Loss on conversion of payable to common stock	—	(5,394)
Interest Expense	(45,000)	(45,000)
Net Income/(Loss)	<u>\$ 1,754,315</u>	<u>\$ (2,746,968)</u>

Weighted Average Income/(Loss) per share - basic	\$ 0.03	\$ (0.06)
Weighted Average Income/(Loss) per share - fully diluted	0.03	(0.06)
Weighted Average Common Shares Outstanding (reflecting the reverse stock split) - basic	53,172,203	49,096,460
Weighted Average Common Shares Outstanding (reflecting the reverse stock split) - fully diluted	57,652,203	49,096,460

**=less than \$0.01

The accompanying notes are an integral part of these financial statements

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Worlds
Inc.
Statement
of
Stockholders'
Deficit
For the
Years
Ended
December
31, 2017
and 2018

	Common stock Shares	Common stock Amount	Additional Paid-in capital	Common stock Warrants	Common Shares Subscribed but not Issued	Common Stock Subscribed but not Issued	Accumulated Deficit	Total stockholders' equity (Deficit)
Balances, December 31, 2016	42,031,230	42,031	35,339,905	1,206,913	150,000	11,350	(41,378,733)	(4,778,534)

Exercise of warrants to common stock	7,000,000	35,000	268,400			(10,600)	292,800
Warrants as compensation			1,079,561	—			1,079,561
Warrants issued to consultants and investors			135,679				135,679
Issuance of common stock for debt settlement	173,436	868	24,714				25,582
Issuance of common stock for services rendered	150,000	750			(150,000)	(750)	—
Issuance of stock options			1,041,264				1,041,264
Reclass to reflect the reverse split		(29,294)	29,294				—
Net Loss						(2,746,968)	(2,746,968)
Balances, December 31, 2017	49,354,666	49,355	37,918,817	1,206,913	—	—	(44,125,701)
Exercise of warrants to common stock	7,000,000	7,000	2,207,420				2,214,420
Issuance of stock options			287,367				287,367

Issuance of common stock for services rendered	460,000	460	98,912				99,372
Misc. additional shares due to reverse split rounding	167						—
Net Income						1,754,315	1,754,315
Balances, December 31, 2018	56,814,833	56,815	40,512,516	1,206,913	—	—	(42,371,386)
							(595,142)

The accompanying notes are an integral part of these financial statements

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Worlds Inc.
Statements of Cash Flows
Year Ended December 31, 2018 and 2017

	Audited 12/31/18	Audited 12/31/17
Cash flows from operating activities:		
Net gain/(loss)	\$ 1,754,315	\$ (2,746,968)
Adjustments to reconcile net loss to net cash (used in) operating activities		
Fair value of stock options issued	415,383	1,041,264
Fair value of warrants issued	1,211,403	1,215,240
Fair value of shares issued for services	99,372	—
Realized gain on sale of marketable securities	(4,692,990)	(326,153)

Accounts payable and accrued expenses	(693,580)	267,984
Due from/to related party	15,998	(21,051)
Net cash (used in) operating activities:	<u>(1,890,099)</u>	<u>(569,684)</u>
Cash flows from investing activities:		
Cash received from sale of marketable securities	4,692,990	326,153
Cash provided from investing activities:	<u>4,692,990</u>	<u>326,153</u>
Cash flows from financing activities		
Proceeds from exercise of warrants	875,000	292,800
Issuance of common stock as payment for services rendered	—	25,582
Net cash provided by financing activities	<u>875,000</u>	<u>318,382</u>
Net increase/(decrease) in cash and cash equivalents	3,677,891	74,851
Cash and cash equivalents, including restricted, beginning of year	168,229	93,378
Cash and cash equivalents, including restricted, end of period	<u>\$ 3,846,120</u>	<u>\$ 168,229</u>
Non-cash financing activities	—	—
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ —	\$ —
Income taxes	\$ —	\$ —

The accompanying notes are an integral part of these financial statements

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NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF ACCOUNTING POLICIES

Description of Business

On May 16, 2011, the Company transferred, through a spin-off to its then wholly owned subsidiary, Worlds Online Inc. (currently called MariMed Inc.), the majority of its operations and related

operational assets. The Company retained its patent portfolio which it intends to continue to increase and to more aggressively enforce against alleged infringers. The Company also entered into a License Agreement with MariMed Inc. to sublicense its patented technologies.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). The Company has incurred significant losses since its inception and has had minimal revenues from operations. The Company will require substantial additional funds for development and enforcement of its patent portfolio. There can be no assurance that the Company will be able to obtain the substantial additional capital resources to pursue its business plan or that any assumptions relating to its business plan will prove to be accurate. The Company has not been able to generate sufficient revenue or obtain sufficient financing which has had a material adverse effect on the Company, including requiring the Company to reduce operations. As the Company has focused its attention on increasing its patent portfolio and enforcing it, the Company has been operating at a reduced capacity, with only one full time employee and using consultants to perform any additional work that may be required.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents includes highly liquid money market instruments, which have original maturities of three months or less at the time of purchase.

Due from Related Party

Due from related party is comprised of cash payments made by Worlds Inc. on behalf of MariMed Inc. for operating expenses.

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Revenue Recognition

Effective June 1, 2018, the Company adopted ASC 606. There was no impact in adopting ASC 606 as the Company has no revenue at this time. In the second quarter of 2011, the Company spun off its online businesses to MariMed Inc. The Company's sources of revenue after the spinoff was expected to be from sublicenses of the patented technology by Worlds Online and any revenue that may be generated from enforcing its patents. The Company recognizes revenue by applying the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied.

Research and Development Costs

Research and development costs are charged to operations as incurred.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on a straight line basis over the estimated useful lives of the assets ranging from three to five years. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income. Maintenance and repairs are charged to expense in the period incurred.

Impairment of Long Lived Assets

The Company evaluates the recoverability of its fixed assets and other assets in accordance with section 360-10-15 of the FASB Accounting Standards Codification for disclosures about Impairment or Disposal of Long-Lived Assets. Disclosure requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds its expected cash flows. If so, it is considered to be impaired and is written down to fair value, which is determined based on either discounted future cash flows or appraised values. The Company adopted the statement on inception. No impairments of these types of assets were recognized during 2018 and 2017.

Stock-Based Compensation

The Company accounts for stock-based compensation using the fair value method following the guidance set forth in section 718-10 of the FASB Accounting Standards Codification for disclosure about Stock-Based Compensation. This section requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award the requisite service period (usually the vesting period). No compensation cost is recognized for equity instruments for which employees do not render the requisite service.

Income Taxes

The Company accounts for income taxes under Section 740-10-30 of the FASB Accounting Standards Codification. Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statements of operations in the period that includes the enactment date.

ASC 740 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. Under ASC 740, tax positions must initially be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions must initially and subsequently be measured as the largest amount of tax benefit that has a greater than

50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts.

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Notes Payable

The Company has \$773,279 in short term notes outstanding at December 31, 2018 and December 31, 2017. These are old notes payable for which the statute of limitations has passed and therefore the Company does not expect it will ever have to repay those notes.

The Company has an additional \$750,000 in short term notes outstanding at December 31, 2018. The Company had \$725,000 in long term notes and \$25,000 in short term notes outstanding at December 31, 2017.

Comprehensive Income (Loss)

The Company reports comprehensive income and its components following guidance set forth by section 220-10 of the FASB Accounting Standards Codification which establishes standards for the reporting and display of comprehensive income and its components in the financial statements. There were no items of comprehensive income (loss) applicable to the Company during the period covered in the financial statements.

Loss Per Share

Net loss per common share is computed pursuant to section 260-10-45 of the FASB ASC. Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. As of December 31, 2018, there were 11,140,000 options and 4,480,000 warrants outstanding, whose effect is anti-dilutive and not included in diluted net loss per share for December 31, 2018. The options and warrants may dilute future earnings per share.

Commitments and Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the

contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available at this time, that these matters will have a material adverse effect on the Company's financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

During 2000 the Company was involved in a lawsuit relating to unpaid consulting services. In April, 2001 a judgment against the Company was rendered for approximately \$205,000. As of December 31, 2018, and 2017 the Company recorded a reserve of \$205,000 for this lawsuit, which is included in accrued expenses in the accompanying balance sheets.

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Risk and Uncertainties

The Company is subject to risks common to companies in the technology industries, including, but not limited to, litigation, development of new technological innovations and dependence on key personnel.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Uncertain Tax Positions

The Company did not take any uncertain tax positions and had no adjustments to unrecognized income tax liabilities or benefits pursuant to the provisions of Section 740-10-25 for the year ended December 31, 2018 or 2017.

Fair Value of Financial Instruments

The Company measures assets and liabilities at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level.

The following are the hierarchical levels of inputs to measure fair value:

- Level 1 - Observable inputs that reflect quoted market prices in active markets for identical assets or liabilities.

- Level 2 - Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Unobservable inputs reflecting the Company's assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The carrying amounts of the Company's financial assets and liabilities, such as cash, other receivables, accounts payable & accrued expenses, due to related party, notes payable and notes payables, approximate their fair values because of the short maturity of these instruments. The Company's convertible notes payable are measured at amortized cost.

Warrant and option expense was measured by using level 3 valuation.

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Embedded Conversion Features

The Company evaluates embedded conversion features within convertible debt under ASC 815 "Derivatives and Hedging" to determine whether the embedded conversion feature(s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If the conversion feature does not require derivative treatment under ASC 815, the instrument is evaluated under ASC 470-20 "Debt with Conversion and Other Options" for consideration of any beneficial conversion feature.

Derivative Financial Instruments

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported as charges or credits to income.

For option-based simple derivative financial instruments, the Company uses the Black-Scholes option-pricing model to value the derivative instruments at inception and subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

Recent Accounting Pronouncements

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements, and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on its financial condition or the results of its operations.

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NOTE 2 - NOTES PAYABLE

Notes payable at December 31, 2018 consist of the following:

Unsecured note payable to a shareholder bearing 8% interest.		
Entire balance of principal and unpaid interest due on demand	\$	124,230
Unsecured note payable to a shareholder bearing 10% interest		
Entire balance of principal and unpaid interest due on demand	\$	649,049
Promissory notes	\$	600,000
Notes payable - related party	\$	150,000
Total notes	\$	1,523,279
		<u>1,523,279</u>
2019	\$	1,523,279
2020	\$	-0-
2021	\$	-0-
2022	\$	-0-
2023	\$	-0-
	\$	<u>1,523,279</u>

We issued promissory notes in the amount of \$290,000 during the year ended December 31, 2017. The promissory notes carry a 6% annual interest rate. All of the promissory notes had reached their maturity date and extension agreements have been signed for all of the \$750,000 in notes. None of the notes are convertible to common stock. The holders of the promissory notes shall receive repayment in the full face amount of the note from the initial \$750,000 the Company actually receives from the net proceeds of its patent infringement claim(s) or from the net proceeds of a public offering. In addition the holder shall receive a preferred return (i) in an amount equal to up to 200% of the initial face amount of the note out of available cash by sharing with all other investors in this series of notes in the allocation of 50% of the available cash received by the Company from \$2M - \$4M and (ii) in an amount equal to up to 100% of the initial face amount of the note out of available cash by sharing with all other investors in this series of notes in the allocation of 25% of the available cash received by the Company from \$4M - \$6M. In other words, if the Company collects \$6M in the net proceeds of available cash, the holder will receive a return equal to 400% of its investment. \$150,000 of these notes are with related parties. The CEO has a note payable in the amount of \$50,000 and a director has a \$25,000 note. The remaining \$75,000 note is held by a related party to the Company.

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NOTE 3 - EQUITY

All common stock numbers and exercise prices in this Note are reflected on a post reverse split (5 to 1) basis. As a result of the reverse split, the Company had to issue an additional 167 shares due to rounding.

During the year ended December 31, 2018 the Company received an additional \$875,000 upon the exercise of 7,000,000 warrants to purchase 7,000,000 shares of the Company's common stock at \$0.0125 per share.

During the year ended December 31, 2018 the Company issued 460,000 shares of the Company's common stock as payment for services rendered, an aggregate value of \$99,372.

During the year ended December 31, 2018, the Company issued 5,800,000 options. 5,000,000 options were issued to Thom Kidrin, the Chief Executive Officer and President of the Company and 800,000 options were issued to Directors of the Company. The Company recorded an option expense of \$415,383 equal to the estimated fair value of the options at the date of grants. The fair market value was calculated using the Black Scholes method assuming approximately 2.73% risk-free interest, 0% dividend yield, 104% volatility, an exercise price of \$0.25 per share for Thom Kidrin's options and \$0.24 per share for the Directors options with a current market price of \$0.24 and an expected life of 5 years. Mr. Kidrin's options vest 2,000,000 on the date of grant, August 28, 2018, 1,500,000 on August 28, 2019 and 1,500,000 on August 28, 2020. The Director's options vest one year from the date of grant.

During the year ended December 31, 2018, the Company issued 3,400,000 warrants as part of the subscription agreement that included the sale of 7,000,000 shares of common stock. Each warrant entitles the holder to purchase one share of common stock at a price of \$0.325. The warrants expire in five years. The warrants can be exercised at any time within those five years. The Company recorded a warrant expense of \$1,211,403 equal to the estimated fair value of the warrants at the date of issuance. The fair market value was calculated using the Black Scholes method assuming approximately 2.52% risk-free interest, 0% dividend yield, 153% volatility, exercise price of \$0.325 per share with a current market price of \$0.385 and an expected life of 5 years.

During the year ended December 31, 2017 the Company received an additional \$292,800 upon the exercise of 4,880,000 warrants to purchase 4,880,000 shares of the Company's common stock at \$0.06 per share.

During the year ended December 31, 2017 the Company issued 150,000 shares of the Company's common stock as payment for services rendered, an aggregate value of \$18,000. The expense was recorded in a prior year and the shares were listed as common stock subscribed but not yet issued until the shares were issued during the year ended December 31, 2017.

During the year ended December 31, 2017, the Company issued 173,437 shares of common stock as payment for an account payable in the amount of \$20,187.

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During the year ended December 31, 2017, the Company issued 5,220,000 options to Company officers. 5,000,000 options were issued to Thom Kidrin, the Chief Executive Officer and President of the Company. An additional 220,000 options were issued to the Chief Financial Officer of the

Company. The Company recorded an option expense of \$1,041,264 equal to the estimated fair value of the options at the date of grants. The fair market value was calculated using the Binomial option price calculation method assuming approximately 1.92% risk-free interest, 0% dividend yield, 402% volatility, an exercise price of \$0.03 per share with a current market price of \$0.04 and an expected life of 5 years.

During the year ended December 31, 2017, the Company issued 7,000,000 warrants as part of the subscription agreement that included the sale of 7,000,000 shares of common stock. Each warrant entitles the holder to purchase one share of common stock at a price of \$0.125. The warrants expire in five years.

During the year ended December 31, 2017, the Company issued 980,000 warrants to consultants of the Company. The exercise price on the warrants range from \$0.05 to \$0.30 per share and the expiration dates range from 3 years to five years. The Company recorded a warrant expense of \$1,215,240 equal to the estimated fair value of the warrants at the date of issuance. The fair market value was calculated using the Binomial option price calculation method assuming approximately 2.30% risk-free interest, 0% dividend yield, 405% volatility, exercise prices from \$0.05 to \$0.30 per share with a current market price of \$0.14 and an expected life between 3 and 5 years.

Stock Warrants and Options

Stock warrants/options outstanding and exercisable on December 31, 2018 are as follows:

<u>Exercise Price per Share</u>	<u>Shares Under Option/warrant</u>	<u>Remaining Life in Years</u>
Outstanding		
\$ 0.325	3,500,000	4.08
\$ 0.15	5,220,000	3.75
\$ 0.15	580,000	1.95
\$ 0.05	200,000	3.95
\$ 0.30	200,000	3.95
\$ 0.55	60,000	1.50
\$ 0.65	60,000	1.50
\$ 0.25	5,000,000	4.67
\$ 0.24	800,000	4.67
Exercisable		
\$ 0.325	3,500,000	4.08
\$ 0.15	5,220,000	3.75
\$ 0.15	580,000	1.95
\$ 0.05	200,000	3.95
\$ 0.30	200,000	3.95
\$ 0.55	60,000	1.50
\$ 0.65	60,000	1.50
\$ 0.25	2,000,000	4.67

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NOTE 4 - INCOME TAXES

At December 31, 2018, the Company had federal and state net operating loss carry forwards of approximately \$43,000,000 that expire in various years through the year 2038.

Due to net operating loss carry forwards and operating losses, there is no provision for current federal or state income taxes for the years ended December 31, 2018 and 2017.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for federal and state income tax purposes.

The Company's deferred tax asset at December 31, 2018 consists of net operating loss carry forwards calculated using federal and state effective tax rates equating to approximately \$15,938,753 less a valuation allowance in the amount of approximately \$15,938,753. Because of the Company's lack of earnings history, the deferred tax asset has been fully offset by a valuation allowance. The valuation allowance increased by approximately \$1,071,000 for the year ended December 31, 2017 and decreased by approximately \$1,841,265 for the year ended December 31, 2018.

The Company's total deferred tax asset as of December 31, 2018 is as follows:

	2018	2017
Net operating loss carry forwards	15,938,753	17,780,000
Valuation allowance	(15,938,753)	(17,780,000)
Net deferred tax asset	<u>0</u>	<u>0</u>

The reconciliation of income taxes computed at the federal and state statutory income tax rate to total income taxes for the years ended December 31, 2018 and 2017 is as follows:

2018	2017
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Income tax computed at the federal statutory rate	34%	34%
Income tax computed at the state statutory rate	5%	5%
Valuation allowance	(39)%	(39)%
Total deferred tax asset	0%	0%

NOTE 5 - COMMITMENTS AND CONTINGENCIES

The Company is committed to an employment agreement with its President and CEO, Thom Kidrin. The agreement, dated as of August 28, 2018, is for five years with a one-year renewal option held by Mr. Kidrin. The agreement provides for a base salary of \$200,000, which increases 10% on September 1 of each year; a monthly car allowance of \$500; an annual bonus equal to 2.5% of Pre-Tax Income (as defined in the agreement); an additional bonus as follows: \$75,000, if Pre-Tax Income for the year is between 150% and 200% of the prior fiscal year's Pre-Tax Income or (B) \$100,000, if Pre-Tax Income for the year is between 201% and 250% of the prior fiscal year's Pre-Tax Income or (C) \$200,000, if Pre-Tax Income for the year is 251% or greater than the prior fiscal year's Pre-Tax Income, but in no event shall this additional bonus exceed five (5%) percent of Pre-Tax Income for such year; payment of up to \$10,000 in life insurance premiums; options to purchase 5 million shares of Worlds Inc. common stock at an exercise price of \$0.25 per share, 2 million of which vested on August 28, 2018, 1.5 million shall vest on August 28, 2019 and the remaining 1.5 million shall vest on August 28, 2020 ; a death benefit of at least \$2 million dollars; and a payment equal to 2.99 times his base amount (as defined in the agreement) in the event of a Change of Control (as defined in the agreement). The agreement also provides that Mr. Kidrin can be terminated for cause (as defined in the agreement) and that he is subject to restrictive covenants for 12 months after termination.

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NOTE 6 - RELATED PARTY TRANSACTIONS

On May 16, 2011, the Company transferred, through a spin-off to its then wholly owned subsidiary, Worlds Online Inc., now called MariMed Inc., the majority of its operations and related operational assets. The Company retained its patent portfolio which it intends to continue to increase and to more aggressively enforce against alleged infringers. The Company also entered into a License Agreement with MariMed Inc. to sublicense its patented technologies.

Due from related party represents payments for operating expenses made by Worlds Inc. on behalf of MariMed Inc. for the years ended December 31, 2017. The due from related party balance at December 31, 2018 is \$0 and at December 31, 2017 the balance is \$15,998. The balance in the accrued expense attributable to related parties is \$329,624 and \$871,463 at December 31, 2018 and 2017, respectively.

NOTE 7 - PATENTS

Worlds Inc. currently has nine patents, 6,219,045 - 7,181,690 - 7,493,558 - 7,945,856, - 8,082,501, - 8,145,998 - 8,161,383, - 8,407,592 and 8,640,028. On March 30, 2012, the Company filed a patent infringement lawsuit against Activision Bizzard Inc., Blizzard Entertainment Inc. and Activision Publishing Inc. in the United States District Court for the District of Massachusetts. Susman Godfrey LLP is lead counsel for the Company. The costs to prosecute those parties that the Company and our legal counsel believe to be infringing on said patents are expensed by the Company.

There can be no assurance that the Company will be successful in its ability to prosecute its IP portfolio or that we will be able to acquire additional patents.

NOTE 8 – SALE OF MARKETABLE SECURITIES

When Worlds Inc. spun off Worlds Online Inc. in January 2011, the Company retained 5,936,115 shares of common stock in Worlds Online Inc. (now named MariMed Inc.). Those shares were retained on the books of the Company with a book value of \$0. During the year ended December 31, 2018, the Company sold 2,242,613 shares at an average price of \$2.09 per share raising \$4,692,990. During the year ended December 31, 2017, the Company sold 698,805 shares at an average price of \$0.46 per share raising \$326,153. The proceeds from the sale are treated as a gain on sale of marketable securities in the financial statements.

NOTE 9 – SUBSEQUENT EVENTS

Effective February 21, 2019, Mr. Edward Gildea voluntarily resigned as a director for personal reasons.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company was informed by its independent registered public accounting firm, L&L CPAs, P.A. (“L&L”), of its intent to resign for reason that it would not be able to comply with Section 10A of the Securities Exchange Act of 1934 and Section 203 of the Sarbanes-Oxley Act of 2002 which prohibit a registered public accounting firm from providing audit services to an issuer if the audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that issuer in each of the five previous fiscal years of that issuer. Consequently, on December 12, 2018, L&L resigned as the Company’s independent registered public accounting firm.

On December 12, 2018, the Company’s Board of Directors engaged M&K CPAs, PLLC (“M&K”) as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2018.

ITEM 9A. CONTROLS AND PROCEDURES.

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer of the effectiveness of our

disclosure controls and procedures as defined in Rules 13a – 15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”) as of the end of the period covered by this annual report on Form 10-K. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our principal executive officer, as appropriate to allow timely decisions regarding required disclosure.

Our principal executive officer and principal financial officer does not expect that our disclosure controls or internal controls will prevent all error and all fraud. Although our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives and our principal executive officer and principal financial officer has determined that our disclosure controls and procedures are effective at doing so, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Furthermore, smaller reporting companies may face additional limitations. Smaller reporting companies often employ fewer individuals and find it difficult to properly segregate duties. Often, one or two individuals control every aspect of the Company’s operation and are in a position to override any system of internal control. Additionally, smaller reporting companies may utilize general accounting software packages that lack a rigorous set of software controls.

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Management’s Annual Report on Internal Control over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a- 15(f) under the Securities Exchange Act, as amended. Management, with the participation of the Chief Executive Officer, evaluated the effectiveness of the Company’s internal control over financial reporting as of December 31, 2018. In making this assessment, management used the criteria set forth by the committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013 Framework). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. We have identified the following material weaknesses:

1. As of December 31, 2018, we did not maintain effective controls over the control environment. The Board of Directors does not currently have any director that qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K.
2. As of December 31, 2018, we did not maintain effective controls over financial statement

disclosure. Specifically, controls were not designed and in place to ensure that all disclosures required were originally addressed in our financial statements. Accordingly, management has determined that this control deficiency constitutes a material weakness.

3. As of December 31, 2018, we did not establish a formal written policy for the approval, identification and authorization of related party transactions.

Because of these material weaknesses, management has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2018 based on the criteria established in “Internal Control-Integrated Framework” issued by the COSO.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company’s internal control over financial reporting during the quarter ended December 31, 2018, that materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The following table sets forth the name, age and position of our directors and executive officers. Our directors are elected annually and serve until the next annual meeting of stockholders. Except for Mr. Kidrin, all of our directors are independent.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Thomas Kidrin	66	President, Chief Executive Officer, Secretary, Treasurer, Director
Christopher J. Ryan	58	Vice President-Finance, Principal Accounting and Chief Financial Officer
Bernard Stolar	72	Director
Robert Fireman	70	Director
Peter N. Christos	61	Director
Leonard Toboroff	89	Director

Thomas Kidrin became a director on October 1997 and has been president, secretary and treasurer from December 1997 through July 2007 then added the title chief executive officer since August 2007. Mr.

Kidrin was also president and a director of Worlds Acquisition Corp. from April 1997 to December 1997. He has been the chairman and president of Datastream Corporation, a designer and developer of interactive products and services, since 1993. From December 1991 to June 1996, Mr. Kidrin was a founder, director, and President of UC Television Network Corp., a company engaged in the design and manufacture of interactive entertainment/advertising networks in the college market under the brand name College Television Network, the largest private network on college campuses in the United States sold to MTV in 1996 now operating under MTVU. Mr. Kidrin is a director of MariMed Inc. and was its CEO from its inception in 2011 until July 20, 2017. Mr. Kidrin has attended Drake University and the New School of Social Research.

Christopher J. Ryan has been Vice President-Finance since May 2000 and principal accounting and finance officer since August 2000. From August 1991 through April 2000, Mr. Ryan held a variety of financial management positions at Reuters America, an information services company. From 2001 through 2003, Mr. Ryan was the founder and President of CJR Advisory Services, a personal corporation through which he provided financial consulting services to various entities. From 2004 to 2010, Mr. Ryan was the CFO of Peminic, Inc. From 2008 to 2012 Mr. Ryan served as the CFO of Conversive Inc. Mr. Ryan was the CFO of MariMed Inc. from its inception in 2011 until July 20, 2017. Mr. Ryan is an inactive certified public accountant. He is a graduate of Montclair State University in New Jersey and received an M.B.A. degree from Fordham University.

Bernard Stolar became a director on September 11, 2007 and is noted for his expertise in both identifying and developing market-driving content and forging successful business partnerships, brings to the board over twenty years of senior-level experience within the interactive entertainment industry in all phases of company operations, including sales and marketing, product development, licensing, distribution, strategic planning and management. Mr. Stolar has served in high profile leadership roles at publicly and privately held interactive entertainment companies. Currently, Mr. Stolar is Dean of Games and Game Evangelist for Google, Inc. From February 2006 until its purchase by Google, Inc. in February 2007, Mr. Stolar was the Chairman of the Board of Adscape Media. Prior to this, he was president and chief operating office of BAM! Entertainment, where he transformed the company from a hand-held content company to a developer and marketer of interactive entertainment for next generation video game consoles. In 2000, Mr. Stolar joined Mattel, Inc. as president of Mattel Interactive, where he was responsible for directing and reorganizing the \$1 billion Mattel Interactive division. From 1996 to 1999, Mr. Stolar served as president and chief operating officer of Sega of America, Inc. where he helped increase sales from \$200 million to over \$1 billion in three years, and orchestrated the launch of the Sega Dreamcast(TM), the fastest selling video game console in US history at that time. Mr. Stolar also served as executive vice president of Sony Computer Entertainment of America, where he was a key leader of the Sony Playstation® launch team, directing all third-party publishing in the U.S. Prior to that, Mr. Stolar served as president of Atari America's game division. Mr. Stolar is a director of MariMed Inc.

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Robert Fireman became a director on September 11, 2007 and is a seasoned executive in the building of technology and consumer driven companies. He brings to Worlds vast experience in the development of real time, loyalty based, stored value products and services. Mr. Fireman was a founder and former Director and General Manager of SmartSource Direct, Inc., a subsidiary of News America Marketing (News Corp). Mr. Fireman was responsible for the development, marketing and distribution of card-based loyalty, financial, and database products & services in retail, grocery and drug store chains

encompassing over 50,000 stores throughout the U.S. Mr. Fireman is a director of MariMed Inc. and has been its CEO since July 20, 2017. Mr. Fireman has been a practicing attorney for over 25 years and is the managing attorney of Fireman & Associates LLP.

Leonard Toborff became a Director on August 28, 2018. He is a Director of Asset Alliance Corp., an alternative investment company since April 2011 and of NOVT Corporation, a developer of advanced medical treatments for coronary and vascular disease since April of 2006. He was a founder and director of Steel Partners Acquisition Corp. from June 2007 to June 2009. He was Executive Director of Corinthian Capital Group, LLC a private equity fund from October 2005 to June 2008. He was Director and Vice Chairman of Varsity Brands, Inc. (formally Riddell Sports Inc.) a provider of goods and services to the school spirit industry, from April 1998 until it was sold in September 2003. He was Vice Chairman of the Board of Allis- Chalmers Energy Inc. a provider of products and services to the oil and gas industry from May 1988 and served as Executive VicePresident from May 1989 until February 2002. He has served as Chairman or Vice Chairman of American Bakeries Co., Ameriscribe Corporation and Saratoga Spring Water Co. and as a Director of ENGEX Corp, a closed-end mutual fund. He received his undergraduate degree from Syracuse University and his law degree from the University of Michigan Law School. He is a member of the U.S. Supreme Court Historical Society.

Peter N. Christos became a director on August 28, 2018. He is the founder (June 2005) and Executive Chairman of Abacos Ventures, LLC. Since June 2015, he has been Chairman of Real Brands, Inc. an owner, developer and acquirer of consumer brands, and in 2018 became a founding Independent Director of Canadian American Standard Hemp, Inc. As a former Wall Street executive with 30+ years of experience, and an entrepreneur, he has been a co-founder in both private and public companies including but not limited to: Co-founder, Executive Chairman of DealerCats, Inc.; a co-founder, Chairman and CEO of AND Interactive Communications Corp., a private software company acquired in 1994 by TCI Technology Ventures, Inc., a wholly-owned subsidiary of TCI, now Comcast Corp. on NASDAQ; a co-founder of AquaCare Systems, Inc., a start-up that completed several acquisitions prior and post its IPO on NASDAQ; TransAmerican Waste Industries, Inc., from start-up to IPO on NASDAQ and then acquired via merger in 1998 by USA Waste Industries, Inc. now Waste Management, Inc. on the NYSE; Sparta Pharmaceuticals, Inc., from start-up to IPO on NASDAQ and was acquired in 1999 by SuperGen, Inc. on NASDAQ; and CTN Media Group, Inc., aka College Television Network, from start-up to IPO on NASDAQ and acquired in 2002 by MTV Networks, division of Viacom, Inc. on the NYSE. He has been a Managing Director of Investment Banking firms in NYC including but not limited to the founding Chairman/CEO of Adelpia Capital, LLC, a former (NASD/FINRA) member firm, and Adelpia Holdings, LLC, and Adelpia Partners, LLC, and for nearly 10 years managed investment banking, and all direct investments for Adelpia related entities. He was an EVP, Partner and co-head of the NYC office of the investment banking firm of Bannon & Co., which was subsequently sold to French bank Société Générale, which merged with Cowen & Company. Prior to, he was a Managing Director of the Corporate Finance Department and the Managing Director of the New Venture Group of D. H. Blair Investment Banking Corp. and its predecessor NYSE member firm. Prior to, he worked as a Managing Director in the Corporate Finance Department of Muller & Company, Inc. a NYSE member firm.

Effective February 21, 2019, Mr. Edward Gildea voluntarily resigned as a director for personal reasons.

The board of directors met once during 2018 and acted by written consent one time during the year. The board does not have any standing committees and when necessary, the entire board acts to perform such functions.

[Table of Contents](#)**Family Relationships**

None.

Legal Proceedings

The Federal case before Judge Denise Casper has been stayed pending the outcome of the IPR appeal to the United States Court of Appeals for the Federal Circuit (“CAFC”).

On May 26, 2015, Bungie, Inc. filed three Petitions for Inter Partes Review with the U.S. Patent & Trademark Office (“USPTO”), and specifically, the Patent Trial and Appeal Board (“PTAB”). These Petitions for Inter Partes Review, Case Nos. IPR2015-01264, -01268, and -01269 respectively contained validity challenges of three U.S. patents assigned to the Company. On June 1, 2015, Bungie, Inc. filed three additional Petitions for Inter Partes Review with the USPTO, and specifically the PTAB. The Petition for Inter Partes Review, Case No. IPR201501319 contained validity challenges of one additional U.S. patent assigned to the Company. The Petitions for Inter Partes Review, Case Nos. IPR2015-01321 and 01325 contained validity challenges of one additional U.S. patent assigned to the Company. In each Inter Partes Review, Bungie, Inc. was asking the PTAB to cancel issued claims from the Company’s patents.

The Company’s legal counsel represented the Company before the USPTO with regard to these six Petitions for Inter Partes Review, Case Nos. IPR2015-01264, -01268, -01269, -01319, -01321, and -01325, instituted against the five U.S. patents assigned to the Company. The Company vigorously contested each Inter Partes Review.

On November 10, 2016, the PTAB issued its final written decision in IPR201501264, canceling claim 1 of Company’s U.S. Patent No. 7,945,856.

On November 30, 2016, the PTAB issued its final written decision in IPR201501268, canceling claims 1-3, 5-7, 10-12, 14, 15, 17, and 19 of Company’s U.S. Patent No. 7,181,690. Of the claims reviewed, the PTAB did not cancel claims 4, 8, 13, and 16.

On November 28, 2016, the PTAB issued its final written decision in IPR201501269, canceling claims 4, 6, 8, and 9 of Company’s U.S. Patent No. 7,493,558. Of the claims reviewed, the PTAB did not cancel claims 5 and 7.

On December 6, 2016, the PTAB issued its final written decision in IPR201501319, canceling claims 1-8, 10, 12, and 14-16 of Company’s U.S. Patent No. 8,082,501.

On November 28, 2016, the PTAB issued its final written decision in IPR201501321, canceling claims 1-3, 7, 8, 12-18, and 20 of Company’s U.S. Patent No. 8,145,998.

On November 28, 2016, the PTAB issued its final written decision in IPR201501325, canceling claims 1 and 20 of Company’s U.S. Patent No. 8,145,998. Of the claims reviewed, the PTAB did not cancel claims 2-3, 7, 8, and 11-18 in this proceeding.

The Company did not appeal the final written decisions in IPR2015-01268, IPR201501269, and IPR2015-01325.

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On January 12, 2017, February 7, 2017, and January 30, 2017, respectively, Company appealed the outcomes in IPR2015-01264, IPR2015-01319, and IPR2015-01321 to the United States Court of Appeals for the Federal Circuit (“CAFC”). These three cases have been consolidated.

The company filed formal appeal briefs with the United States Court of Appeals for the Federal Circuit (“CAFC”) on June 26, 2017.

On June 19, 2017 Appellee, Bungie Inc., filed an extension request to respond which the CAFC granted on June 27, 2017.

On August 25, 2017, Appellee Bungie Inc. filed its Response Brief with CAFC.

On September 22, Appellant Worlds Inc. filed its Reply Brief with CAFC.

On January 22, 2018, the United States Court of Appeals for the Federal Circuit scheduled the oral argument for Worlds’ appeal of the U.S. Patent & Trademark Office Patent Trial & Appeal Board (USPTO PTAB) *Inter Partes* Review (IPR) decisions that issued in November and December, 2016. The oral argument took place before a panel of three judges of the Federal Circuit on March 9, 2018.

On September 7, 2018, the United States Court of Appeals for the Federal Circuit issued a favorable ruling on Worlds’ behalf. The ruling, written by the Chief Judge of the CAFC, vacated the USPTO’s Patent and Trial Board’s (PTAB) invalidity rulings against three of Worlds’ patents, and remanded these cases back to the PTAB with instructions to re-evaluate whether Bungie was permitted to even file its petitions for *inter partes* review (IPR) of Worlds’ patents.

Audit Committee

We do not have a separately designated standing audit committee. Pursuant to Section 3(a)(58)(B) of the Exchange Act, the entire Board of Directors acts as an audit committee for the purpose of overseeing the accounting and financial reporting processes, and audits of our financial statements. The Commission recently adopted new regulations relating to audit committee composition and functions, including disclosure requirements relating to the presence of an "audit committee financial expert" serving on its audit committee. We are not in a position at this time to attract, retain and compensate additional directors in order to acquire a director who qualifies as an "audit committee financial expert" or to so designate one of our current directors, but we intend to either retain an additional director who will qualify as such an expert or designate one of our current directors as such an expert, as soon as reasonably practicable. Our current directors, by virtue of their past employment experience, have considerable knowledge of financial statements, finance, and accounting, and have significant employment experience involving financial oversight responsibilities. Accordingly, we believe that our current directors capably fulfill the duties and responsibilities of an audit committee in the absence of such a designated expert at this time.

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Code of Ethics

We have adopted a code of ethic (the "Code of Ethics") that applies to our principal chief executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the Code of Ethics was filed as Exhibit 14.1 to a previous annual report. The Code of Ethics is being designed with the intent to deter wrongdoing, and to promote the following:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships
- Full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the Commission and in other public communications we make
- Compliance with applicable governmental laws, rules and regulations
- The prompt internal reporting of violations of the code to an appropriate person or persons identified in the code
- Accountability for adherence to the code

Section 16(a) Beneficial Ownership Reporting Compliance

Under Section 16(a) of the Exchange Act, all executive officers, directors, and each person who is the beneficial owner of more than 10% of the common stock of a company that files reports pursuant to Section 12 of the Exchange Act, are required to report the ownership of such common stock, options, and stock appreciation rights (other than certain cash-only rights) and any changes in that ownership with the Commission. Specific due dates for these reports have been established, and we are required to report, in this Form 10-K, any failure to comply therewith during the fiscal year ended December 31, 2018. We believe that all of these filing requirements were satisfied by its executive officers, directors and by the beneficial owners of more than 10% of our common stock except that each director did not file one Form 4. In making this statement, we have relied solely on copies of any reporting forms received by us, and upon any written representations received from reporting persons that no Form 5 (Annual Statement of Changes in Beneficial Ownership) was required to be filed under applicable rules of the Commission.

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ITEM 11. EXECUTIVE COMPENSATION.

The following table sets forth the compensation paid by us during the fiscal periods ending December 31, 2018, and 2017, to our chief executive officer, chief financial officer and to our other most highly compensated executive officers whose compensation exceeded \$100,000 for those fiscal periods.

SUMMARY COMPENSATION TABLE (1)(2)								
Name and principal position (a)	Year (b)	Salary (\$)(c)	Bonus (\$)(d)	Stock Awards (\$)(e)	Option Awards (\$)(f)	Securities underlying options (g)	All Other Compensation (\$)(i)	Total (\$)(j)
Thomas Kidrin President and CEO	2018	\$857,386(3)			\$ 1,241,868			\$2,099,254(3)
	2017	\$ 75,000 (3)			\$ 997,380			\$1,072,380(3)
Chris Ryan, CFO	2018	\$ 45,000(4)			\$ 0			\$ 45,000
	2017	\$ 10,000(4)			\$ 43,885			\$ 53,885

(1) The above compensation does not include other personal benefits, the total value of which do not exceed \$10,000.

(2) Pursuant to the regulations promulgated by the SEC, the table omits columns reserved for types of compensation not applicable to us.

(3) Mr. Kidrin has an employment agreement effective August 30, 2018 with a base annual salary of \$200,000 with annual 10% increases every September 1. In prior years a large portion of his compensation was deferred due to lack of funds. During the year a significant portion of his deferred salary was paid to Mr. Kidrin.

(4) Mr. Ryan received limited compensation in prior years. His compensation was been deferred due to lack of funds. Mr. Ryan's compensation in 2018 includes a portion of that deferral.

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Stock Option Grants

The following table sets forth information as of December 31, 2018 concerning unexercised options, unvested stock and equity incentive plan awards on a post reverse split 5 for 1 basis for the executive officers named in the Summary Compensation Table.

OUTSTANDING EQUITY AWARDS AT YEAR-ENDED DECEMBER 31, 2017

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plans Awards: Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price	Option Expiration Date
Thom Kidrin	5,000,000	0	0	\$ 0.15	09-30-22
Thom Kidrin	2,000,000	3,000,000	0	\$ 0.25	08-27-23
Christopher Ryan	220,000	0	0	\$ 0.15	09-30-22
Christopher Ryan	60,000	0	0	\$ 0.55	06-29-20

Compensation of Directors

On September 5, 2007, the Board of Directors adopted a compensation program for the directors whereby each director will receive compensation in the form of stock options for serving on the board. Five-year non-qualified stock options to purchase 100,000 shares of the Corporation's common stock are to be granted annually on January 1 to each director then in office at an exercise price equal to the last reported trading price of our common stock on that day, with such option to vest in 12 months, provided the director serves for at least six months, following the date of grant. In addition, every director upon first joining our board receives 150,000 stock options that vest immediately and are exercisable for five years at a price equal to the last reported trading price of our common stock on that day.

The following table sets forth information concerning the compensation paid to each of our non-employee directors during 2018 for their services rendered as directors.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$) (1)	All Other Compensation (\$)	Total (\$)
Bernard Stolar	0	0	\$24,837		\$24,837
Robert Fireman	0	0	\$24,837		\$24,837
Edward Gildea	0	0	\$24,837		\$24,837
Leonard Toboroff	0	0	\$62,093		\$62,093
Peter N.Christos	0	0	\$62,093		\$62,093

(1) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2018 fiscal year for the fair value of stock options granted to the named director in fiscal year 2018, in accordance with SFAS 123R. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. These amounts reflect our accounting expense for these awards, and do not correspond to the actual value that will be recognized from these awards by the named director.

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Employment Agreements

The Company is committed to an employment agreement with its President and CEO, Thom Kidrin. The agreement, dated as of August 28, 2018, is for five years with a one-year renewal option held by Mr. Kidrin. Mr. Kidrin exercised his one-year renewal option. The agreement provides for a base salary of \$200,000, which increases 10% on September 1 of each year; a monthly car allowance of \$500; an annual bonus equal to 2.5% of Pre-Tax Income (as defined in the agreement); an additional bonus as follows: \$75,000, if Pre-Tax Income for the year is between 150% and 200% of the prior fiscal year's Pre-Tax Income or (B) \$100,000, if Pre-Tax Income for the year is between 201% and 250% of the prior fiscal year's Pre-Tax Income or (C) \$200,000, if Pre-Tax Income for the year is 251% or greater than the prior fiscal year's Pre-Tax Income, but in no event shall this additional bonus exceed five (5%) percent of Pre-Tax Income for such year; payment of up to \$10,000 in life insurance premiums; options to purchase 5 million shares of Worlds Inc. common stock at an exercise price of \$0.25 per share, 2 million shares vested on August 28, 2018, 1.5 million shares vest on August 28, 2019 and 1.5 million shares vest on August 28, 2020; a death benefit of at least \$2 million dollars; and a payment equal to 2.99 times his base amount (as defined in the agreement) in the event of a Change of Control (as defined in the agreement). The agreement also provides that Mr. Kidrin can be terminated for cause (as defined in the agreement) and that he is subject to restrictive covenants for 12 months after termination.

Stock Option Plan

On September 4, 2007, our board of directors adopted the 2007 Stock Option Plan which was presented to our shareholders for their approval at an annual meeting. The plan provides for the issuance of up to 25 million options of which not more than 22 million can be incentive stock options.

Compensation Committee Interlocks and Insider Participation

Three of our directors currently hold the same positions with our former subsidiary, Worlds Online Inc. (currently named MariMed Inc.), although it is the intent that our current non-employee directors will only serve during a transition period not to exceed 12 months that transition has extended longer than initially anticipated. In addition, our CEO was the CEO of MariMed from inception in 2011 until July 20, 2017 when he was replaced by another of our directors and our CFO was the CFO of MariMed from inception in 2011 until July 20, 2017. We do not have a compensation committee and all of our directors perform the function of a compensation committee, except that Mr. Kidrin, our president and CEO, does not participate in any deliberations with respect to his compensation and physically removes himself from the presence of the other directors while they deliberate over his compensation and bonuses. Accordingly, Mr. Kidrin, who is both our president and CEO and is a director MariMed Inc. and until July 20, 2017 was also its CEO and Mr. Fireman who is one of our directors and is a director of MariMed Inc. and its

CEO since July 20, 2017 may be deemed to fall within the parameters of a compensation committee interlock. To address this situation, as described above, Mr. Kidrin recuses himself from all deliberations of the board with respect to his compensation.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS
ON A POST REVERSE SPLIT (5:1) BASIS**

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards:		
			Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date
Thom Kidrin	2,000,000	3,000,000	0	\$ 0.25	08-28-23
Thom Kidrin	5,000,000	0	0	\$ 0.15	09-30-22
Christopher Ryan	220,000	0	0	\$ 0.15	09-30-22
Christopher Ryan	60,000	0	0	\$ 0.55	06-29-20

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth as of February 25, 2018, certain information with respect to the beneficial ownership of Common Stock by (i) each Director, nominee and executive officer of us; (ii) each person who owns beneficially more than 5% of the common stock; and (iii) all Directors, nominees and executive officers as a group. The percentage of shares beneficially owned is based on there having been 56,814,833 shares of common stock outstanding as of December 31, 2018. All common stock numbers have been adjusted following the 5:1 reverse split implemented on February 9, 2018.

OFFICERS, DIRECTORS AND BENEFICIAL OWNERS, AS OF DECEMBER 31, 2018

Name & Address of Beneficial Owner(1)	Amount & Nature of Beneficial Owner	% of Class(2)
Thomas Kidrin	11,000,000(3)	16.5%
Christopher Ryan	653,252(4)	1.1%
Robert Fireman	140,000(5)	*
Bernard Stolar	140,000(5)	*
Leonard Toboroff	250,000(6)	*
Peter N. Christos	250,000(6)	*

All directors and executive officers as a group (one person)

12,433,252(7)

* less than 1%

(1) Unless stated otherwise, the business address for each person named is Worlds Inc., 11 Royal Road, Brookline, MA 02445.

(2) Calculated pursuant to Rule 13d-3(d) (1) of the Securities Exchange Act of 1934. Under Rule 13d-3(d), shares not outstanding which are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by a person, but not deemed outstanding for the purpose of calculating the percentage owned by each other person listed. We believe that each individual or entity named has sole investment and voting power with respect to the shares of common stock indicated as beneficially owned by them (subject to community property laws where applicable) and except where otherwise noted.

(3) Includes 7 million currently exercisable stock options and 3 million which are not currently exercisable.

(4) Includes 280,000 currently exercisable stock options.

(5) Consists of 40,000 stock options which are currently exercisable and 100,000 stock options which are currently not exercisable.

(6) Consists of 250,000 stock options which are currently not exercisable.

(7) Includes 7,320,000 currently exercisable stock options and 3,650,000 stock options that are currently not exercisable.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

We are not currently subject to the requirements of any stock exchange or inter-dealer quotation system with respect to having a majority of “independent directors” although we believe that we meet that standard inasmuch as Messrs. Stolar, Fireman Toboroff and Christos are “independent” and only Mr. Kidrin, by virtue of being our president and CEO, is not independent. Although we are not currently subject to such rule, the independence of our directors meets the definition of such term as contained in NASDAQ Rule 5605(a)(2).

We currently own less than 1.5% of the outstanding common stock of our former wholly-owned subsidiary, MariMed Inc., and it has directors which mirror ours and its former and current CEOs are our directors, although it is the intent that our current non-employee directors will only serve during a transition period.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Fees Billed For Audit and Non-Audit Services

The following table represents the aggregate fees billed for professional audit services rendered by the independent auditors, M&K CPAS PLLC (“M&K”) and L&L CPAS, P.A. (“L&L”), for our audit of the annual financial statements for the years ended December 31, 2018 and 2017. M&K was retained on December 12, 2018 after the Company was informed by L&L of its intent to resign for reason that it would not be able to comply with Section 10A of the Securities Exchange Act of 1934 and Section 203 of the Sarbanes-Oxley Act of 2002 which prohibit a registered public accounting firm from providing audit services to an issuer if the audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that issuer in each of the five previous fiscal years of that issuer. L&L (then operating under its previous name) was retained as our auditor in 2007. Audit fees and other fees of auditors are listed as follows:

Year Ended December 31	2018 L&L/M&K	2017 L&L
Audit Fees (1)	\$ 12,500(2)	\$ 12,500
Audit-Related Fees (3)	10,500	10,500
Tax Fees (4)	\$ 1,500	\$ 1,500
All Other Fees (5)	—	—
Total Accounting Fees and Services	\$ 24,500	\$ 24,500

- (1) *Audit Fees*. These are fees for professional services for the audit of our annual financial statements, and for the review of the financial statements included in our filings on Form 10-Q, and for services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) The amounts shown for the audit firms in 2018 and 2017 relate to (i) the audit of our annual financial statements for the years ended December 31, 2018 and 2017, and (ii) the review of the financial statements included in our filings on Form 10-Q for the first, second and third quarters of 2018 and 2017.
- (3) *Audit-Related Fees*. These are fees for the assurance and related services reasonably related to the performance of the audit or the review of our financial statements.
- (4) *Tax Fees*. These are fees for professional services with respect to tax compliance, tax advice, and tax planning.
- (5) *All Other Fees*. These are fees for permissible work that does not fall within any of the other fee categories, i.e., Audit Fees, Audit-Related Fees, or Tax Fees.

Pre-Approval Policy For Audit and Non-Audit Services

We do not have a standing audit committee, and the full Board performs all functions of an audit committee, including the pre-approval of all audit and non-audit services before we engage an accountant. All of the services rendered to us by M&K CPAS PLLC and L&L CPAS, P.A. were pre-approved by our Board of Directors.

We are presently working with our legal counsel to establish formal pre-approval policies and procedures for future engagements of our accountants. The new policies and procedures will be detailed as to the particular service, will require that the Board or an audit committee thereof be informed of each service, and will prohibit the delegation of pre-approval responsibilities to management. It is currently anticipated that our new policy will provide (i) for an annual pre-approval, by the Board or audit committee, of all audit, audit-related and non-audit services proposed to be rendered by the independent auditor for the fiscal year, as specifically described in the auditor's engagement letter, and (ii) that additional engagements of the auditor, which were not approved in the annual pre-approval process, and engagements that are anticipated to exceed previously approved thresholds, will be presented on a case-by-case basis, by the President, for pre-approval by the Board or audit committee, before management engages the auditors for any such purposes. The new policy and procedures may authorize the Board or audit committee to delegate, to one or more of its members, the authority to pre-approve certain permitted services, *provided that* the estimated fee for any such service does not exceed a specified dollar amount (to be determined). All pre-approvals shall be contingent on a finding, by the Board, audit committee, or delegate, as the case may be, that the provision of the proposed services is compatible with the maintenance of the auditor's independence in the conduct of its auditing functions. In no event shall any non-audit related service be approved that would result in the independent auditor no longer being considered independent under the applicable rules and regulations of the Securities and Exchange Commission.

ITEM 15. EXHIBITS .

3.1	Certificate of Incorporation (a)
3.2	By-Laws- Restated as Amended (b)
4.1	2007 Stock Option Plan (c)
10.2	Employment Agreement between the Registrant and Thom Kidrin (d)
14.1	Code of Ethics (e)
31.1	Rule 13a-14(a)/15d-14(a) Certifications of Chief Executive Officer **
31.2	Rule 13a-14(a)/15d-14(a) Certifications of Chief Financial Officer **
32.1	Section 1350 Certifications of Chief Executive Officer **
32.2	Section 1350 Certifications of Chief Financial Officer **
101.INS* XBRL	Instance Document

101.SCH*	XBRL	Taxonomy Extension Schema
101.CAL*	XBRL	Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL	Taxonomy Extension Definition Linkbase
101.LAB*	XBRL	Taxonomy Extension Label Linkbase
101.PRE*	XBRL	Taxonomy Extension Presentation Linkbase

- (a) Filed previously with the Proxy Statement Form DEF 14A on May, 19, 2010, as amended as described in Proxy Statements on Form DEF 14A filed on June 7, 2013 and May 17, 2016, and incorporated herein by reference.
- (b) Filed previously with the Proxy Statement Form DEF 14A on May, 19, 2010, and incorporated herein by reference.
- (c) Filed previously as an exhibit to Registrant's Current Report on Form 8-K filed on September 7, 2007, and incorporated herein by reference.
- (d) Filed previously as an exhibit to Registrant's Current Report on Form 8-K filed on September 4, 2018, and incorporated herein by reference.
- (e) Filed previously as an exhibit to Registrant's Annual Report on Form 10-KSB filed on April 3, 2008, and incorporated herein by reference.

** Filed herewith

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SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 28, 2019

WORLDS INC.
(Registrant)

By: /s/ Thomas Kidrin
Name: Thomas Kidrin
Title: President and Chief Executive Officer

In accordance with the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
<u>/s/ Thomas Kidrin</u> Thomas Kidrin	President, Chief Executive Officer and Director	February 28 , 2019
<u>/s/ Christopher J. Ryan</u> Christopher J. Ryan	Vice President - Finance and Principal Accounting and Financial Officer	February 28, 2019
<u>/s/ Bernard Stolar</u> Bernard Stolar	Director	February 28, 2019
<u>/s/ Robert Fireman</u> Robert Fireman	Director	February 28, 2019
<u>/s/ Leonard Toboroff</u> <u>Leonard Toboroff</u>	Director	February 28, 2019
<u>/s/ Peter N. Christos</u> <u>Peter N. Christos</u>	Director	February 28, 2019

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EXHIBIT TO INDEX

Exhibit No.	Description
3.1	Certificate of Incorporation (a)
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31.2	Rule 13a-14(a)/15d-14(a) Certifications of Chief Financial Officer **
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101.LAB* XBRL	Taxonomy Extension Label Linkbase
101.PRE* XBRL	Taxonomy Extension Presentation Linkbase

- (a) Filed previously with the Proxy Statement Form DEF 14A on May, 19, 2010, as amended as described in Proxy Statements on Form DEF 14A filed on June 7, 2013 and May 17, 2016, and incorporated herein by reference.
- (b) Filed previously with the Proxy Statement Form DEF 14A on May, 19, 2010, and incorporated herein by reference.
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- (d) Filed previously as an exhibit to Registrant's Current Report on Form 8-K filed on September 4, 2018, and incorporated herein by reference.
- (e) Filed previously as an exhibit to Registrant's Annual Report on Form 10-KSB filed on April 3, 2008, and incorporated herein by reference.

** Filed herewith

EXHIBIT 31.1

Certifications

I, Thomas Kidrin, certify that:

1. I have reviewed this annual report on Form 10-K of Worlds Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2019

/s/ **Thomas Kidrin**

Thomas Kidrin

Chief Executive Officer

EXHIBIT 31.2

Certifications

I, Christopher J. Ryan, Principal Accounting and Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Worlds Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2019

/s/ Christopher J. Ryan

Christopher J. Ryan

Principal Accounting and Financial Officer

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Worlds Inc. (the "Company") on Form 10-K for the year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas Kidrin, Chief Executive Officer of the Company, certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, our financial condition and result of operations.

WORLDS INC.
(Registrant)

Date: February 28, 2019

By: /s/ Thomas Kidrin
Thomas Kidrin
Chief Executive Officer

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Worlds Inc. (the "Company") on Form 10-K for the year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher J. Ryan, Principal Accounting and Financial Officer of the Company, certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, our financial condition and result of operations.

WORLDS INC.
(Registrant)

Date: February 28, 2019

By: /s/ Christopher J. Ryan
Christopher J. Ryan
Principal Accounting and Financial Officer