

# Quarterly Report

Period Ended February 28, 2017



**YIPPY, Inc.**  
(a Nevada corporation)

Current Trading Symbol: **YIPL.PK**

CUSIP Number: **98584Y202** Tax ID Number: **98-0585450**

**WE PREVIOUSLY WERE A SHELL COMPANY AND ARE NOT CURRENTLY A REPORTING COMPANY AS THAT TERM IS DEFINED IN THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND THEREFORE, THE SAFE HARBOR EXEMPTION OFFERED PURSUANT TO RULE 144 IS NOT CURRENTLY AVAILABLE. ANYONE WHO PURCHASED SECURITIES DIRECTLY OR INDIRECTLY FROM US OR ANY OF OUR AFFILIATES IN A TRANSACTION OR SERIES OF TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING CANNOT SELL SUCH SECURITIES IN AN OPEN MARKET TRANSACTION.**

**ITEM I: The Exact Name of the Issuer and its Predecessors.**

- Yippy, Inc., a Nevada corporation (hereinafter referred to as the “Company” or “Yippy”).
- Formerly Cinnabar Ventures, Inc. until April 2010 (Certificate of Amendment to the Company’s Articles of Incorporation filed with the Nevada Secretary of State on April 15, 2010, as filed with the United States Securities and Exchange Commission (the “SEC”) as Exhibit 3.1 to the Company’s Current Report on Form 8-K on May 10, 2010).

**ITEM II: The Address of the Issuer’s Principal Executive Offices.**

Yippy, Inc.  
1995 North Park Place #270  
Atlanta, GA 30339

Phone Number: 877-947-7901  
Fax Number: 877-947-7901  
Email: info@yippyinc.com  
Website: [www.yippyinc.com](http://www.yippyinc.com)

**The Jurisdiction and Date of the Issuer’s Incorporation or Organization.**

The Company was originally organized under the corporate laws of the State of Nevada on May 24, 2006.

**ITEM III: Share Structure.**

**The Exact Title and Class of Securities Outstanding.**

Trading Symbol: YIPI

Class of Securities: Common

CUSIP Number: 98584Y202

Market: OTC

**Par or Stated Value and Description of the Security.**

***A. Par or Stated Value***

Common Stock, par value \$0.001 per share

## ***B. Description of Common Stock***

The holders of shares of common stock have no subscription, redemption, subscription, sinking fund or conversion rights. In addition, the holders of shares of common stock have no preemptive rights to maintain their percentage of ownership in future offerings or sales of our stock. The holders of shares of common stock have one vote per share in all elections of directors and on all other matters submitted to a vote of our stockholders. The holders of common stock are entitled to ratably receive dividends, if any, as and when declared from time to time by our board of directors out of funds legally available therefore. Upon liquidation, dissolution or winding up of our affairs, the holders of common stock will be entitled to participate equally and ratably, in proportion to the number of shares held, in our net assets available for distribution to holders of common stock. The shares of common stock currently outstanding are fully paid and non-assessable. There is no provision in the Company's articles of incorporation or bylaws that would delay, defer, or prevent a change in control of the issuer.

### **The Number of Shares of the Securities Outstanding for Each Class of Securities Authorized.**

	<b>PERIOD END DATE</b>		
	<b>November 30, 2016</b>	<b>May 31, 2016</b>	<b>May 31, 2015</b>
(1) Number of Authorized Shares	75,000,000	75,000,000	75,000,000
(2) Number of Outstanding Shares	74,475,377	68,162,377	53,732,377
(3) Public Float	9,180,000	9,180,000	9,180,000
(4) No. of Beneficial Shareholders	1121	1108	1127
(5) Total No. of Shareholders of Record	219	207	202

### **The Name and Address of the Transfer Agent**

PACIFIC STOCK TRANSFER COMPANY  
4045 South Spencer Street, Suite 403  
Las Vegas, NV 89119  
Tel: (702) 361-3033  
Fax: (702) 433-1979  
E-mail: info@pacificstocktransfer.com

Pacific Stock Transfer Company is registered under the Exchange Act and is an SEC approved transfer agent, under the regulatory authority of the SEC.

### **Describe any trading suspension orders issued by the SEC in the past 12 months**

NONE

**List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months**

NONE

**ITEM IV: Issuance history for the last two fiscal years.**

See Financial Footnotes in Exhibit A.

**ITEM V: Interim Financial Statements.**

The Company's interim financial statements for the period ended November 30, 2016, are attached hereto as Exhibit A.

**ITEM VI: Management's Discussion and Analysis of Financial Condition and Results of Operations.**

A. a description of the issuer's business operations;

See Plan of Operation.

B. Date and State (or Jurisdiction) of Incorporation:

Nevada

C. the issuer's primary and secondary SIC Codes;

Primary - 98584Y202

Secondary - None

D. the issuer's fiscal year end date;

May 31

E. principal products or services, and their markets;

See Plan of Operation.

**Forward Looking Statements**

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes appearing elsewhere in this quarterly report. Various statements have been made in this report that may constitute "forward-looking statements." Forward-looking statements may also be made in Yippy's other reports filed with or furnished to the OTC Disclosure and News Service or the United States Securities and Exchange Commission, as well as in other documents. In addition, from time to time, Yippy, through its management, may make oral forward-looking statements. Forward-looking statements

are subject to risks and uncertainties, which could cause actual results to differ materially from such statements. The words “believe,” “expect,” “anticipate,” “optimistic,” “intend,” “plan,” “aim,” “will,” “may,” “should,” “could,” “would,” “likely” and similar expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. Yippy undertakes no obligation to update or revise any forward-looking statements.

## **Plan of Operation**

The Company has several business and partnership opportunities that are in different stages of development. Each represents a potential role in the future business of Yippy. The business that Yippy represents offers vast opportunities in multiple vertical markets. Since inception, it has always been management’s goal to grow the business through internal development and strategic acquisitions of software, synergistic technology and companies that add value to the intellectual property of the Company and provide revenue growth.

## **Description of Business**

### General

Yippy is a technology company committed to helping customers securely access data anywhere on earth. Over the past several years, Yippy has entered into a series of strategic partnerships and transactions designed to enhance Yippy’s product and service offerings. The Company’s foundation is built on its unlimited, perpetual, worldwide, non-exclusive license of the Velocity search platform and associated technologies which Yippy acquired in 2010 from Vivisimo, Inc. (“Vivisimo”). In 2012, International Business Machines Corporation (NYSE: IBM) (“IBM”) purchased Vivisimo and rebranded Velocity as IBM Watson Explorer® (“Watson”), and Yippy maintains its worldwide perpetual license of the technology.

Based upon Watson, which Yippy operates autonomously from IBM, and coupled with other internally developed and acquired technologies, the Company has developed a suite of technology solutions which enhance the underlying technology’s output while simplifying the deployment process. These solutions range from cloud, enterprise search, business intelligence, document security and data compression for MSS/FSS satellite and terrestrial wireless operators. Additionally, the Company has developed middleware, connectors and associated programs which enable deployments to be successful with substantially less resources and personnel as typically required in the industry.

### EASE 360 Platform

In 2014, the Company released its EASE (Enterprise Application Service Environment) 360 platform. EASE 360 is fully managed in the cloud or on site by Yippy, and excels in five key areas:

### ***1) Concept Clustering***

Yippy allows users to navigate data sets by topical categories dynamically which surfaces concepts and insights in data not previously known. Additional uses include entity extraction, discovery and language agnostic trending for sentiment analysis visualized to give true insight into an organization's data through proprietary technology.

### ***2) Structured Navigation***

Yippy delivers faceted navigation filters allowing users to refine search attributes such as by date, price, author, location, content type or other customized filters, allowing for more effective search inquiries. Index filters can be used to create vertical data repositories on subjects, products or competitive businesses, all delivered in real time.

### ***3) Relevancy Controls***

Yippy offers organizations the flexibility to control the information that is included in the index and displayed in search results including word proximity, synonyms, source, link analysis and relevancy. It allows users to tune the output of data in innovative ways which are unique to Yippy and its proprietary software. This function has proven to be useful for discovery in large volumes of unstructured and structured data simultaneously.

### ***4) Security***

Flexible access control integration including, SSO, Active Directory (AD), LDAP and ACLs that provides early binding document and field level security. This ensures that only the documents or fields a user or group has permission to access will be available. Field level security is extremely useful in a variety of industries including but not limited to health care, customer service, inside sales, or banking due to the user not having to log in and out of multiple systems to access internal data. Yippy is designed for speed to information and helping organizations lock down abandoned files from their data systems to improve document security.

### ***5) Managed Content Connectors***

Yippy maintains an unprecedented library of a fully documented connector source factory that monitors, maintains and updates the connectors on a 24/7 basis and that guarantees highly sustainable and scalable use. The Company's content connectors are available for federation and harvesting of public, private, structured or unstructured data in any format, across any location, including enterprise applications, social media and proprietary content sources. The Company's connectors are also platform agnostic, which is extremely helpful for companies with multiple disparate retrieval and information systems.

### **Blue Flame Appliance**

Yippy has developed an appliance-based deployment for the EASE 360 platform known as the Blue Flame appliance. We have delivered several appliances over the past year with very high marks from customers. The timing of its development was born through recommendations by

CIOs of major international companies we visited with during that period. The message was clear. Few, if any, major companies were going to put their all of their proprietary data on third party managed or shared systems (aka: Cloud) in the foreseeable future.

Yippy's second generation Blue Flame appliance was developed to speed up the development and deployment processes. Some of the biggest logistical challenges in IT are the coordination of multiple departments, analyzing hardware and software solutions, and security checks which increase cost and personnel requirements. Successful deployments require several IT knowledge disciplines for coding, network and hardware architecture, which creates work flows that are not easily managed and inherently flawed in the process.

Management took a logical look at the processes of deploying a big data system and we endeavored to create a software stack from both acquired assets and internally developed technologies to greatly assist big data deployments reducing time on site by as much as 80%. The Company's Blue Flame appliances have been running in businesses for nearly three (3) years and have maintained a 100% uptime record for both software and hardware availability.

### Yippy Search Appliance

For over a decade, the leading on-premises enterprise search solution has been the Google Search Appliance (GSA). In February 2016, Google, Inc. ("Google") announced that it was sun-setting the Google Search Appliance, its retirement to be effective in early 2018. That means that Chief Information Officers and small business owners alike are suddenly faced with the need to replace their GSA with another search solution. Google has generated significant revenue from the GSA, and based on third party sources and Yippy's internal calculations, the Company estimates the current GSA market to be at least \$500 million per year and along with other third party market researchers, forecasts the search enterprise market to continue to grow exponentially.

Upon the news of Google's departure from on premise appliance business, Yippy retooled its Blue Flame Appliance to create a separate search based model called the Yippy Search Appliance (YSA). The YSA serves as a replacement for the GSA while delivering additional technology features for the benefit of the consumer. The YSA allows users to search and derive insights from all structured and unstructured data anywhere, and allows enhanced data sampling. As an example, the YSA can search all of an organization's content at once, while the GSA is only able to search 1000 files per search.

Google sells the GSA through a network of value added resellers (termed Google for Work partners). These resellers (typically data consulting firms) rely upon GSA sales for their revenue. Yippy's strategy for capturing a portion of the GSA market is to form a series of strategic partnerships with GSA resellers who are now seeking an enterprise search partner as a result of Google's planned departure from the market. The Company's YSA product is a cost-effective alternative to the GSA and, with the YSA's additional features, Yippy believes it to be an upgrade for consumers currently using the GSA.

### Hybrid - Private Cloud

Yippy's EASE 360, Blue Flame and YSA technology stack provide organizations with a choice of public, private, and hybrid cloud options for internal and external content. This option and

functionality is a key solution for the industry as companies continue to show hesitancy to entrust a cloud-based system as the sole source for storing and maintaining their sensitive and critical information.

Yippy appliance stacks create a premium Cloud with data federation abilities that unite an entire organization's knowledge base globally, without firewall breaches or other complications. Yippy's solution is platform and data agnostic, which means that the appliance stack can unify SAP, Oracle, Microsoft, Google, Jira, Confluence, Stack, Box or any other enterprise class business product without ever having to change the structure or location in which the data resides.

The Private Cloud-based enterprise unification market is growing quickly, at the expense of third party cloud, and the Company believes there is a market opportunity for a hybrid approach, where highly sensitive information is stored securely on-premises, while less sensitive information is stored off-site on the third party cloud. With the majority of information created in knowledge base systems being private in nature, the third party cloud has limited use cases for major enterprises. For large organizations, the ability to migrate to the cloud incrementally without hard deadlines is a strong selling point for the Yippy's hybrid solution.

#### Data Compression and Optimization

In November 2014, the Company began negotiations with Globalstar (NYSE: GSAT) to provide their subscribers private cloud data services utilizing Globalstar's satellite network and devices. The goal was to enhance Globalstar subscribers' speed to data making it easier to stay connected, efficiently maintain secure business operations and send and receive critical data, thereby making enterprise search accessible to remote workers.

In June 2015, the Company and Globalstar reached an agreement to build out a global ubiquitous network utilizing the Yippy EASE 360 platform. The private cloud architecture allows Globalstar subscribers to access online information as well as corporate data silos with enhanced download and upload speeds. Through proprietary data optimization and compression technology developed by the Company, Yippy has achieved better than 90% reduction of total file size downstream for webpage and document retrieval. These numbers were independently verified by Globalstar and outside consultants.

The Company's compression technology has far reaching capabilities beyond MSS operations. Terrestrial networks can also benefit from this technology but substantially reducing file sizes and allow Edge, 1G, and 2G networks to operate near 4G-LTE speeds for website and document retrieval. Many third world wireless carriers are still utilizing PCS, Edge, 1G, and 2G technologies, and the Company believes its compression and software has significant potential and provides immediate benefits to wireless carriers around the world.

## Software Development

The Company engages in software development for hire in special situations that fit the overall objectives of the Company. Over the last five years, the Company has derived revenue from software development and deployment, and this is expected to continue as the Company has several requests for special situation developments for compression, mobile device interface and Cloud computing. As a result of Globalstar receiving approval for TD-LTE from the FCC, the Company expects additional development opportunities. TD-LTE represents a unique global opportunity to deliver data securely over this useful protocol and spectrum. The Company believes the potential value of this spectrum for EDGE/FOG computing and IoT to be substantial and future revenue opportunities are being evaluated.

## **Results of Operations**

### ***Three and nine months ended February 28, 2017 compared to three and nine months ended February 29, 2016***

#### *Revenues*

Revenues for the three months ended February 28, 2017 were \$385,000, compared to \$103,500 for the same period ended February 29, 2016. Revenues for the nine months ended February 28, 2017, were \$935,400, compared to \$416,500 for the same period ended February 29, 2016. The increase is mainly attributed to rising sales of the Yippy Search Appliance and software deployment for Globalstar's Gen 2 network.

#### *General and Administrative Expenses*

General and administrative expenses for the three months ended February 28, 2017, were \$(44,851), compared to \$214,828 for the same period ended February 29, 2016. General and administrative expenses for the nine months ended February 28, 2017, were \$3,962,619, compared to \$821,981 for the same period ended February 29, 2016. The decrease for the three months ended was mainly attributable to a \$444,411 credit for the cancelling of two employee warrant agreements which were applied against general and administrative expense. The increase in general and administrative expenses for the nine months ended is mainly attributed to employee stock warrant grants.

#### *Share Based Compensation*

Share based compensation was \$3,145,219 for the nine months ended February 28, 2017, compared to \$501,840 for the nine months ended February 29, 2016. The increase in Share Based Compensation expense is mainly attributed to product development, key employee and legal expenses for Globalstar development and Yippy Search Appliance production deployments. The Company took a one-time charge for employee warrants rather than an accrual in the nine months ended February 28, 2017.

### *Depreciation and Amortization Expense*

Amortization expense relates primarily to the amortization of intangible assets. Amortization expense was \$307,961 for the three months ended February 28, 2017, compared to \$126,761 for the same period ended February 29, 2016. Amortization expense was \$561,483 for the nine months ended February 28, 2017, compared to \$380,283 for the same period ended February 29, 2016. The increase for the three and nine months ended is due to an impairment of intangible assets and a write down for the acquired Macte Labs development suite.

### *Net Loss*

The Company experienced a net loss of \$179,674 for the three months ended February 28, 2017, compared to a net loss of \$243,292 for the same period ended February 29, 2016. The Company experienced a net loss of \$4,020,397 for the nine months ended February 28, 2017, compared to a net loss of \$793,621 for the same period ended February 29, 2016. The decrease in net loss for the three months ended is due to a \$444,411 credit taken for cancelled employee warrants. The increase for the nine months is attributed to taking a previous one-time charge of \$3,589,630 for all key employee, officer and director common stock warrant grants rather than accruing charges on a go forward basis.

### **Liquidity and Capital Resources**

As of February 28, 2017, the Company had cash on hand of \$66,578 and \$722,627 in accounts receivables. The Company had total liabilities of \$549,241. We believe that we have sufficient cash on hand to meet our operating expense requirements for the next quarter.

### *Off-Balance Sheet Arrangements*

The Company does not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as “special purpose entities” (SPEs).

### **ITEM VII: Property**

The Company does not currently own any facility. The Company currently maintains a leased Class A office in Atlanta, GA located at 1995 North Park Place, Suite 270, Atlanta, GA 30339.

### **ITEM VIII: The Name of the Chief Executive Officer, Members of the Board of Directors, as well as Control Persons.**

#### ***A. Officers and Directors***

The following table and text sets forth the names and ages of all our directors and executive officers and our key management personnel as of April 14, 2017. All of our directors serve until the next annual meeting of stockholders and until their successors are elected and qualified, or until their earlier death, retirement, resignation or removal. Executive officers serve at the discretion of the board of directors, and are elected or appointed to serve until the next board of directors meeting following the annual meeting of stockholders. Also provided is a brief description of the business

experience of each director and executive officer and the key management personnel and an indication of directorships held by each director in other companies subject to the reporting requirements under the Federal securities laws.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Richard Granville	48	Chief Executive Officer, Chairman
Errol Walsh	73	Director
Ken Jolly	53	Director
John Macartney	51	President, Chief Operating Officer, Director
Michael Pointer	49	Chief Scientific Officer
John Routhier	40	Chief Sales Officer
Lee Wilson	51	Chief Technical Officer

**Richard Granville, age 48, Chief Executive Officer, Chairman of the Board of Directors**

1. Full name

Richard S. Granville

2. Business address

1995 North Park Place #270 Atlanta, GA 30339

3. Employment history

Mr. Granville, has over twenty five years' experience in new technology development, sales and marketing experience. From November 2008 to present, Mr. Granville has served as the Managing Partner of Yippy Partnership Group and now is the Chief Executive Officer of Yippy, Inc. From November 2006 to September 2008, Mr. Granville served as Chief Executive Officer of Jack9 Entertainment, Inc ("Jack9"). Jack9 was one of the most successful IPTV units online and under Mr. Granville's direction, achieved a top 250 web property. From March 2003 to October 2006, Mr. Granville served as President of Southpaw, Inc., a Florida building contractor that served central Florida for residential and light commercial construction. From June 2001 to March 2003, Mr. Granville served as President of Granville Management Services, where he helped small emerging businesses in the "green" technologies sector. Mr. Granville invested time and capital

into green home technology and automation, alternative energy research and grid management in the United States, Dominican Republic, Canada and Mexico.

From 1998 to 2000, Mr. Granville also served as the Chairman and Chief Executive Officer of Grace Development, Inc., a public telecommunications company serving customers in the southeast. Mr. Granville took the company to nearly a billion dollar market cap before he was succeeded by Ben Holcomb the former President of Bell South International in Feb. 2000. Prior to Grace Development, Mr. Granville held executive and senior management positions for Fortune 500 companies and also served honorably in the United States Navy.

#### 4. Board memberships and other affiliations

None.

#### 5. Compensation by the issuer

Mr. Granville received no significant compensation from the Company since inception. Mr. Granville currently operates the business without an employment contract.

#### 6. Number and class of the issuer's securities beneficially owned by each such person

34,902,376 common shares and 500,000 common stock purchase warrants

### **John Macartney, age 51, President, Chief Operating Officer, Director**

#### 1. Full name

John Paul Macartney

#### 2. Business address

1995 North Park Place #270 Atlanta, GA 30339

#### 3. Employment history

Mr. Macartney is a respected technology executive with nearly 30 years of industry experience. He is currently the Chief Scientist of Cengage Learning, a leading provider of educational content, technology and services for higher education, K-12, professional and library markets worldwide. Throughout his career, John has worked with startups and large enterprises as a key problem solver with expertise in all search engine technologies, machine learning and data mining solutions, including entity extraction and categorization.

Between 1985 and 1999, Mr. Macartney held senior engineering positions for IBM/Lotus and Unisys, where he designed email integration applications and complex distributed systems. In 1999, Mr. Macartney joined Infonautics Inc., an Internet pioneer known for its Homework Helper online databases and Encyclopedia.com, the first free online encyclopedia. In 2001, Infonautics was acquired by Tucows, the domain name registrar, and then sold to Patrick Spain, the founder and

CEO of Hoover's Inc. (a subsidiary of Dun & Bradstreet), in a roll-up rebranded "Highbeam Research."

At Highbeam Research, Inc., John held various positions including Director of Technology, Chief Architect and Chief Scientist. He is responsible for the key designed components of the technology platform that lead to the sale of Highbeam Research to Cengage Learning in 2008. Mr. Macartney graduated from La Salle University with a B.A. in Computer Science.

4. Board memberships and other affiliations

None.

5. Compensation by the issuer

Mr. Macartney receives, \$200,000 per year as well as a 4,500,000 common stock purchase warrants in connection with completion of MSS compression technology and his appointment to the Company's board of directors.

6. Number and class of the issuer's securities beneficially owned by each such person

4,500,000 common stock purchase warrants.

**Errol Walsh, age 73, Director**

1. Full name

Errol F. Walsh

2. Business address

1995 North Park Place #270 Atlanta, GA 30339

3. Employment history

Mr. Walsh worked at IBM for 31 years, ending his career in an executive management role, responsible for a group of more than 7000 employees and an operating budget of 1.2 billion dollars prior to his retirement in 1993. After retiring from IBM, Errol served as the Chief Executive Officer of Technology Support Corp. ("TSC") until 2006. TSC was a contracted IBM consulting firm, responsible for the integration of all SAP modules together with the IT deliverables that created the IBM Fulfillment SAP Project. This project encompassed the prototype phase, validation of the prototype and the integration testing of newly developed systems and processes. Mr. Walsh most recently served as a chief consultant for Axiom Consulting, LLC ("Axiom"), until 2009. At Axiom, Mr. Walsh worked with applications development and project management to set up support for end users for major corporations such as Fluor and SAP. Mr. Walsh holds a BS in Computer Information Systems from Empire State College.

4. Board memberships and other affiliations

None.

5. Compensation by the issuer

Errrol Walsh is to receive 1,500,000 common stock purchase warrants in connection with his appointment to the Company's board of directors and retirement as Chief Operating Officer.

6. Number and class of the issuer's securities beneficially owned by each such person

150,000 common shares and 1,500,000 common stock purchase warrants.

**Kenneth Jolly, age 53, Director**

1. Full name

Kenneth C. Jolly

2. Business address

1995 North Park Place #270 Atlanta, GA 30339

3. Employment history

Mr. Jolly brings extensive board experience to the Company. He previously served as the Chairman of the Board of Directors for the National Football League Former Players Association (the "NFLFPA") in Washington, D.C., and also served as a member of the NFLFPA board from 1999-2006. Since 2006, Mr. Jolly has served as a Director of the Professional Athletes Foundation in Washington, DC, an organization that provides grants to former National Football League ("NFL") players in need, as well as develops programs to assist players as they transition to outside careers once their respective NFL careers conclude.

He has also served as a President and Director with multiple NFL chapter organizations, and is actively involved in promoting the health and wellness for all retired NFL players. Mr. Jolly played 2 years in the NFL and was a two-time special teams player of the year for the Kansas City Chiefs in 1984-1985 seasons. Mr. Jolly has owned and operated Jolly and Associates a sports apparel marketing firm for the past 20 years. Mr. Jolly graduated from Mid America Nazarene College with a BS in Biology.

4. Board memberships and other affiliations

None.

5. Compensation by the issuer

Mr. Jolly is to receive 500,000 common stock purchase warrants in connection with his

appointment to the Company's board of directors.

6. Number and class of the issuer's securities beneficially owned by each such person

500,000 common stock purchase warrants.

**Michael Pointer, age 49, Chief Scientific Officer**

1. Full name

Michael Pointer

2. Business address

1995 North Park Place #270 Atlanta, GA 30339

3. Employment history

Mr. Pointer has over 20 years of experience in the Enterprise Software space and sixteen years of management experience in enterprise consulting, technical support, and technical sales. Pointer's background includes enterprise search, knowledge management, and integration work in both startups and for the Fortune 500. Pointer has a proven track record of delivering high customer satisfaction ratings, complex implementation and enterprise application integrations, and deep troubleshooting across a range of industries. Before joining Yippy, Pointer served as a Sr. Watson Solution Architect and Worldwide Technical Support Manager for Watson Explorer for IBM since 2012, and as Vivisimo's Senior Director of Customer Support for six years prior to the IBM acquisition of Vivisimo. At Vivisimo, Mike was responsible for founding the first Vivisimo Velocity training program and reported directly to Vivisimo's co-founder and eventual IBM Distinguished Engineer and VP, Jerome Pesenti.

College: University of Pittsburgh MS Physics and Ohio University Honors College BS Physics

4. Board memberships and other affiliations

None.

5. Compensation by the issuer

Mr. Pointer receives \$150,000 per year as well as a common stock purchase warrant of 1,000,000 shares.

6. Number and class of the issuer's securities beneficially owned by each such person

1,000,000 common stock purchase warrants

**John Routhier, age 40, Chief Sales Officer**

1. Full name

John Routhier

2. Business address

1995 North Park Place #270 Atlanta, GA 30339

3. Employment history

Mr. Routhier has over 15 years' experience as a sales and marketing executive with a record of rapidly growing sales through the implementation of strategic marketing campaigns, development of corporate strategy and business alliances. Prior to joining Yippy, Routhier served as the VP of Sales and Marketing for Crowe Paradis Services Corporation, which was purchased by Verisk Analytics (VRSK Fortune 500). Recently Routhier has been consulting with Derby Management for companies such as Forerun Systems, Aviant Healthcare and Chase Corporation. Routhier is also currently a mentor for startup incubators such as Techstars, MassChallenge and Tufts \$100k Challenge.

College: Tufts University (Captain of Football Team) and MIT Sloan School of Management

4. Board memberships and other affiliations

None.

5. Compensation by the issuer

Mr. Routhier receives \$100,000 per year as well as a common stock purchase warrant of 1,325,000 shares.

6. Number and class of the issuer's securities beneficially owned by each such person

403,000 shares of common stock and 1,325,000 common stock purchase warrants

**Lee Wilson, age 51, Chief Technology Officer**

1. Full name

Lee Wilson

2. Business address

1995 North Park Place #270 Atlanta, GA 30339

3. Employment history

Mr. Wilson after almost a decade in the United States Army in technology/cryptology, Wilson began his professional career in 1996. Leveraging his military discipline, training and experience he took the reins as Director of Wireless Operations for Deltacom (formerly ITC^Deltacom) and then as Director as Worldwide Operations with ViaSat. In 2003, looking for a larger challenge Lee moved into the gaming market as Senior Project Manager for Intralot, the world's second largest Lottery vendor. As a Director and manager Lee started and converted 13 US State Lotteries to Intralot systems. Highlights include: the fastest startup, the largest and smallest. In 2011 he spearheaded a team who designed and developed the first entrance into the interactive gaming space by a US Lottery. Subsequently he dedicated his time and efforts bringing Interactive Gaming and Lottery to the worldwide market. In early 2014 after spending thirteen years in the \$40b gaming industry he continued his career by forming a series of companies focusing on the Interactive Gaming and Lottery markets. In July 2015, Wilson joined Yippy as a Senior advisor for the Globalstar partnership and went on to become the CTO of Yippy, Inc. shortly thereafter.

#### 4. Board memberships and other affiliations

None.

#### 5. Compensation by the issuer

Mr. Wilson receives \$100,000 per year as well as a common stock purchase warrant of 1,000,000 shares.

#### 6. Number and class of the issuer's securities beneficially owned by each such person

1,000,000 common stock purchase warrants

### ***B. Legal/Disciplinary History***

During the past five years, none of the Company's officers or directors have been the subject of:

- (1) A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
- (2) The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court or competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
- (3) A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which fining or judgment has not been reversed, suspended or vacated; or

- (4) The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

***C. Disclosure of Certain Family Relationships.***

There are no family relationships among the Company's directors, officers, or beneficial owners of more than five percent (5%) of the issuer's common stock.

***D. Disclosure of Related Party Transactions.***

On January 26, 2010, the Company issued 2,340,000 shares of its common stock in exchange for 100% of the issued and outstanding stock of Yippy Soft, Inc. At the time of the transaction, Mr. Granville was the Chief Executive Officer of both companies.

***E. Disclosure of Conflicts of Interest***

There are no conflicts of interest with any of the officers' or directors' personal or professional interests.

***F. Beneficial Owner***

The following table presents information concerning the beneficial ownership of the shares of our common stock as of February 28, 2017, By: (i) each of our named executive officers and current directors, (ii) all of our current executive officers and directors as a group and (iii) each person we know to be the beneficial owner of 5% or more of our outstanding shares of common stock. Unless otherwise specified, the address of each beneficial owner listed in the table is c/o Yippy, Inc., 1995 North Park Place, Suite 270, Atlanta, GA 30339.

<b>Name</b>	<b>Current Share Ownership</b>	<b>Percent of Class (1)</b>	<b>Total Beneficial Ownership</b>	<b>Percent of Class (2)</b>
Richard Granville CEO - Chairman of the Board	34,916,376	46.88%	35,416,376	41.76%
John Macartney President – Director	0	0%	4,500,000	5.3%
Ken Jolly Director	0	0%	500,000	>1%
Errol Walsh Director	150,000	>1%	1,650,000	1.9%

Michael Pointer Chief Scientific Officer	0	0%	1,000,000	1.17%
John Routhier Chief Sales Officer	403,000	>1%	1,728,000	2.03%
Lee Wilson Chief Technical Officer	0	0%	1,000,000	1.17%
All directors and officers as a Group (7 persons)	35,469,376	47.62%	45,794,376	54%
International Business Machines, Inc. (IBM)	5,250,000	7.04%	5,250,000	6.19%
Globalstar, Inc. (GSAT)	14,430,000	19.37%	14,430,000	17.01%
All directors, officers and 5% holders	55,149,376	74.05%	65,474,376	77.21%

- (1) Based on 74,475,377 shares outstanding as of February 28, 2017.
- (2) Based on a total of 74,475,377 which includes (i) 74,475,377 shares outstanding as of February 28, 2017 and (ii) 10,325,000 common stock purchase warrants outstanding held by officers or directors.
- (3) Richard Granville is the current owner of 34,916,376 shares of the Company's common stock by virtue of his direct ownership of 23,324,376 shares and his control of entities that directly own 11,592,000. During the previous period Mr. Granville purchased shares 14,000 in the open market. In addition, Mr. Granville is the beneficial owner of 35,416,376 by virtue of Granville's aforementioned current ownership and his beneficial ownership of common stock purchase warrant to purchase 500,000 shares of the Company's common stock.
- (4) Mr. Macartney, Mr. Jolly, Mr. Pointer, and Mr. Wilson do not directly own any common stock of the Company. Mr. Walsh owns directly approximately 150,000 shares of common stock. Mr. Routhier owns directly 403,000 shares of common stock.. Each board member is the beneficial owner of 500,000 shares of the Company's common stock by virtue of common stock warrants to purchase 500,000 shares of the Company's common stock. Mr. Macartney was issued a warrant to purchase 4,000,000 shares on May 12, 2016 in connection with the Globalstar project.

**ITEM IX: The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure.**

1. Investment Banker

None

2. Promoters.

None.

3. Counsel

Westerman Ball Ederer Miller  
& Sharfstein, LLP

1021 RXR Plaza  
Uniondale, NY 11556  
Tel.: (516) 622-9200  
Fax: (516) 622-9212  
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Cortegianolaw.com

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Greene, Fidler & Chaplan LLP

2719 Wilshire Blvd., Suite 200  
Santa Monica, CA 90403  
Tel.: (310) 315-1700  
Fax: (310) 315-1701  
[www.gfcllp.com](http://www.gfcllp.com)

4. Accountant or Auditor

Accountant:

Clear Financial Solutions, Inc.

710 N. Post Oak Rd., Suite 410  
Houston, TX 77096  
Tel.: (713) 780-0806  
Fax: (800) 861-1175  
[www.clearfinancials.com](http://www.clearfinancials.com)

Auditor:

LBB and Associates

10260 Westheimer Road, Suite 310  
Houston, TX 77042  
Tel.: (713) 800-4343  
Fax: (713) 583-2263  
[www.lbbcpa.com](http://www.lbbcpa.com)

5. Public Relations Consultant.

None.

6. Investor Relations Consultant.

None.

7. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.

None.

**ITEM X: Legal Proceedings.**

From time to time we may become involved in legal proceedings which could adversely affect us. We are currently not involved in any litigation, other than litigation in the ordinary course of business, which we believe could have a materially adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our company's or our company's subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

**ITEM XI: Defaults Upon Senior Securities.**

None.

**ITEM XII: Other Information.**

Not applicable.

**ITEM XIII: Exhibits.**

Exhibit A – Interim Financial Statements for February 28, 2017

**ITEM XIV: Issuer's Certifications.**

I, Richard Granville, certify that:

1. I have reviewed this disclosure statement of Yippy, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: April 14, 2017

/s/ Richard Granville

Richard Granville  
Chief Executive Officer

**Yippy, Inc.**  
**Financial Statements**  
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**Yippy, Inc.**  
**Consolidated Balance Sheets**  
**(Unaudited)**

	<u>February 28,</u> <u>2017</u>	<u>May 31</u> <u>2016</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 66,578	\$ 104,530
Accounts receivable, net	722,627	409,912
Advance to related party	1,579	-
<b>Total current assets</b>	<u>790,784</u>	<u>514,442</u>
<b>Property and equipment, net</b>	32,958	17,541
<b>Intangible assets:</b>		
Software license	6,878,037	6,878,037
Software	902,150	902,150
Tradenames, brands and domains	<u>1,528,380</u>	<u>1,500,000</u>
	9,308,567	9,280,187
Less: Accumulated amortization	<u>(5,128,197)</u>	<u>(4,566,714)</u>
<b>Total intangible assets</b>	<u>4,180,370</u>	<u>4,713,473</u>
<b>Total assets</b>	<u>\$ 5,004,112</u>	<u>\$ 5,245,456</u>
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 413,247	\$ 407,559
Advances from related party	-	72,351
Accrued interest payable	15,994	15,129
Convertible notes payable, net	<u>120,000</u>	<u>136,155</u>
<b>Total current liabilities</b>	<u>549,241</u>	<u>631,194</u>
<b>Total liabilities</b>	<u>549,241</u>	<u>631,194</u>
<b>Commitments</b>		
<b>Stockholders' equity</b>		
Common stock, (\$0.001 par value, 75,000,000 shares authorized, 74,475,377 and 68,162,377 issued and outstanding as of February 28, 2017 and May 31, 2016, respectively)	74,476	68,162
Treasury stock (0 and 4,000,000 shares as of February 28, 2017 and May 31, 2016, respectively)	-	4,000
Additional paid in capital	28,583,224	24,724,473
Accumulated deficit	<u>(24,202,829)</u>	<u>(20,182,373)</u>
<b>Total stockholders' equity</b>	<u>4,454,871</u>	<u>4,614,262</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 5,004,112</u>	<u>\$ 5,245,456</u>

The accompanying footnotes are an integral part of these consolidated financial statements.

**Yippy, Inc.**  
**Consolidated Statements of Operations**  
**Three and nine months ended February 28, 2017 and February 29, 2016**  
**(Unaudited)**

	<u>For the three months ended</u>		<u>For the Nine Months Ended</u>	
	<u>February 28, 2017</u>	<u>February 29, 2016</u>	<u>February 28, 2017</u>	<u>February 29, 2016</u>
Revenues	\$ 385,000	\$ 103,500	\$ 935,400	\$ 416,500
Operating expenses				
General and administrative expense	(44,851)	214,828	3,962,619	821,981
Depreciation and amortization expense	307,961	126,761	561,483	380,283
Total operating expenses	<u>263,110</u>	<u>341,589</u>	<u>4,524,102</u>	<u>1,202,264</u>
Income (Loss) from operations	121,890	(238,089)	(3,588,702)	(785,764)
Other (income) expense				
Interest expense	34,934	5,203	77,189	7,857
(Gain) / loss on extinguishment of debt	266,630	-	354,506	-
Total other expense	<u>301,564</u>	<u>5,203</u>	<u>431,695</u>	<u>7,857</u>
Net loss	<u>\$ (179,674)</u>	<u>\$ (243,292)</u>	<u>\$ (4,020,397)</u>	<u>\$ (793,621)</u>
Net loss per common share - basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.06)</u>	<u>\$ (0.01)</u>
Weighted average number of shares outstanding - basic and diluted	<u>73,278,748</u>	<u>56,458,348</u>	<u>68,911,940</u>	<u>54,631,049</u>

The accompanying footnotes are an integral part of these consolidated financial statements.

**Yippy, Inc**  
**Consolidated Statements of Stockholders' Equity**  
**(Unaudited)**

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balances, May 31, 2014	57,645,810	\$ 57,645	-	-	\$ 20,210,384	\$ (17,518,835)	\$ 2,749,194
Conversion of notes payable	86,567	87	-	-	67,822	-	67,909
Discount on issuance of notes payable					30,000	-	30,000
Shares to Treasury	(4,000,000)	(4,000)	4,000,000	4,000	-	-	-
Net loss	-	-	-	-	-	(815,787)	(815,787)
Balances, May 31, 2015	53,732,377	53,732	4,000,000	4,000	20,308,206	(18,334,622)	2,031,316
Beneficial conversion feature of convertible debt	-	-	-	-	50,000	-	50,000
Warrant issued for compensation	-	-	-	-	1,331,840	-	1,331,840
Common stock issued for license agreement	14,430,000	14,430	-	-	3,034,427	-	3,048,857
Net loss	-	-	-	-	-	(1,847,751)	(1,847,751)
Balance, May 31, 2016	68,162,377	68,162	4,000,000	4,000	24,724,473	(20,182,373)	4,614,262
Conversion of notes payable	2,313,000	2,314	-	-	413,533	-	415,847
Discount on issuance of note payable	-	-	-	-	300,000	-	300,000
Distribution of Treasury Stock	4,000,000	4,000	(4,000,000)	(4,000)	-	-	-
Issuance of warrants	-	-	-	-	3,145,218	-	3,145,218
Net loss	-	-	-	-	-	(4,020,456)	(4,020,456)
Balances, February 28, 2017	74,475,377	\$ 74,476	-	\$ -	\$ 28,583,224	\$ (24,202,829)	\$ 4,454,871

The accompanying footnotes are an integral part of these consolidated financial statements.

**Yippy, Inc.**  
**Consolidated Statements of Cash Flow**  
**Three and Nine Months Ended February 28, 2017 and February 29, 2016**  
**(Unaudited)**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss	\$ (4,020,456)	\$ (793,621)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities		
Stock-based compensation	3,145,219	501,840
Amortization and depreciation	536,252	380,622
Amortization of debt discount on convertible notes payable	87,215	4,809
Bad debt expense	100,000	-
Loss on debt extinguishment	266,630	-
Changes in Operating Assets and Liabilities		
Accounts receivable	(412,715)	(59,449)
Accounts payable and accrued liabilities	52,399	21,976
<b>Net Cash Generated by/(Used in) Operating Activities</b>	<u>(245,456)</u>	<u>56,177</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(18,566)	(17,100)
<b>Net Cash Provided / (Used) for Investing Activities</b>	<u>(18,566)</u>	<u>(17,100)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from convertible notes payable	300,000	-
Repayments of shareholder advances	(73,930)	(301)
<b>Net Cash Provided from Financing Activities</b>	<u>226,070</u>	<u>(301)</u>
<b>Net Increase (Decrease) in Cash</b>	(37,952)	38,776
<b>Cash - Beginning of Period</b>	104,530	72,352
<b>Cash - End of Period</b>	<u>\$ 66,578</u>	<u>\$ 111,128</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid for income taxes	\$ <u>-</u>	\$ <u>-</u>
Cash paid for interest	\$ <u>9,000</u>	\$ <u>-</u>
<b>NON-CASH ACTIVITIES:</b>		
Beneficial conversion feature of convertible notes payable	\$ <u>300,000</u>	\$ <u>-</u>
Distribution of treasury shares	\$ <u>4,000</u>	\$ <u>-</u>
Conversion of convertible notes payable party to common stock	\$ <u>415,846</u>	\$ <u>-</u>

The accompanying footnotes are an integral part of these consolidated financial statements.

**Yippy, Inc.**  
**Notes to Consolidated Financial Statements**  
**Three and Nine Months Ended February 28, 2017 and February 29, 2016**

**Note 1. The Company and Summary of Significant Accounting Policies**

**The Company**

Yippy, Inc. (formerly known as Cinnabar Ventures, Inc.) (the “Company”) was incorporated in the State of Nevada on May 24, 2006. Yippy Soft, Inc., a Delaware corporation (formerly known as Yippy, Inc.), was incorporated in the State of Delaware on October 6, 2009, and was renamed Yippy Soft, Inc. on April 23, 2010. On January 26, 2010, the Company acquired Yippy Soft, Inc. for 4,680,000 common shares. The acquisition was accounted for as a combination of entities under common control. All historical financial information is presented as combined for all periods presented. On April 15, 2010, the Company changed its name from Cinnabar Ventures, Inc. to Yippy, Inc.

On December 5, 2011, the Company declared a 2-for-1 forward stock split. All per share and share amounts have been restated to reflect the forward stock split in the amounts presented.

On July 30, 2012, the Company formed a wholly owned subsidiary, Yippy Labs, Inc., (“Yippy Labs”) a corporation incorporated in British Columbia, Canada. On August 1, 2012, Yippy Labs acquired 100% of the issued and outstanding common stock of Macte! Labs, Inc. (“Macte”), a corporation incorporated in British Columbia, Canada. On March 31, 2013, Yippy Labs sold its interest in Macte.

Yippy provides specializes in the development of search-based applications, data normalization and aggregation through enterprise application service environments (EASE). Yippy’s proprietary appliance and cloud based product suites are deployed over private and/or public architecture providing all consumers secure, redundant and maintained data access services.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from estimates.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all short-term investments purchased with original maturities of three months or less at the date of purchase to be cash equivalents.

**Intangible Assets**

Intangible assets includes software license agreements with independent parties. Intangible assets have a definite life and are amortized on a straight-line basis, with estimated useful lives of two to seven years. Intangible assets with a definite life are tested for impairment whenever events or circumstances indicate that the carrying amount of an asset (asset group) may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds the estimated undiscounted cash flows used in determining the fair value of the asset. The amount of the impairment loss to be recorded is calculated by the excess of the asset’s carrying value over its fair value. No impairment was recognized for the three months ended February 28, 2017.

**Yippy, Inc.**  
**Consolidated Statements of Cash Flow**  
**Three and Nine Months Ended February 28, 2017 and February 29, 2016**  
**(Unaudited)**

**Note 1. The Company and Summary of Significant Accounting Policies – (continued)**

**Income Taxes**

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income taxes and liabilities are determined based on the difference between financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

**Revenue Recognition**

Revenue is recognized when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed, and collectability of the related fee is reasonably assured. Revenue is derived primarily from IT consulting contracts, software development projects and equipment contracts and our contract with Globalstar, Inc. for compression technology.

**Accounts Receivable and Allowances**

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains allowances for bad debts. The allowance for doubtful accounts is based on the best estimate of the amount of probable credit losses in existing accounts receivable. The Company determines the allowances based on historical write-off experience by industry and regional economic data and historical sales returns. The Company reviews the allowance for doubtful accounts periodically. The Company does not have any significant off-balance-sheet credit exposure related to its customers.

**Fair Value of Financial Instruments**

Under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, “*Fair Value Measurements and Disclosures*”, we are permitted to elect to measure financial instruments and certain other items at fair value, with the change in fair value recorded in earnings. We elected not to measure any eligible items using the fair value option. Consistent with the Fair Value Measurement Topic of the FASB ASC 820, we implemented guidelines relating to the disclosure of our methodology for periodic measurement of our assets and liabilities recorded at fair market value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier fair value hierarchy prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one more significant inputs or significant value drivers are unobservable.

**Yippy, Inc.**  
**Consolidated Statements of Cash Flow**  
**Three and Nine Months Ended February 28, 2017 and February 29, 2016**  
**(Unaudited)**

**Note 1. The Company and Summary of Significant Accounting Policies – (continued)**

The carrying amounts of trade and other accounts receivable, trade accounts payable, accrued payroll, bonuses and team member benefits, and other accrued expenses approximate fair value because of the short maturity of those instruments.

**Derivative Instruments**

In connection with the issuance of certain debt instruments, the Company may provide features allowing the debt to be convertible into shares of the Company's common stock. In these circumstances, these options may be classified as derivative liabilities, rather than as equity. Additionally, these instruments may contain embedded derivative instruments, such as embedded derivative features which in certain circumstances may be required to be bifurcated from the associated host instrument and accounting for separately as a derivative instrument liability.

The Company's derivative instrument liabilities are re-valued at the end of each reporting period, with the changes in the fair value of the liability recorded as charges or credits to income in the period in which the changes occur. For warrants and bifurcated embedded derivative features that are accounting for as derivative instrument liabilities, the Company estimates the fair value using either quoted market prices of financial instruments with similar characteristics or other valuation techniques. The valuation techniques require assumptions related to the remaining term of the instrument and risk-free rates of return, expected dividend yield, and the expected volatility of the Company's common stock over the life of the instrument. Because of the limited trading history of the Company's common stock, the Company estimates the future volatility of its common stock price based on not only the history of its stock price but also the experience of other entities considered to be comparable to the Company.

**Earnings Per Share**

In accordance with accounting guidance now codified as ASC Topic 260, "*Earnings per Share*," basic earnings (loss) per share is computed by dividing net income (loss) by weighted average number of shares of common stock outstanding during each period. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period.

Since the Company reflected net losses for the three and nine months ended February 28, 2017 and February 29, 2016, the effect of considering any common stock equivalents, if outstanding, would have been anti-dilutive. A separate computation of diluted earnings (loss) per share is not presented.

**New Accounting Pronouncements**

Management does not expect adoption of recently issued but not yet effective pronouncements to have a material impact on the Company's financial statements.

**Note 2. Accounts receivable**

At February 28, 2017, the Company evaluated the collectability of accounts receivable and determined that an allowance for doubtful accounts of \$250,000 was necessary due to the cancellation of a project by a customer. Accounts receivable at February 28, 2017 and May 31, 2016 consists of:

	February 28, 2017	May 31, 2016
Accounts receivable	\$ 922,627	\$ 584,912
Less: Allowance for doubtful accounts	250,000	175,000
Balance, accounts receivable	\$ 722,627	\$ 409,912

**Yippy, Inc.**  
**Consolidated Statements of Cash Flow**  
**Three and Nine Months Ended February 28, 2017 and February 29, 2016**  
**(Unaudited)**

**Note 3. Intangible Assets**

On May 17, 2010, the Company entered into a license agreement (the “License Agreement”) with Vivisimo, Inc. (“Vivisimo”), granting the Company a non-exclusive, world-wide right to the use of “Velocity,” a software information optimization platform that unifies access to secure business repositories, presents relevant information and enables knowledge sharing across an enterprise, for use in connection with computer applications currently being developed by the Company. In connection with the License Agreement, the Company acquired the domain Clusty.com, a metasearch engine, and all sub-domains and scripts related thereto, pursuant to a related purchase agreement (the “Purchase Agreement”). Vivisimo agreed not to compete with the Company in the consumer search area for a period of two years. Total consideration paid to Vivisimo under the Purchase Agreement and License Agreement was approximately \$5,550,000 (the “Acquisition Price”). In May 2012, Vivisimo was acquired by IBM.

On December 10, 2015, the Company entered into a 20 year license agreement with Globalstar, Inc. (“Globalstar”) whereby the Company granted a limited exclusive (MSS industry) license to Globalstar for the use of the Company’s technology and Globalstar granted to the Company the right to market its services to Globalstar’s customers. The Company also received a carrier sales agreement for Globalstar services up to 20% of the network capacity with colocation and hosting in all the Globalstar network operation centers worldwide. The Company issued 14,430,000 shares of its common stock to Globalstar in exchange for the license agreement. The common stock had a market value of \$3,028,857 on the date of issuance.

The intangible assets included in the table below:

Description	February 28, 2017	May 31, 2016	Estimated Useful Life
Software license	\$ 3,849,180	\$ 3,849,180	5 - 7 years
Developed software	902,150	902,150	5 years
Trademarks, brands and domains	1,500,000	1,500,000	5 - 7 years
Domain names	28,380	-	10 years
Globalstar license	<u>3,028,857</u>	<u>3,028,857</u>	20 years
Total	9,308,567	9,280,187	
Less: accumulated amortization	<u>(5,128,197)</u>	<u>(4,566,714)</u>	
Intangible assets, net	\$ <u>4,180,370</u>	\$ <u>4,713,473</u>	

On an annual basis the Company will evaluate the carrying value of intangible assets and determine if impairment has occurred and if so, record a charge for impairment. Management has concluded no impairment exists as of February 28, 2017.

The Company recorded amortization expense of \$126,806 and 561,483 for the three and nine months ended February 28, 2017, respectively, related to the intangible assets.

**Note 4. Property and equipment**

Property and equipment consists of the following at February 28, 2017 and May 31, 2016:

Description	February 28, 2017	May 31, 2016	Estimated Useful Life
Sailing vessels	\$ 18,117	\$ 18,117	15 years
Furniture and equipment	10,816	-	5 years
Vehicle	7,750	-	5 years
Total	<u>36,683</u>	<u>18,117</u>	
Less: accumulated amortization	<u>(3,725)</u>	<u>(576)</u>	
Intangible assets, net	\$ <u>32,958</u>	\$ <u>17,541</u>	

**Yippy, Inc.**  
**Consolidated Statements of Cash Flow**  
**Three and Nine Months Ended February 28, 2017 and February 29, 2016**  
**(Unaudited)**

**Note 5. Convertible Notes Payable**

Convertible notes payable consists of the following at February 28, 2017 and May 31, 2016, respectively:

	<u>February 28, 2017</u>	<u>May 31, 2016</u>
Convertible Notes Payable		
Loan payable bearing interest at 18% due on August 20, 2016, convertible to common stock at \$0.10 per share.	\$ -	\$ 20,000
Loan payable bearing interest at 18% due on July 1, 2016, convertible to common stock at \$0.10 per share.	-	30,000
Loan payable bearing interest at 18% at due at September 1, 2015, convertible to common stock at \$0.10 per share.	-	10,000
Loan payable bearing interest at 18% at due at September 1, 2015, convertible to common stock at \$0.10 per share	-	10,000
Loan payable bearing interest at 18% at due at July 1, 2017, convertible to common stock at \$0.20 per share	120,000	120,000
Loan payable bearing interest at 18% at due at July 22, 2017, convertible to common stock at \$0.20 per share	-	-
Less: Discounts	(20,000)	(70,000)
Plus: Amortization of Discounts	20,000	16,155
Total Convertible Notes Payable	<u>\$ 120,000</u>	<u>\$ 136,155</u>

Accrued interest on the convertible notes payable was \$21,011 and \$8,692 at February 28, 2017 and May 31, 2016, respectively.

**Note 6. Going Concern**

As reflected in the accompanying financial statements, the Company has accumulated net losses of \$24,202,929 since inception and a net loss of \$4,020,456 for the nine months ended February 28, 2017.

The Company may seek additional funds to finance its immediate and long-term operations through debt and/or equity financing. The successful outcome of future financing activities cannot be determined at this time and there is no assurance that if achieved, the Company will have sufficient funds to execute its intended business plan or generate positive operating results.

These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments related to recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

**Note 7. Related Party Transactions**

An officer and director of the Company and a shareholder advance funds to and from the Company from time to time. The balance due /(from) the sole director and officer and the shareholder, which is included in convertible notes payable – related party, was \$(1,579) and \$72,770 at February 28, 2017 and May 31, 2016, respectively.

**Note 8. Stockholders' Equity (Deficit)**

On December 10, 2015, the Company entered into a 20 year license agreement with Globalstar, Inc. ("Globalstar") whereby the Company granted a limited exclusive (MSS industry) license to Globalstar for the use of the Company's technology and Globalstar granted to the Company the right to market its services to Globalstar's customers. The Company also received a carrier sales agreement for Globalstar services up to 20% of the network capacity with colocation and hosting in all the Globalstar network operation centers worldwide. The Company issued 14,430,000 shares of its common stock to Globalstar in exchange for the license agreement. The common stock has a market value of \$3,028,857 on the date of issuance.

**Yippy, Inc.**  
**Consolidated Statements of Cash Flow**  
**Three and Nine Months Ended February 28, 2017 and February 29, 2016**  
**(Unaudited)**

In June 2016, holders of \$70,000 in convertible notes payable elected to convert their notes. Accrued interest on the notes totaling \$15,895 was also converted. The Company issued 813,000 shares of its common stock in connection with these conversions.

On October 25, 2016, the Company distributed 4,000,000 shares of stock held in treasury to certain shareholders.

On February 10, 2017, the holder of a convertible note with a face value of \$300,000 converted the note and related accrued interest, for a total of \$329,951 in exchange for 1,500,000 shares of the Company's common stock.

**Warrants**

On December 30, 2014, the company entered into a formal agreement with Art Huffman, which included the right to purchase up to 2,000,000 shares at \$.15. A formal warrant is in place and expensed accordingly.

In the year ended May 31, 2015, the Company issued 250,000 warrants in exchange for accounting services on March 1, 2015. Fair value of the warrant at the date of the grant was \$7,500. The stock grant has an exercise price of \$0.20 per share and a term of five year.

On July 15, 2015, the Company entered into a consulting agreement with a law firm to provide legal representation to the Company in exchange for a warrant to purchase a total of 2,500,000 shares of the Company's common stock at a purchase price of \$0.03 per share. The warrant has term of five years. The fair market value of the warrant was \$706,000 on the date of issuance. The warrant was valued using the Black-Scholes option pricing model with the following assumptions: volatility of 5.14%, risk adjusted interest rate of 1.66%, and zero dividends. The warrant vests as follows: 1,000,000 shares upon issuance and 100,000 shares per month, starting June 30, 2015, for a total of 2,500,000 shares. The Company recognized legal expense of \$1,351,840 during the year ended May 31, 2016 related to the vesting of the warrant and the common stock. The legal expense related to the warrant was fully amortized as of May 31, 2016. In February 2017, the warrant holder and the Company agreed to modify the term of the warrant such that the warrant is exercisable for 1,500,000 shares.

The following warrants issued under employment agreements are outstanding as of February 28, 2017:

Date	Shares	Price (\$)	Term
December 30, 2014	2,000,000	0.15	5 years
May 1, 2016	1,500,000	0.40	5 years
May 1, 2016	4,000,000	0.32	5 years
July 1, 2016	1,000,000	0.35	5 years
August 4, 2016	1,325,000	0.53	5 years
August 5, 2016	750,000	0.48	5 years
November 2, 2016	250,000	0.42	5 years
November 7, 2016	150,000	0.46	5 years

During the three months ended February 28, 2017, the warrant issued on November 2, 2016 and November 7, 2016 were cancelled. The Company expensed \$3,589,630 related to these warrants during the nine months ended February 28, 2017. Due to the cancellation and re-calculation of the expense taken for warrants issued and outstanding the Company realized a \$444,411 credit which was applied to general and administrative expense for the period ended February 28, 2017.