Sky440, Inc.
300 Spectrum Center Drive, Suite 400
Irvine, California 92618

QUARTERLY REPORT

FOR THE PERIOD ENDED

SEPTEMBER 30, 2017

Filed October 18, 2017

Sky440, Inc.
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Quarterly Report
As of September 30, 2017

Contents

1) Name of the Issuer and its Predecessors during the Past Five Years

Sky440, Inc. ("Sky440," the "Company" or the "Issuer"). There are no predecessors during the past five years.

2) Address of the Issuer's Principal Executive Offices

Company Headquarters

Address 1	300 Spectrum Center Drive
Address 2	Suite 400
Address 3	Irvine, CA 92618
Phone	855-759-4400
Email	bob@sky440.com
Website(s)	www.sky440.com

IR Contact

Address 1	300 Spectrum Center Drive
Address 2	Suite 400
Address 3	Irvine, CA 92618
Phone	855-759-4400
Email	info@sky440.com
Website(s)	www.sky440.com

3) Security Information

Trading Symbol	SKYF
Exact Title and Class of Securities Outstanding	Common Stock
CUSIP	83082Y102
CIK	0001661264
Par or Stated Value	$.0001

Total Common Shares Authorized	6,950,000,000	as of 9/30/17
Total Common Shares Outstanding	4,587,922,087	as of 9/30/17
Total Common Shares Restricted	1,667,017,812	as of 9/30/17
Total Common Shares Non-Restricted	2,920,904,275	as of 9/30/17
Total Common Shares in Float (CEDE)	1,050,148,955	as of 9/30/17

Additional Class of Securities (if necessary):

Trading Symbol	Not Traded
Exact Title and Class of Securities Outstanding:	Preferred Stock Class A
CUSIP:	N/A

Par or Stated Value	$.001	
Total Shares Authorized	10,000,000	as of 9/30/17
Total Shares Outstanding	6,800,000	as of 9/30/17

Additional Class of Securities (if necessary):

Trading Symbol	Not Traded	
Exact Title and Class of Securities Outstanding	Preferred Stock Class B	
CUSIP	N/A	
Par or Stated Value	$.001	
Total Shares Authorized	10,000,000	as of 9/30/17
Total Shares Outstanding	5,100,000	as of 9/30/17

Total Preferred Authorized: 50,000,000

Transfer Agent

First American Transfer Company
4747 N. 7th Street, Suite 170
Phoenix, AZ 85014
Telephone: 602-485-1346
Fax: 602-759-5518
Web: www.firstamericanstock.com

Is the Transfer Agent registered under the Exchange Act? Yes: X No: ☐

List any Restrictions on the Transfer of Security:

None, except as required by the Federal Securities Laws.

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

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities.

The Company did not issue any shares during fiscal year 2015 or 2017. Issuances for 2016 as of 12/31/16:

Name	Issuance Date*	Issuance Type	Shares Offered	Shares Sold	Offered (in $)	Paid (in $)	(a)	(b)	(c)	(d)	(e)	(f)**
Atwell Group	3/15/16	Common	300,000,000	300,000,000	.0001	.0001	4(a)(2)	Restricted	Restricted	144	Debt	12/31/13
SFH Capital	3/18/16	Common	100,000,000	100,000,000	.00005	.00005	4(a)(2)	Restricted	Restricted Available for Resale	144	Cash	2/28/14
Playground Partners	6/9/16	Common	60,000,000	60,000,000	.00005	.00005	4(a)(2)	Restricted	Restricted Available for Resale	144	Cash	3/20/14
Sammy Khalil	7/21/16	Common	100,000,000	100,000,000	.00005	.00005	4(a)(2)	Restricted	Restricted Available for Resale	144	Cash	3/27/14
John Evangelides	7/21/16	Common	200,000,000	200,000,000	.00005	.00005	4(a)(2)	Restricted	Restricted Available for Resale	144	Cash	12/19/14
Chris Jensen	7/27/16	Common	365,000,000	365,000,000	.00005	.00005	4(a)(2)	Restricted	Restricted Available for Resale	144	Settle	4/30/09
Lost Art Pictures	8/5/16	Common	100,000,000	100,000,000	.00005	.00005	4(a)(2)	Restricted	Restricted Available for Resale	144	Cash	6/20/14
Sammy Khalil	9/30/16	Common	100,000,000	100,000,000	.00005	.00005	4(a)(2)	Restricted	Restricted Available for Resale	144	Cash	4/9/14

Legend:

a) Issuance Exemption
b) Trading Status upon Issuance
c) Current Issuance Legend Status as of 12/31/16
d) Holder Exemption
e) Consideration
f) Consideration Date

Notes:

*Actual physical certificate issuance date by transfer agent
** Date consideration for shares was paid in full
*** Originally Booked 12/19/14

A. The Nature of Each Offering (e.g., Securities Act Rule 504, Intrastate, etc.);

Section 4(a)(2) of the Securities Act of 1933, as Amended.

B. Any Jurisdictions Where the Offering was Registered or Qualified;

N/A

C. The Number of Shares Offered;

See Table Above

D. The Number of Shares Sold:

See Table Above

E. The Price at Which the Shares Were Offered, and the Amount Actually Paid to the Issuer;

See Table Above

F. The Trading Status of the Shares; and

See Table Above

G. Whether the Certificates or Other Documents that Evidence the Shares Contain a Legend (1) Stating that the Shares Have Not Been Registered under the Securities Act and (2) Setting Forth or Referring to the Restrictions on Transferability and Sale of the Shares under the Securities Act.

See Table and Notes Above

5) Financial Statements

Financial Statements incorporated by reference and filed with OTCIQ.com as of June 30, 2017 for the second quarter ended June 30, 2017. (See "Financial Statements – Notes to Financial Statements" as filed with OTCIQ.com on October 18, 2017)

6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

A. Description of the Issuer's Business Operations

Sky440, Inc. (the 'Company') a development stage company with two divisions: (i) the Products Development Division (the 'PD Division') and (ii) the Marijuana Development Division (the 'MD Division'), is headquartered at 300 Spectrum Center Drive, Suite 400, Irvine California with a satellite office located at 7380 West Sand Lake Road, Suite 500, Orlando Florida 32819.

The ultimate vision for the Company is a fully integrated operational structure where the two divisions work closely together in support of their respective objectives. Both of the Company's divisions are planning to grow through acquisitions, product branding and development, sales and services, crypto data development, compliance, payment processing, medical billing and other service related products.

The PD Division is planning to acquire and develop consumer-ready products and services including entertainment and technology-related products. The PD Division plans to assist the MD Division in the branding, marketing and distribution of our planned MD Division product lines.

In our MD Division, our focus has been in five areas: (i) the development, manufacturing, sales and servicing of the Grow Vessel product line; (ii) ancillary branded products and consulting services; (iii) crypto data development, compliance, payment processing, medical billing, information portals and other Internet-based services; (iv) real property; and (v) international.

Since inception, the Company has been involved in the entertainment business, first with early forays into the music business, including the acquisition and subsequent distribution of various types of music from a wide variety of artists – most of which at the time were new artists mixed with older artists who were not in the mainstream music scene at the time – and eventually moving into the business of developing projects for film, television and digital media, working primarily behind the scenes.

These endeavors also saw the Company pursue additional opportunities in publishing and the marketing and distribution of commercial products through vehicles such as infomercials and other entertainment related outlets. While continuing to develop entertainment projects, the Company – as a result of marketing and distribution activities connected with commercial products – began to directly develop and distribute electronic components and other technology related products. These and the other activities of the Company generated over $2,000,000 in sales during the early to mid 2000's.

In 2009, management decided that it needed to refocus the direction of the Company and develop a business model that would encompass the wide variety of endeavors that Sky440 had been involved in while simplifying its structure and direction. This decision would eventually lead the Company to its current two-division structure, which establishes a clear and focused direction for Sky440, encompassing its past while adjusting to the rapidly changing technological environment of today's business world.

The PD Division is planning to acquire and develop consumer-ready products and services with a focus on marketing and distribution through what is commonly known as direct marketing or direct response. The Company's initial plan is to source and develop high-quality consumer products in the beauty, skincare, fashion, entertainment, wellness and technology categories. Product development will be pursued via data analysis, market research, creative services, digital branding, customer engagement and marketing optimization. In addition, the PD Division will incorporate the Company's entertainment activities, including product development and publishing, with an emphasis on assisting the Company in the marketing and distribution of its overall product line.

To that extent, the Company intends that the PD Division will assist the MD Division in the branding, marketing and distribution of MD Division products.

In our MD Division, our primary focus and planning has been in the five general disciplines disclosed above, including:

(i) The development, manufacturing, sales and servicing of our Grow Vessel product line;
(ii) Ancillary branded products and consulting services;
(iii) Crypto data development, compliance, payment processing, medical billing, information portals and other Internet-based services;
(iv) Real property, including the leasing and purchase of real estate; and
(v) International opportunities, specifically in potential acquisitions of data related companies.

We are exploring potential acquisitions in the ancillary product side of the marijuana industry, including acquisition of companies that provide products or services geared towards patients and cannabis users. Furthermore, we are focusing on potential crypto related data and informational technology and services for the marijuana business, specifically in the areas described above. While pursuing potential land acquisitions in the states of Washington, California, Oregon, Colorado, Arizona and Nevada, a key consideration will be discipline on price paid for such real estate assets, as recent speculation has caused significant price increases.

As companies emerge, grow and consolidate in the burgeoning yet nascent marijuana business and as weaker market participants fail, we believe that there will be tremendous and continued potential to roll-up entities generating substantial revenues. A challenge to our acquisition strategy will be the rapid change in expectations of value (both upward and downward) driven by changes in legal environment and other factors affecting market perception. We have and will continue to abandon opportunities where management believes seller expectations to be unreasonable.

Principal Products or Services and their Markets

The Products Development Division ("PD")

Our vision is to develop, through acquisitions and in-house development, a consumer products business with a focus on direct marketing, with both domestic and international distribution. The Company's initial plan is to source and develop high-quality consumer products in the beauty, skincare, fashion, entertainment, wellness and technology categories. Product development will be pursued via data analysis, market research, creative services, digital branding, customer engagement and marketing optimization.

Industry Overview

Direct marketing (also called direct response) is designed to generate an immediate response from consumers, where each consumer response (and purchase) can be measured, and attributed to individual advertisements. This form of marketing is differentiated from other marketing approaches, primarily because there are no intermediaries such as retailers between the buyer and seller, and therefore the buyer must contact the seller directly to purchase products or services. Direct-response marketing is delivered through a wide variety of media, including television, radio, mail, print advertising, telemarketing, catalogues, and the Internet. In another word, it is multi-channel.

Direct marketing seeks to drive a specific "call to action." For example, an advertisement may ask the prospect to call a free phone number, mail in a response or order, or click on a link to a website. Direct marketing emphasizes track-able, measurable responses, results and costs from prospects and/or customers, regardless of medium. A direct response advertising campaign aims to deliver a good return on investment by showing how many potential customers responded to a clear call to action. This is in contrast to general advertising, which eschews calls for action in favor of messages that build prospects' emotional awareness or engagement with a brand.

The most critical component of direct response is that it focuses on marketing directly to the consumer, often referred to as the "end-user", in place of going through the filter of retail outlets. As a result, direct marketing focuses on the customer, data, and accountability. The results of this focus is what distinguishes direct response from other types of marketing. It may include a database of names (prospects, customers, businesses, etc.), often with certain other relevant information such as contact number/address, demographic information, purchase habits/history, and company history. It is used to develop a target market with common interests, traits or characteristics. Generating such a database is often considered part of the direct marketing campaign. Marketing messages are addressed directly to this list of customers and/or prospects. Addressability comes in a variety of forms including email addresses, phone numbers, fax numbers, postal addresses, and even web browser cookies.

As the industry moves into 2017, personalization will be the cornerstone to building a successful direct-marketing campaign. The Company needs to make a compelling offer to the right people. The message needs to be framed to clearly communicate the benefit and overcome any objections or hesitations. Geography, income, demographics, psychographics and more factor into how likely a target audience is to respond and purchase.

As stated above, direct marketing is multi-channel and interactive. A number of possible marketing channels are described below. The exact channel mix and timing of the campaign is decided upon with specific reference to the product being marketing and the preferences and characteristics of the target audience. The channel mix may change and develop over time.

On Line Marketing

Any medium that can be used to deliver a communication to a customer can be employed in direct marketing, including sending marketing messages through email or email marketing. One reason for email marketing's popularity is that it is relatively inexpensive to design, test, and send an email message. It also allows marketers to deliver messages around the clock, and to accurately measure responses. According to the Direct Marketing Association, a leading industry trade group, with the expansion of digital technology and tools, direct marketing is increasingly taking place through online channels. Most online advertising is delivered to a focused group of customers and has a trackable response. Display ads are interactive ads that appear on the Web next to content on Web pages or Web services. Formats include static banners, pop ups, videos, and floating units. Customers can click on the ad to respond directly to the message or to find more detailed information. Social media sites, such as Facebook, Twitter and Instagram, also provide opportunities for direct marketers to communicate directly with customers by creating content to which customers can respond. Search engine optimized ("SEO") sales funnels, i.e. custom built-websites often including video content and multiple levels of access, are another effective way to contact customers via social media.

Mobile

Through mobile marketing, marketers engage with prospective customers in an interactive manner through a mobile device or network, such as a cell phone, smart phone, or tablet. Types of mobile marketing messages include: (i) SMS (short message service): marketing communications sent in the form of text messages, and (ii) MMS (multi-media message service): marketing communications sent in the form of media messages.

Television and Radio

Direct marketing via television (commonly referred to as Direct Response Television or DRTV) has two basic forms: long form (usually half-hour or hour-long segments that explain a product in detail and are commonly referred to as infomercials) and short form, which refers to typical 30-second or 60-second commercials that ask viewers for an immediate response (typically to call a phone number on screen or to go to a website). DRTV marketing can be considered a form of direct marketing as responses are in the form of calls to telephone numbers given on-air. This allows marketers to reasonably conclude that the calls are due to a particular campaign, and enables them to obtain customers' phone numbers as targets for telemarketing.

The Company plans to use its relationships in the entertainment industry, especially those of its Chairman, who has a long history in the entertainment industry, to further these efforts and to expand its efforts in developing media content for the film, television, digital media and music sectors of the entertainment industry.

Magazines and Newspapers

Magazine and newspaper ads often include a direct response call-to-action, such as a toll-free number, a coupon redeemable at a brick-and-mortar store, or a QR code that can be scanned by a mobile device – these methods are all forms of direct marketing, because they elicit a direct and measurable action from the customer.

Another form of direct marketing are insert media, i.e. marketing materials that are inserted into other communications, such as a catalog, newspaper, magazine, package, or bill. Co-op or shared mail, where marketing offers from several companies are delivered via a single envelope, is also considered insert media.

Out-of-Home Direct Marketing, Direct Selling and Couponing

Out-of-home direct marketing refers to a wide array of media designed to reach the consumer outside the home, including billboards, transit, bus shelters, bus benches, aerials, airports, in-flight, in-store, movies, college campuses and high schools, hotels, shopping malls, sport facilities, stadiums, and taxis – that contain a call-to action for the customer to respond.

Direct selling is the sale of products by face-to-face contact with the customer, either by having sales people approach potential customers in person, or through indirect means such as Tupperware parties.

Couponing is used in print and digital media to elicit a response from the reader. An example is a coupon, which the reader receives through the mail and takes to a store's check-out counter to receive a discount. Manufacturers and retailers make coupons available online for electronic orders that can be downloaded and printed. Digital coupons are available on company websites, social media outlets, texts, and email alerts.

Telemarketing

Another common form of direct marketing is telemarketing, in which marketers contact customers by phone. The most successful telemarketing service providers focus on generating more "qualified" leads that have a higher probability of getting converted into actual sales. Voicemail marketing emerged from the market prevalence of personal voice mailboxes, and business voicemail systems. Voicemail marketing presented a cost effective means by which to reach people directly, by voice.

Direct Mail

The term direct mail is used to refer to communications sent to potential customers via the postal service and other delivery services. Direct mail is sent to customers based on criteria such as age, income, location, profession, buying pattern, etc. Bulk mailings are a particularly popular method of promotion for businesses operating in the financial services, home computer, and travel and tourism industries.

For decades, direct mail has been the workhorse of direct marketing. However as technology advanced, marketers have migrated to far less expensive methods of contact like email, online advertising and search marketing. Correspondingly, the total number of direct mail pieces has declined steadily as marketing budgets have moved to online channels.

Integration of Sky440 Products Electronic Components and Sky440 IT Distribution

The original Sky440 products division was established in 2008 to handle the then existing Sky440 operations and to facilitate the planned acquisition of several small manufacturers and distributors of computer and electronics-related components and other related products.

As part of its plan to branch out into the electronics component and technology business, Sky440 was developing a business of distributing networking hardware and other computer related components in North America. The Company's plan at the time was to distribute technology products from more than 100 leading IT OEM suppliers to resellers throughout North America. Subsequent to fiscal year 2009, the Company began then process of realigning the specific direction of this division to eventually focus on specific products that would better integrate into Sky440's evolving business model.

Our plan for this part of the Company is to integrate it into the PD Division described above to augment our core business model. As this industry continues to evolve through ongoing technology innovations and industry consolidation, the Company's plan of operation will be adjusted accordingly.

Entertainment

Since inception, the Company has been in the entertainment business. It has been actively involved in the development of content for the film, television, digital media and music sectors of the entertainment industry. During its history, Sky440 acquired music rights from various artists, which it then distributed through various distributors domestically and internationally, utilizing both major and independent labels. The Company also became active in the development of potential film projects for a number of production and distribution companies, working behind the scenes with various producers, writers and directors to develop a wide variety of content. As part of the PD Division, the Company plans to use its long history in these sectors to further the development of the PD Division and its products, while at the same time continuing to develop product for the entertainment industry.

The MD Division

Industry Overview

Despite major issues facing the legalized marijuana industry, the past few years have been a whirlwind for the cannabis industry: Numerous new markets have come online, scores of cannabis businesses expanded across state lines, and the nation's largest medical marijuana market, California, has finally passed regulations approving recreational use and a framework to establish regulations for the state's enormous medical marijuana industry.

The marijuana floodgates are bursting wide open. According to industry sources, including Marijuana Business Daily, in 2017 the industry expects overall marijuana sales in the United States at the retail level to soar by roughly 30%, hitting $5.1 billion-$6.1 billion on the back of continued growth in existing recreational cannabis markets. In fact, rec sales are expected to surpass medical this year for the first time ever. Medical marijuana sales also are expected to buoy the industry, fueled in part by the expected launch of MMJ markets in Maryland and Hawaii. At the same time, fledging medical marijuana programs in states such as Illinois, Nevada and New York could post impressive growth this year.

The expected growth this year comes after a solid 2016, when recreational cannabis sales jumped by 80% to hit $1.8 billion. Colorado and Washington led the charge, while Oregon's adult-use market posted strong sales gains in its first full calendar year of operation. The industry also saw a spike in medical marijuana sales last year, as patient counts rose in new MMJ states and continued climbing in mature markets like Arizona and Michigan. Although this year is shaping up to be another one for the record books, the longer-term growth potential for the industry is even more promising.

According to Marijuana Business Daily, the majority of the 11 states that legalized medical or recreational marijuana in 2016 (or passed laws that will create state-regulated industries) are aiming to start sales in 2018, including the potentially massive adult-use markets in California and Massachuetts. Nevada, which allowed an early start to adult-use sales in July 2017, will also start hitting its stride on the rec front next year. Delays in program rollouts – a common occurrence in new markets – could push some of this growth into 2019, but sales should still increase sizably next year.

These new markets, as well as other states that legalize in the near future, could set the stage for impressive growth over the next five years. By 2021, the industry projects that annual retail marijuana sales in the United States could top $17 billion, which would represent a 300% increase from 2016. Of course, there's a big caveat: The election of Donald Trump as U.S. president has cast a cloud of uncertainty over the industry. Recent statements by some White House officials –including Attorney General Jeff Sessions – have marijuana business owners concerned. Though it remains unclear as to how the Trump adminsitration will ultimately approach the industry, increased enforcement of federal regulations could have a significant impact on future sales.

Marijuana Business Daily's estimates for the industry's economic impact are based on retail marijuana sales and incorporate a multiplier of four. So for every $1 consumers/patients spend at dispensaries or rec stores, another $3 in economic benefits are created in cities, states and nationwide. Based on this metric, the marijuana industry will create a $20 billion-$24 billion economic impact in 2017. By 2021, that could soar to $70 billion annually.

In 2016, sales of medical and recreational cannabis surpassed revenue generated from Viagra and Cialis – two of the leading erectile dysfunction drugs on the market – music streaming services and Girl Scout Cookies. This year, cannabis could eclipse the popular snack foods Doritos, Cheetos and Funyuns, as well as ice cream sales. The estimated total demand for marijuana in the United States, including the black market, is around $45 billion to $50 billion, according to Marijuana Business Daily estimates. If the federal government legalized marijuana nationwide, sales might start out at around that level but would likely quickly rise as cannabis gained mainstream acceptance and the market evolved. Eventually, marijuana could top cigarettes and possibly rival even beer in terms of overall sales. The cannabis sector now employs between 165,000-230,000 full and part-time workers. This estimate includes plant-touching companies and ancillary companies that glean a sizable portion of their revenue from the marijuana industry (not including those that have extremely limited exposure to cannabis businesses). To put this in perspective, there are now more marijuana industry workers than there are bakers or massage therapists in the United States.

According to Marijuana Business Daily, Medical marijuana dispensaries and recreational cannabis stores are fairly sound businesses from a financial perspective, with average profit margins coming in around 19%. But as with every metric in this industry, profit margins can vary widely based on the various business climates and regulatory structures of each state and municipality. Rec shops and businesses that sell both adult-use and medical cannabis typically post the highest profit margins, driven by strong demand and falling wholesale cannabis prices. Unregulated medical dispensaries report average profit margins of 18%, which is somewhat higher than their regulated peers.

Cultivation

While not permitted in all states, wholesale cultivators represent the backbone for much of the marijuana industry. In recreational markets especially, surging consumer demand prompted many new entrepreneurs to enter this segment of the market, raising the level of competition while driving the price of wholesale cannabis to record-low levels. That's made it all the more important for growers to find efficient ways of producing high-quality cannabis on a consistent basis. A cost-per-square-foot analysis highlights the difference in up-front expenditures between the different cultivation types. Each method has its benefits and drawbacks, and advances in cultivation technology continues to change the equation.

As the industry matures, cultivators continue to refine their growing processes – with many incorporating the techniques and technologies found in more mainstream sectors of the agricultural industry into their operations. Growing mediums are an important part of cultivators' ongoing efforts to scale their operations – increasing yields and boosting quality to remain viable in an increasingly competitive market.

Infused products and edibles are the fastest growing category in the cannabis industry, proving extremely popular with recreational consumers and medical patients alike. While flower still accounts for the majority of retail sales, concentrates and edibles continue to eat into flower's share of the market with each passing year. Manufacturers' have taken notice and are extending product lines to occupy multiple segments of the infused products category. While this may maximize revenue in the short term, the industry grows more sophisticated by the day – and manufacturers that specialize on providing a top-quality product to a very narrow portion of the market may end up finding more success than those spread across multiple categories. Though marijuana businesses face a number of

challenges unique to the cannabis industry, they still require many of the same goods and services as companies in the mainstream economy.

A huge number of ancillary companies – businesses that don't work with marijuana plants directly – have sprung up around the cannabis industry, offering traditional services such as accounting and marketing. Some cater to the cannabis industry exclusively, while others serve clients in multiple markets, including marijuana. In either case, according to Marijuana Business Daily, ancillary services firms involved in the marijuana industry are generating excellent returns. Ancillary businesses represent the largest and broadest segment of the marijuana industry. The level of sophistication and involvement among investors in the marijuana industry varies quite widely, as some belong to cannabis-specific venture capital firms while others have taken a material interest in a friend or family member's cannabis business. In general, more investors are pumping money into the cannabis industry than ever before, and they're also increasing the size of their capital placements. According to industry sources and Marijuana Business Daily, the average investor/investment firm involved in the marijuana industry has placed $450,000 in cannabis companies to date, with each investment coming in around $100,000. But investors are looking to place much bigger bets in 2017.

Each sector of the industry also faces different challenges and opportunities that then impact their funding needs. Wholesale cultivators in several markets, for instance, have been battered by decreasing prices, and additional funding may be necessary for many of these businesses to survive. Turning a profit comes down to a cultivator's ability to produce high-quality products with an extreme level of efficiency, but the costs of building a facility to meet these needs are substantial. Many growers also are switching to or incorporating greenhouses and therefore need a substantial investment at the outset.

Businesses are increasingly concerned about the possibility of federal intervention

The commercial marijuana industry exists on a state-by-state basis, and all medical and recreational programs are technically in violation of federal drug laws. The U.S. Department of Justice issued some guidelines in recent years that helped the marijuana industry gain traction, but these are not legally binding and could theoretically be nullified at any time. So it's easy to understand why cannabis businesses are worried about the future under a new administration. The new administration's first public comment on the nation's marijuana industry seemed to suggest greater enforcement of federal marijuana laws are forthcoming, though in what shape or form is anybody's guess. That uncertainty could affect everything from expansion plans to investments to overall growth in 2017 and beyond.

Investment deals are increasing in size, frequency and scope

Investors – especially those unfamiliar with the cannabis market – have traditionally been hesitant to invest in an industry the federal government still views as illegal. While this still holds true for major institutional investors, smaller firms and groups of wealthy individuals are becoming increasingly interested in the cannabis space. In 2016, for instance, according to Marijuana Business Daily, the private equity firm Tuatara Capital raised $93 million for investments in cannabis businesses, a record for the marijuana industry. Recent studies have found that investors who have already pumped money into the cannabis industry are planning on putting capital into nearly as many marijuana businesses in 2017 as they have in all previous years combined.

Business conditions are worsening for growers

Though it's still early days for the cannabis industry overall, the wholesale cultivation segment has already become saturated in large, mature markets like Colorado and Washington state. More growers entered the industry upon recreational legalization, and existing MMJ cultivators greatly expanded their operations. Despite rising adult-use sales, the increase in production proved even greater than demand – sending wholesale cannabis prices plummeting. Some cultivators that shelled out for expensive indoor facilities are finding that costs of production now exceed the market price per pound of cannabis. According to Marijuana Business Daily, more than any other segment of the industry, wholesale cultivators anticipate their financial conditions will worsen over the next 12 months. Investors appear to have taken notice as well, signaling their intentions to reign in investment activity within this segment of the industry.

Recreation market continues surging

As the first state in the nation to legalize recreational marijuana, Colorado's adult-use market got off to an extremely strong start – routinely posting monthly sales gains in the double digits. Washington state's recreational market also

boomed once it got over some initial hurdles after launching in 2014. But many expected that, over time, sales would begin to slow, especially as more states legalized rec cannabis and the novelty wore off. So far, however, sales have only continued to rise. According to Marijuana Business Daily, in Washington state and Colorado, rec customers spent over $1.5 billion on marijuana in 2016, ballooning a combined 66% from the previous year. Rec sales tripled in Oregon from February to August 2016, though they were hurt by the implementation of strict new testing standards. The sales figures are especially striking because they come amid a time of historically low wholesale marijuana prices, implying that demand is even stronger than sales would suggest. Additionally, Oregon and Washington are neighbors, and the fact that both have functioning recreational marijuana industries hasn't led to any slowdown in sales in either market. While it remains to be seen how rec markets in 2017 will ultimately fare, early figures out of Colorado and Washington state show sales are at levels way above this same time last year – illustrating the growth potential these relatively mature markets still possess.

It's taking companies longer to turn a profit

Just a couple of years ago, running a profitable marijuana company was simply a matter of getting the business off the ground and opening your doors. But the industry has evolved at a rapid pace, and a huge number of new businesses entering the cannabis space has raised the level of competition considerably. In major recreational markets like Seattle, Denver and Portland, consumers have access to numerous retail stores and an overwhelming amount of product options. At the same time, startup costs are rising rapidly. It now can cost hundreds of thousands of dollars, or even millions, to launch a plant-touching company, while just a few years ago it cost half that or less in many markets. Naturally, therefore, it's taking companies longer to climb into the black. According to Marijuana Business Daily, in early 2016, nearly 70% of retailers, wholesale cultivators and infused product manufacturers said they had reached break-even or profitability within a year. In our 2017 survey, about 55% of these businesses said they reached the break-even point or hit profitability within a year. Profitability is by no means unattainable for cannabis businesses; generally speaking, most of these companies are doing quite well. But market forces are unavoidable, and they'll continue forcing marijuana businesses to adapt and improve in order to succeed.

Ancillary Products and Services

The Company intends to build a brand in the medical marijuana industry.

Products

Grow Vessel Product Line

Sky440 entered into a multi-year joint venture with Grow Tech LLP, a Houston, Texas based company ("Grow Tech") that builds high tech growing environments using proprietary systems that incorporate the latest technology available. The product line being developed and marketed through this joint venture has the brand name "Grow Vessel". Grow Vessel plans to use repurposed steel shipping containers converted to self-contained, insulated, bug free, pesticide free, heated, cooled, LED lighted growing facilities that can be managed from a computer or phone. This pod technology can include equipment to extract water from the outside air and power produced by a combination of solar and wind. The pods can be totally off the "Grid" and independent. Each of our pods requires only eight to ten hours of labor weekly. Our pods are designed for growing marijuana all year without regard to weather, pollution and free from pests and diseases, off the grid. These crops may be harvested up to six times a year depending on the species and the grower.

The cannabis industry for both medical and recreational uses is expanding at an exceptional rate. The never-ending demand for fresh locally grown product, including fruits, vegetables and cannabis, brings new opportunities. The use of high tech, proprietary growing environments created for fruits, vegetables and cannabis has made a great leap forward to become highly efficient while at the same time the demand for clean safe pesticide free product is causing prices to rise as never before.

Grow Tech is a designer and builder of high tech Growing Environments called "C-Pods" which are steel shipping containers that have been repurposed for growing fruits, vegetables and cannabis. These purpose designed "C-Pods" are manufactured with built in plumbing, electrical and finished inside with FPR giving them the appearance inside of a clean room or laboratory. The custom growing system is then built according to customers' specifications, including Hot Lights or the proprietary LED lighting and custom designed AC/Heating units, along with equipment that extracts water from the outside atmosphere.

The “C-Pod” can be plug in or powered by a combination of solar and wind which makes it a totally independent off the grid piece of equipment unaffected by the weather. Growing specific types of plants that grow easily and have a quick harvest makes the Pods very profitable. Grow Tech is using the most advanced growing systems available.

Some important features of the Grow Tech system include: Currently, each Pod requires between 8 and 10 hours of cultivating and harvesting per week. Solar and Wind Power Equipment may be stored inside Pods during violent weather. Battery power will last 24 to 48 hours. The Pods can be totally off the grid. They are water and weather proof and should be refurbished every three to five years. Each Pod will hold 96 plants. Each plant will produce 1.5 to 3 pounds per harvest depending on the species and grower. Plants can be harvested 4 to 6 times a year. Current crop specific lights produce a product with an estimated 25% higher THC count. The cost of the Pods depends on the equipment chosen by the customer as Grow Tech will customize within its parameters to meet the needs of individual growers. Grow Tech offers basic designs that include hot ballast lights and soil pot set-ups or the most modern set-ups using LED lighting and hydronic growing equipment. Grow Tech can also provide a plug in system or take the Pod completely off the grid. Automation is also available at all levels on any type of set-up.

Grow Vessel: A Modular State-of-the-Art Growing System

A Grow Vessel container is a custom designed and highly engineered modular, stackable and mobile vertical production environment: a fully insulated shipping container that has been specifically modified to provide the optimum controlled vertical environment for growing a wide range of horticultural and agricultural products in all environments and climates. The results are a significantly higher yield in a shorter time than all conventional production methods. With a Grow Vessel container, it is now possible to grow almost anything, almost anywhere.

Each state of the art Grow Vessel container is a mobile billboard, promoting its message with highly visible logos and graphics. It can be used as a mobile classroom, offering students the opportunity to learn more about controlled environment, technology-based production and sustainability with an added bonus of providing fresh healthy vegetables to those students. It is an educational tool and a mobile research center that provides an opportunity for technology-based production under many different circumstances, often difficult, including harsh climates and remote environments.

Each Grow Vessel container is outfitted with a self-contained adjustable aluminum rack system that can contain any number of vertical production and/or propagation levels. The number of levels is determined by the height requirements of the crop being produced. Each level of the rack system can contain an appropriate number of crop-specific LED fixtures. By combining these custom wavelength combinations, the LED lights can virtually alter the photosynthesis and/or photomorphogenesis response allowing controllable, predictable and more robust growth, resulting in higher yields in a shorter period of time than conventional production methods.

Food is an important issue that touches the lives of everyone, regardless of where they live. A mobile Grow Vessel container is a product with unlimited applications and a global marketing potential. For profit or non-profit, philanthropy or sustenance, food remains an important global issue. The production opportunities generated by a Grow Vessel container consist of much more than food. Opportunities in the production of botanicals for flavors and fragrances, botanic based pharmaceuticals, clean production vegetables for oncology and pediatric uses, reforestation, seed sprouting, rooting cuttings, and much more are just some of the benefits of our Grow Vessel

The commercial applications for our Grow Vessel product line include projects and purposes like outdoor climates that are to hot or to cold to grow most plants/fruits/vegetables and a controlled growing environment is required; where outdoor environments such as Africa are to inhospitable for growing of delicate plants and food due to lack of water; city dwellings where land is at a premium, these containers can be stacked and are portable; plant breeders that require controlled and sterile environments to eliminate pollen contamination; ability to grow all year around of seasonal plants that can only be harvested once a year naturally outdoors; commercial food and plant production, perfect and controlled growing environments can ensure harvest times are cut by 30-60% allowing a commercial orchid breeder to produce more plants within a year; educational and university plant testing laboratories for plant studies; and plant breeders and genetic cross breeding.

Ancillary Products

According to Marijuana Business Daily, one of the fastest growing areas for investment is the ancillary business segment, which consists of firms that do not handle marijuana products, but provide services for those who do. In this sector, the Company plans to focus on acquiring intellectual property, "disruptive technologies," assets and scalable companies in the cannabis industry. There continues to be significant development of intellectual properties for specific use in the marijuana industry, especially in crypto data technology, data collection, demographics and direct to consumer product placement.

The Company is looking to acquire and exploit these types of intellectual properties, especially those that will enable the Company to build a strong foundation from which it can achieve sustained growth. Sky440 is also looking at acquiring "disruptive technologies", which are comprised of new and forward looking technologies that could have a significant impact on the industry, especially in the area of crypto data technology, new product development, data collection and sell through technologies.

Further, the Company is searching for existing assets that can be acquired in order to enhance the revenue potential for Sky440, including assets such as existing small companies that have ability to generate solid revenues over time, with an emphasis on companies that are scalable in the industry and that can be adaptable to the ever changing legal and regulatory environment.

Crypto Data, compliance, payment processing, medical billing & information portals

Blockchain Technology

The cannabis industry is booming in more than two-dozen states with medical marijuana laws and a handful that also legalized recreational use, including Colorado, Alaska, Washington and Oregon. Nevada's newly approved cannabis industry already has a weed shortage after just two weeks of operation. Demand quickly outpaced supply. Crypto currency could help heavily regulated weed markets bypass the old school banks still making business decisions based on social stigmas. Although some reports estimate the legal cannabis industry is worth up to $10 billion, raking in $2 billion in California alone in 2016, banks and fintech platforms like Pay Pal routinely discriminate against cannabis and hemp businesses. The Associated Press reported even low-level cannabis industry employees in Oregon have been denied loans.

Industry experts across several states have reported that bank accounts were often frozen, shut down or new account applications rejected outright if the financial institution caught any whiff of relation to the lucrative weed market. Many banks who do work with cannabis businesses charge unusually high service fees. Congressman Ed Perlmutter reportedly estimated 40 percent of Colorado cannabis businesses don't have bank accounts at all. As crypto currency gains popularity, the cannabis industry is increasingly turning to crypto currency instead of banks. According to published reports, approximately 30 dispensaries in Washington now use crypto currency. The trend crosses state lines. Industry analysts warned that it is too soon to say crypto currency will soon have widespread adoption throughout the cannabis industry. There is still an education gap, fears about market oscillation, and a fledgling crypto currency infrastructure to consider.

Reducing cash stockpiles helps communities stay safe and the privacy features of digital wallets could help employees avoid discrimination from lenders. Several companies, including Sky440, are also exploring a variety of ways crypto currency can also provide solutions across the supply chain, including a seed-to-sale blockchain system that tracks marijuana products throughout their lifecycle to simplify regulatory compliance and help sellers monitor quality. Sky440 is also exploring the idea of creating its own B2B crypto currency and is looking at crypto technology delivery solutions. A blockchain tracking system could help with regulatory compliance and improve efficiency. The company is also working on crypto technology applications for compliance, payment processing, medical billing, information portals and other Internet-based services.

All things considered, blockchain technologies could help the legal cannabis industry mature despite discrimination from banks and fiat payment processors. Crypto currency is also a catalyst for bringing a lucrative industry from the black market to a taxable, highly regulated space. As crypto currency becomes more widespread, the cannabis industry itself becomes more tech-savvy.

Services

The Company's MD Division plans to provide financing and general advisory services to approved and licensed cannabis operators for business development, facilities design and construction, cultivation and retail operations, marketing and the improvement and expansion of existing operations.

The services will include financing options for licensed or existing operators within the marijuana industry that require start-up, operating or expansion capital. The Company will also consider providing capital to potential tenants (see Real Property below) to refinance current debt, as long as they meet our underwriting criteria. Additionally, the Company's MD Division plans to offer sale-and-leaseback financing arrangements with tenant purchase options. These types of financing solutions provide flexibility for tenants long-term, while capitalizing their operations.

The Company's MD Division plans to establish a network of real estate experts, including legal, licensing, construction and growing in order to provide consulting services to potential tenants in the marijuana industry trying to navigate the real estate/zoning process and/or regulatory environment.

In addition, the Company is exploring the next generation of back-end enterprise software for medical marijuana dispensaries. The Company plans to acquire and or develop software to handle everything from patient management to inventory control to checkout at point of sale.

Real Property

The Company's MD Division real estate plan is to purchase, develop, manage, lease and sell real property. The Company plans to serve the marijuana industry as a landlord and equipment supplier providing value-added state-of-art facilities and services. The Company's planned real estate business is expected to include the acquisition and leasing of cultivation space and related facilities to licensed marijuana growers and retailers for their operations. Facilities will only be leased to tenants that comply and continue to comply with applicable licenses and other relevant laws and regulations. The Company is working on a credit facility to finance the acquisition of real estate.

The Company has been exploring properties that could be purchased and leased to licensed cannabis cultivators and retailers initially in Washington, California, Oregon, Colorado, Arizona and Nevada. These projects include the potential purchase and leaseback of existing, currently operating facilities, as well as proposed new construction projects. These properties can be purchased and/or developed for amounts ranging from $250,000 to $10 million for each project. There can be no assurance that the Company will be able to complete any of these transactions.

In recent years, a weakened economy, a record number of foreclosures, and rising unemployment claims in certain geographic areas created "the perfect storm" for both the real estate market and the economy at large. The Company believes that distressed real estate properties remain a source of opportunity for this segment of the Company's business.

The Company will continue to evaluate and consider the purchase of industrial commercial buildings that are in the designated zoned areas of municipalities. In addition, while the main focus is to attract cannabis related entities initially, the final use of these properties is not limited to the cannabis industry. In order to attract cannabis-related tenants to lease our properties, the Company's MD Division plans to renovate these spaces based on the requirements of the business, and incorporate these additional costs into their lease. Additionally, the Company may facilitate these improvements by offering to consult on the build-out of their facility and/or capital based on the needs of the tenant, the term of the lease, and their business model.

Commercial Real Estate for Office Leasing

The Company's MD Division plans to acquire commercial real estate and lease office space to both regulated and non-regulated participants in the cannabis industry. These participants include media, Internet, packaging, lighting, cultivation supplies, and financial services. In exchange for property leases and certain services that may be provided to these tenants, the Company plans to principally receive cash consideration. In selected cases, the Company may acquire equity interests or provide debt capital to these non-regulated businesses instead.

Equipment Leasing

The Company's MD Division plans to acquire and lease cultivation equipment and facilities to customers in the cannabis industry. This equipment could include grow lights, tenant improvements and other grow equipment. Equipment will only be leased to tenants that possess the requisite state licenses to operate such facilities. The leases with the tenants will provide certain requirements that permit the Company to continually evaluate its tenants' compliance with applicable laws and regulations.

International

This past year also saw some landmark changes across several other countries outside the United States – so much so that in another year or two, the U.S. may not be the industry leader in cannabis that it is today. The biggest highlight was the Canadian elections, which saw a sweeping victory for Prime Minister Justin Trudeau and his liberal party. Trudeau promised on the campaign trail to legalize recreational marijuana, and his administration has already begun making moves to implement that promise. The recreational market in Uruguay, which legalized in late 2013, is starting to get underway as well. Other countries, including Croatia, Colombia and Jamaica, legalized medical cannabis, while Australia announced that it will start clinical trials to research the efficacy of medical marijuana.

Selected Regulatory and Other Issues to Consider

In dealing with the legal issues surrounding the marijuana business, there are a number of issues that the Company's MD Division will have to consider. In addition to those enumerated in the Section: "Cannabis Industry Risk Factors" below, we refer to the following:

The Cole Memo

The Controlled Substances Act makes it illegal under federal law to manufacture, distribute, or dispense cannabis. Many states impose and enforce similar prohibitions. Notwithstanding the federal ban, currently more than twenty-three states and the District of Columbia have legalized certain cannabis-related activity.

In light of this glaring discrepancy, DOJ Deputy Attorney General James M. Cole issued a memorandum (the "Cole Memo") to all United States Attorneys providing updated guidance to federal prosecutors concerning cannabis enforcement under the Controlled Substances Act. The Cole Memo guidance applies to all of DOJ's federal enforcement activity, including civil enforcement and criminal investigations and prosecutions, concerning cannabis in all states.

The Cole Memo reiterates Congress's determination that cannabis is a dangerous drug and that the illegal distribution and sale of cannabis is a serious crime that provides a significant source of revenue to large-scale criminal enterprises, gangs, and cartels. The Cole Memo notes that DOJ is committed to enforcement of the Controlled Substances Act consistent with those determinations. It also notes that DOJ is committed to using its investigative and prosecutorial resources to address the most significant threats in the most effective, consistent, and rational way.

In furtherance of those objectives, the Cole Memo provides guidance to DOJ attorneys and law enforcement to focus their enforcement resources on persons or organizations whose conduct interferes with any one or more of the following important priorities (the "Enforcement Priorities"):

- Preventing the distribution of cannabis to minors;
- Preventing revenue from the sale of cannabis from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of cannabis from states where it is legal under state law in some form to other states;
- Preventing state-authorized cannabis activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of cannabis;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with cannabis use;

- Preventing the growing of cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands; and
- Preventing cannabis possession or use on federal property.

The Compassionate Access, Research Expansion, and Respect States Act ("CARERS Act")

In March 2015, legislation was introduced in the U.S. Senate proposing to change federal law such that states could regulate medical use of cannabis without risk of prosecution. A key component of the proposed CARERS Act is to reclassify cannabis under the Controlled Substances Act to Schedule II, thereby changing the plant from a federally-criminalized substance to one that has recognized medical uses. There is no guarantee that the administration will not change its stated policy regarding the low-priority enforcement of federal laws. Additionally, any new administration could change this policy and decide to enforce the federal laws strongly.

Section 280E of the Federal Tax Code

In addition to the ongoing issues discussed throughout this filing, the one issue that has a direct effect on the cash flow of marijuana related businesses is the 1982 federal tax code amendment known as Section 280E, which denies tax credits or exemptions to businesses "trafficking" in controlled substances. As a result, cost of goods, advertising costs, employee salaries and rent are not deductible, resulting in almost all of the revenue being generated being subject to maximum taxation without the normal business deductibles.

FinCEN

The Financial Crimes Enforcement Network ("FinCEN") provided guidance on February 14, 2014 about how financial institutions can provide services to cannabis-related businesses consistent with their Bank Secrecy Act ("BSA") obligations. For purposes of the FinCEN guidelines, a "financial institution" includes any person doing business in one or more of the following capacities:

- bank (except bank credit card systems);
- broker or dealer in securities;
- money services business;
- telegraph company;
- casino;
- card club; and
- a person subject to supervision by any state or federal bank supervisory authority.

In general, the decision to open, close, or refuse any particular account or relationship should be made by each financial institution based on a number of factors specific to that institution. These factors may include its particular business objectives, an evaluation of the risks associated with offering a particular product or service, and its capacity to manage those risks effectively. Thorough customer due diligence is a critical aspect of making this assessment.

In assessing the risk of providing services to a cannabis-related business, a financial institution should conduct customer due diligence that includes: (i) verifying with the appropriate state authorities whether the business is duly licensed and registered; (ii) reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its cannabis-related business; (iii) requesting from state licensing and enforcement authorities available information about the business and related parties; (iv) developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus recreational customers); (v) ongoing monitoring of publicly available sources for adverse information about the business and related parties; (vi) ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and (vii) refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk. With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

As part of its customer due diligence, a financial institution should consider whether a cannabis-related business implicates one of the Cole Memo priorities or violates state law. This is a particularly important factor for a financial

institution to consider when assessing the risk of providing financial services to a cannabis-related business. Considering this factor also enables the financial institution to provide information in BSA reports pertinent to law enforcement's priorities. A financial institution that decides to provide financial services to a cannabis-related business would be required to file suspicious activity reports.

Competition

There are many other companies, both private and public, that are in the cannabis industry and which are direct competition to our Company. Many of these companies provide similar products and/or services, such as real estate, including shared workspace, data information, equipment leasing and consulting services. In the future the Company fully expects that many other companies will recognize the value of ancillary businesses serving the cannabis industry and enter into the marketplace as competitors.

The cannabis industry in the United States is highly fragmented, rapidly expanding and evolving. The industry is characterized by new and potentially disruptive or conflicting legislation propounded on a state-by-state basis. Our competitors may be local or international enterprises and may have financial, technical, sales, marketing and other resources greater than ours. These companies may also compete with us in recruiting and retaining qualified personnel and consultants.

Our competitive position will depend on our ability to attract and retain qualified consultants and advisors with industry depth, and talented managerial, operational and other personnel. Our competitive position will also depend on the Company's ability to develop and acquire effective proprietary products and solutions, personal relationships of our executive officers and directors, and our ability to secure adequate capital resources. We will compete to attract and retain customers of our services. We expect to compete in this area on the basis of price, regulatory compliance, vendor relationships, usefulness, availability, and ease of use of our planned services.

Risk Factors

Our Business Operations, including both our PD Division and our MD Division, are subject to a number of risk factors, including, but not limited to, the following:

General Business Risk Factors

At this Stage of Our Business Operations, We May Never Achieve Our Goals for Profitability or Generate Any Significant Amount of Revenues, Thus Potential Investors Have a High Probability of Losing Their Investment. If We Are Unable to Continue as a Going Concern, You Will Lose Your Investment.

There is nothing at this time on which to base an assumption that our business operations will prove to be successful or that we will be able to operate profitably. Our future operating results will depend on many factors, including our ability to raise adequate working capital, demand for our products, the level of our competition and our ability to attract and maintain key management and employees. If we are unable to continue as a going concern, you will lose your investment.

We Have Developed a New Strategy, and the Future Success of Our Company Will Depend on its Successful Execution.

In 2014, we developed and announced our new strategy, and are now executing on it. Because this new strategy will chart the company's course of action and priorities for years to come, the future success of the Company will depend on its successful execution. Our strategy will bring additional risks to the business (such as those associated with greater use of capital, development and acquisition of new products, or entry into new industries or geographic markets) or magnify existing risks as our business priorities and objectives are adjusted. If our strategy is flawed, or if we fail to execute it well, our business and financial performance may be materially and adversely affected.

Since we recently commenced operations under our new business plan, it is difficult for potential investors to evaluate our business. We will need to raise additional capital in order to fund our operations. There can be no assurance that such additional capital will be available to us on favorable terms or at all. There can be no assurance that we will be profitable.

We May Be Unable to Expand Into New Markets.

Our planned growth and profitability depend on our ability to successfully realize our growth strategy by expanding throughout the United States and internationally. We cannot assure that our efforts to expand into new markets, particularly in states where we do not currently operate, will succeed. In order to operate in new markets, we may need to modify our existing business model and cost structure to comply with local regulatory or other requirements, which may expose us to new operational, regulatory or legal risks. In addition, expanding into new states may subject us to unfamiliar or uncertain local regulations that may adversely affect our operations, for example, by applying, obtaining and/or maintaining appropriate licenses. Facilities we open in new markets may also take longer to reach expected revenue and profit levels on a consistent basis and may have higher construction, occupancy or operating costs than facilities we open in existing markets, thereby affecting our overall profitability. New markets may have competitive conditions, consumer preferences and spending patterns that are more difficult to predict or satisfy than our existing markets.

There Is Substantial Doubt About Our Ability to Continue as a Going Concern.

Our financial statements have been prepared on a going concern basis, which assumes we will be able to realize our assets and discharge our liabilities in the normal course of business for the foreseeable future. We have incurred a loss since January 1, 1996 (Inception) resulting in an accumulated deficit of approximately $4,863,971 as of September 30, 2017 and further losses are anticipated in the development of our business.

Our ability to continue as a going concern is dependent upon our becoming profitable in the future and, or, obtaining the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due. There is no guarantee that we will be successful in achieving these objectives.

We Operate in a Highly Competitive Industry and Potential Competitors Could Duplicate Our Business Model.

We are involved in a highly competitive industry where we compete with numerous other companies who offer products and services similar to those we offer. There is currently no aspect of our business, which is protected by patents, copyrights, trademarks, or trade names. As a result, potential competitors could duplicate our business model with little effort. Some of our potential competitors may have significantly greater resources than we have, which may make it difficult for us to compete. There can be no assurance that we will be able to successfully compete against these other entities.

Competitors Will Have Significantly Greater Financial and Other Resources Than the Company, and They May Sell Competing Products and Services at Lower Prices or At Lower Profit Margins, Resulting in Pressures on Our Prices and Margins.

The sizes of our competitors vary widely across market and service segments. Therefore, most of our competitors will have significantly greater financial, technical, marketing or other resources than we do in any one or more of our market segments, or overall. As a result, our competitors may be in a position to respond more quickly than we can to new or emerging technologies, methodologies and changes in customer requirements, or may devote greater resources than we can to the development, promotion, sale and support of products and services. Moreover, new competitors or alliances among our competitors may emerge and potentially reduce our market share, revenue or margins. Some of our competitors also may choose to sell products or services competitive to ours at lower prices by accepting lower margins and profitability, or may be able to sell products or services competitive to ours at lower prices given proprietary ownership of data, technical superiority, a broader or deeper product or experience set, or economies of scale. Price reductions or pricing pressure by our competitors could negatively impact our margins and results of operations, and could also harm our ability to obtain new customers on favorable terms. Competitive pricing pressures tend to increase in difficult economic environments, such as the current environments in the U.S. and other economies, due to reduced marketing expenditures of many of our clients and prospects and the resulting impact on the competitive business environment for marketing service providers such as our company.

If Our Leaders are Unsuccessful, or If We Lose Key Management and Are Unable to Attract and Retain the Talent Required for Our Business, Our Operating Results Could Suffer.

In the past, we replaced many of our officers and directors, including our President, Chief Executive Officer and Chairman, and significantly reorganized our operational structures. If our officers and directors fail in their roles and responsibilities (and more generally if we are unable to attract new officers and directors with the necessary skills to manage our business) our business and its operating results may suffer.

Further, our future prospects depend in large part upon our ability to attract, train and retain experienced technical, client services, sales, consulting, research and development, marketing, administrative and management personnel. While the demand for personnel is dependent on employment levels, competitive factors and general economic conditions, qualified personnel historically have been in great demand. The loss or prolonged absence of the services of these individuals could have a material adverse effect on our business, financial position or operating results.

We Will Need Additional Capital in the Future to Finance Our Planned Growth, Which We May Not Be Able to Raise or It May Only Be Available on Terms Unfavorable to Us or Our Stockholders. Ultimately, This May Result in Our Inability to Fund Our Working Capital Requirements and Harm Our Operational Results.

We need capital to operate and fund our business plan. We do not know what the terms of any future capital raising may be but any future sale of our equity securities will dilute the ownership of existing stockholders. Additional financing might not be available on terms favorable to us, or at all. If adequate funds were not available or were not available on acceptable terms, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our business or otherwise respond to competitive pressures would be significantly limited. In such a capital restricted situation, we may curtail our marketing, development, and operational activities or be forced to sell some of our assets on an untimely or unfavorable basis, each of which could have a material adverse effect on our results of operations and financial condition.

We Must Successfully Identify and Evaluate Acquisition Targets and Integrate Acquisitions.

Acquisitions are an essential component of our strategy to grow the Company, and we have announced plans to actively pursue acquisitions. We plan to evaluate acquisition opportunities to expand our planned product and service offerings and geographic locations, including potential international acquisitions. Acquisition activities, even if not consummated, require substantial amounts of management time and can distract from normal operations. In addition, we have in the past and may in the future be unable to achieve the profitability goals, synergies and other objectives initially sought in acquisitions, and any acquired assets, data or businesses may not be successfully integrated into our operations. Acquisitions may result in the impairment of relationships with employees and customers. Moreover, although we plan to review and analyze assets or companies we plan to acquire, such reviews are subject to uncertainties and may not reveal all potential risks, and we may incur unanticipated liabilities and expenses as a result of our acquisition activities. The failure to identify appropriate candidates, to negotiate favorable terms, or to successfully integrate future acquisitions into existing operations could result in not achieving planned revenue growth and could negatively impact our net income and earnings per share.

We have pursued and intend to continue to pursue strategic acquisitions or investments in new markets and may encounter risks associated with these activities, which could harm our business and operating results.

Our recent and future planned acquisitions or investments may not be successful; and if we fail to realize the anticipated benefits of these acquisitions or investments, our business and operating results could be harmed. We have incurred costs and encountered difficulties in the past in connection with our acquisitions and investments. Future acquisitions may result in dilutive issuances of equity securities, the incurrence of additional debt, large write-offs, a decrease in future profitability, or future losses. The incurrence of debt in connection with any future acquisitions could restrict our ability to obtain working capital or other financing necessary to operate our business.

Real Estate Risk Factors

The Price We Pay for to Acquire Real Property Will Be Based on Our Projections of Market Factors, and Our Return on Investment May Be Lower Than Expected If Any of Our Projections Are Inaccurate.

The price we pay for real property investments will be based on our projections of market demand, the costs of any renovation of a property and other factors. In addition, as the real estate market continues to strengthen with the improvement of the U.S. economy, we will face increased competition, which may drive up prices for real estate

assets, result in less available distressed properties and make acquisitions less favorable to us. If any of our projections are inaccurate or we ascribe a higher value to assets and their value subsequently drops or fails to rise because of market factors, returns on our investment may be lower than expected and could experience losses.

We will experience competition for real estate investments from individuals, corporations and other entities engaged in real estate investment activities, many of whom have greater financial resources than us. Competition for investments may have the effect of increasing costs and reducing returns to our investors.

Because We Plan to Buy, Sell and Lease Property, We Will Be Subject to General Real Estate Risks.

We will be subject to risks generally incident to the ownership of real estate, including: (a) changes in general economic or local conditions; (b) changes in supply of, or demand for, similar or competing properties in the area; (c) bankruptcies, financial difficulties or defaults by tenants or other parties; (d) increases in operating costs, such as taxes and insurance; (e) the inability to achieve full stabilized occupancy at rental rates adequate to produce targeted returns; (f) periods of high interest rates and tight money supply; (g) excess supply of rental properties in the market area; (h) liability for uninsured losses resulting from natural disasters or other perils; (i) liability for environmental hazards (as further described below); and (j) changes in tax, real estate, environmental, zoning or other laws or regulations. For these and other reasons, no assurance can be given that we will be profitable and one or more of these risks could be detrimental to our business.

Because Our Business Model Depends Upon the Availability of Private Financing, Any Change in Our Ability to Raise Money Will Adversely Affect Our Financial Condition.

Our ability to acquire, operate and sell properties, engage in the business activities that we have planned and achieve positive financial performance depends, in large measure, on our ability to obtain financing in amounts and on terms that are favorable. The capital markets in the United States have recently undergone a turbulent period in which lending was severely restricted. Although there appears to be signs that financial institutions are resuming lending, the market has not yet returned to its pre-2008 state. Obtaining favorable financing in the current environment remains challenging. In the event the lender or any other is unable to finance our business, we will not be able to implement our business plan and our financial performance could be adversely affected.

Information Technology, Direct Marketing and Intellectual Property Risk Factors

We Must Maintain Technological Competitiveness, Continually Improve Our Processes and Develop and Introduce New Products and Services in a Timely and Cost-Effective Manner.

We believe that our future success depends on, among other things, maintaining technological competitiveness in our products, processing functionality and software systems and services. Technology changes rapidly as makers of computer hardware, network systems, programming tools, programming languages, operating systems, database technology and mobile devices continually improve their offerings.

Advances in information technology may result in changing customer preferences for products and product delivery channels in our industry. The increasingly sophisticated requirements of our customers require us to continually improve our processes and provide new products and services in a timely and cost-effective manner (whether through development, license or acquisition). We may be unable to successfully identify, develop and bring new and enhanced services and products to market in a timely and cost-effective manner, such services and products may not be commercially successful, and services, products and technologies developed by others may render our services and products noncompetitive or obsolete.

Entertainment Industry Risks

We Face Substantial Capital Requirements and Financial Risks

The development, production, acquisition and distribution of motion pictures and television programs require a significant amount of capital. A significant amount of time may elapse between the expenditure of funds and the receipt of revenues from motion pictures or television programs. This time lapse may require the Company to fund a significant portion of the capital requirements from the Company's financing sources. Although the Company intends to reduce the risks of development and production exposure through financial contributions from

broadcasters and distributors, tax credit programs, government and industry programs, and co-financiers and other sources, we cannot assure our stockholders that the Company will be able to successfully implement these arrangements or that it will not be subject to substantial financial risks relating to the development, production, acquisition, completion and release of motion pictures and television programs. Any of the foregoing could have a material adverse effect on Sky440's business, financial condition, operating results, liquidity and prospects.

Our Success Depends on the Commercial Success of Motion Pictures and Television Programs, Which Is Unpredictable.

Generally, the popularity of motion pictures and television programs depends on many factors, including the critical acclaim they receive, the format of their initial release (for example, theatrical or direct-to-video), their actors and other key talent, their genre and their specific subject matter, audience reaction, the quality and acceptance of motion pictures or programs that our competitors release into the marketplace at or near the same time, critical reviews, the availability of alternative forms of entertainment and leisure activities, general economic conditions and other tangible and intangible factors, many of which the Company does not control and all of which may change. The Company cannot predict the future effects of these factors with certainty. In addition, because a motion picture's or television program's performance in ancillary markets, such as home video and pay and free television, is often directly related to its box office performance or television ratings, poor box office results or poor television ratings may negatively affect future revenue streams. The Company's success will depend on the experience and judgment of its management to select and develop new investment, development and production opportunities. The Company cannot make assurances that its motion pictures and television programs will obtain favorable reviews or ratings, that its motion pictures will perform well at the box office or in ancillary markets or that broadcasters will license the rights to broadcast any of its television programs in development or renew licenses to broadcast programs the Company may have in its library in the future. The failure to achieve any of the foregoing could have a material adverse effect on Sky440's business, financial condition, operating results, liquidity and prospects.

We Expect Initially to Be Smaller and Less Diversified Than Many of Our Competitors.

Unlike the Company, which envisions itself as a small independent development entity, potential distributor and producer, most of the major U.S. studios are part of large diversified corporate groups with a variety of other operations, including television networks and cable channels that can provide both the means of distributing their products and stable sources of earnings that may allow them to better offset fluctuations in the financial performance of their motion picture and television operations. In addition, the major studios have more resources with which to compete for ideas, storylines and scripts created by third parties as well as for actors, directors and other personnel required for production. The resources of the major studios may also give them an advantage in acquiring other businesses or assets, including film libraries, that the Company might also be interested in acquiring.

Cannabis Industry Risk Factors

Because We Have No Operating History in the Cannabis Industry, We May Not Succeed.

The Company has no specific operating history or experience in procuring, building out or leasing real estate for agricultural purposes, specifically medical marijuana grow facilities, or with respect to any other activity in the cannabis industry. Moreover, we are subject to all risks inherent in a developing a new business enterprise. Our likelihood of success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with establishing a new business and the competitive and regulatory environment in which we operate. For example, the medical marijuana industry is new and may not succeed, particularly should the federal government change course and decide to prosecute those dealing in medical and/or recreational marijuana. If that happens there may not be an adequate market for our properties or other activities we propose to engage in.

You should further consider, among other factors, our prospects for success in light of the risks and uncertainties encountered by companies that, like us, are in their early stages. For example, unanticipated expenses, delays and or complications with build outs, zoning issues, legal disputes with neighbors, local governments, communities and or tenants. We may not successfully address these risks and uncertainties or successfully implement our operating strategies. If we fail to do so, it could materially harm our business to the point of having to cease operations and could impair the value of our common stock to the point investors may lose their entire investment.

The Cannabis Industry Faces Significant Opposition.

It is believed by many that large well-funded businesses may have a strong economic opposition to the cannabis industry. Further, the medical cannabis industry could face a material threat from the pharmaceutical industry, should cannabis displace other drugs or encroach upon the pharmaceutical industry's products. The pharmaceutical industry is well funded with a strong and experienced lobby that eclipses the funding of the medical cannabis industry. Any inroads the pharmaceutical industry could make in halting or impeding the cannabis industry could have a detrimental impact on our proposed business.

The use of medical and recreational marijuana still carries significant social stigma. We are substantially dependent on continued market acceptance and proliferation of consumers of medical and recreational marijuana. We believe that as marijuana becomes more accepted the stigma associated with marijuana use will diminish and as a result consumer demand will continue to grow. And while we believe that the market and opportunity in the marijuana space continues to grow, we cannot predict the future growth rate and size of the market. Any negative outlook on the marijuana industry will adversely affect our business operations.

Because Marijuana Is Illegal Under Federal Law, We Could be Subject to Criminal and Civil Sanctions for Engaging in Activities That Violate Those Laws.

Despite the development of a legal cannabis industry under the laws of certain states, these state laws legalizing medical and adult cannabis use are in conflict with the Federal Controlled Substances Act, which classifies cannabis as a Schedule-I controlled substance and makes cannabis use and possession illegal on a national level. The United States Supreme Court has ruled in *United States v. Oakland Cannabis Buyers' Coop*. and *Gonzales v. Raich* that it is the federal government that has the right to regulate and criminalize cannabis, even for medical purposes, and thus federal law criminalizing the use of cannabis preempts state laws that legalize its use. In March 2015, bipartisan legislation was introduced in the U.S. Senate proposing to change federal law such that states could regulate medical use of cannabis without fear of prosecution. A key component of the proposed Compassionate Access, Research Expansion, and Respect States Act (the "CARERS Act") is to reclassify cannabis under the Controlled Substances Act to Schedule II, thereby changing the plant from a federally-criminalized substance to one that has recognized medical uses.

The Trump administration hasn't yet decided what to do about marijuana enforcement in states that have legal cannabis programs. According to a top Department of Justice official who was asked about marijuana policy, the administration and the Department of Justice are reviewing the Obama-era Cole Memo meant to safeguard the legal cannabis industry. They have not said when the administration's review of the Cole memo would conclude. They have said the top priority for the Department of Justice under the Trump administration is enforcing federal drug law. According the Department of Justice, opioid deaths are driving the increased emphasis on drug enforcement. The Department of Justice stated that the Trump administration believes marijuana legalization is a lot more harmful than a lot of people anticipated.

The prior administration stated that it is not an efficient use of resources to direct law federal law enforcement agencies to prosecute those lawfully abiding by state-designated laws allowing the use and distribution of medical marijuana. However, there is no guarantee that the current administration will not change its stated policy regarding the low-priority enforcement of federal laws. Additionally, the new administration could change this policy and decide to enforce the federal laws strongly. Any such change in the federal government's enforcement of current federal laws could cause significant financial damage to the industry, at least as it is currently instituted.

Should such a change occur, our MD Division business operations could be affected. If our potential marijuana tenants are forced to shut their operations, we would need to seek to replace those tenants with non-marijuana tenants, who would likely expect to pay lower rents. Moreover if the marijuana industry were forced to shut down at once, it would result in a high amount of vacancies at once and create a surplus of supply, driving leases and property values lower. Additionally, we would realize an economic loss on any and all improvements made to the properties that were specific to the marijuana industry and we would likely lose any and all investments in the US market that were marijuana-related.

Further, and even if we do not directly harvest, cultivate, possess, distribute or sell cannabis, by leasing facilities and financing growers of medicinal marijuana, we could be deemed to be participating in marijuana cultivation or aiding

and abetting, which remains illegal under federal law, and exposes us to potential criminal liability, with the additional risk that our properties could be subject to civil forfeiture proceedings. Moreover, since the use of marijuana is illegal under federal law, we may have difficulty acquiring or maintaining bank accounts and insurance and our shareholders may find it difficult to deposit their stock with brokerage firms.

Our Contemplated Business Plan is Dependent on State Laws Pertaining to the Cannabis Industry.

Continued development of the cannabis industry is dependent upon continued legislative authorization of cannabis at the state level. Any number of factors could slow or halt progress in this area. Further, progress, while encouraging, is not assured. While there may be ample public support for legislative action, numerous factors impact the legislative process. Any one of these factors could slow or halt use of cannabis, which would negatively impact our proposed business.

Laws and Regulations Affecting the Regulated Marijuana Industry are Constantly Changing, Which Could Detrimentally Affect our Proposed Operations, and We Cannot Predict the Impact that Future Regulations May Have on Us

Federal, state and local cannabis laws and regulations are broad in scope and subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or alter our business plan. In addition, violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our operations. Furthermore, it is possible that regulations may be enacted in the future that will be directly applicable to our proposed business. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

FDA Regulation of Marijuana and the Possible Registration of Facilities Where Medical Marijuana Is Grown Could Negatively Affect the Cannabis Industry that Would Directly Affect our Financial Condition.

Should the federal government legalize marijuana for medical use, it is possible that the U.S. Food and Drug Administration (FDA) would seek to regulate it under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations including cGMPs (certified good manufacturing practices) related to the growth, cultivation, harvesting and processing of medical marijuana. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical marijuana is grown be registered with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, we do not know what the impact would be on the medical marijuana industry, what costs, requirements and possible prohibitions may be enforced. If we or our tenants are unable to comply with the regulations and or registration as prescribed by the FDA, we and or our tenants may be unable to continue to operate their and our business in its current form or at all.

Because We May Be Unable to Identify and/or Successfully Acquire Properties Which Are Suitable for Our Cannabis Business, Our Financial Condition May Be Negatively Affected.

Our business plan involves the identification and the successful acquisition of real properties which are zoned for marijuana businesses, including grow and retail. The properties we acquire will be leased or sold to licensed marijuana operators. Local governments must approve and adopt zoning ordinances for marijuana facilities and retail dispensaries. A lack of properly zoned real estate may reduce our prospects and limit our opportunity for growth and or increase the cost at which suitable properties are available to us. Conversely a surplus of real estate zoned for marijuana establishments may reduce demand and prices we are able to charge for properties we may have previously acquired. There can be no assurance that we will be able to obtain the capital needed to purchase any properties.

Our Customers and Our Company May Have Difficulty Accessing the Service of Banks, which May Make It Difficult to Operate and/or Contract.

Since the use of cannabis is illegal under federal law, many banks will not accept for deposit funds from businesses involved with cannabis. Consequently, businesses involved in the cannabis industry often have trouble finding a

bank willing to accept their business. The inability to open bank accounts may make it difficult for potential customers, clients and tenants of the Company to operate.

On February 14, 2014, The U.S. government issued rules allowing banks to legally provide financial services to state-licensed marijuana businesses. A memorandum issued by the Justice Department to federal prosecutors re-iterated guidance previously given, this time to the financial industry that banks can do business with legal marijuana businesses and "may not" be prosecuted. The Treasury Department's Financial Crimes Enforcement Network (FinCEN) issued guidelines to banks that "it is possible to provide financial services"" to state-licensed marijuana businesses and still be in compliance with federal anti-money laundering laws. The guidance falls short of the explicit legal authorization that banking industry officials had pushed the government to provide and to date it is not clear what if any banks have relied on the guidance and taken on legal marijuana companies as clients. The aforementioned policy may be administration dependent and a change in presidential administrations may cause a policy reversal and retraction of current policies, wherein legal marijuana businesses may not have access to the banking industry. We could be subject to sanctions if we are found to be a financial institution and not in harmony with FinCET guidelines. Also, the inability of potential clients in our target market to open accounts and otherwise use the service of banks may make it difficult for them to contract with us. This in part has been a driving force in our continue efforts to acquire, develop and implement crypto currency solutions.

Investments in Development Stage Companies including Sky440 involve a high degree of risk. Investments in Crypto Currency Technologies may involve an even higher degree of risk.

Financial and operating risks confronting development stage companies like Sky440 are significant: Sky440 is not immune to these. The development stage market in which Sky440 competes is highly competitive and the percentage of companies that survive and prosper is small. Development stage companies often experience unexpected problems in the areas of product development, marketing, financing, and general management, among others, which frequently cannot be solved. In addition, development stage companies may require substantial amounts of financing, which may not be available through institutional private placements, the public markets or otherwise.

The Crypto Currency Technology may not be widely adopted and may have limited users.

It is possible that Sky440's Crypto Currency Technology will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development of distributed ecosystems more generally or distributed applications to be used with Sky440's Crypto Currency Technology. Such a lack of use or interest could negatively impact the development of Sky440's Crypto Currency Technology.

Alternative networks may be established that compete with or are more widely used than Sky440's planned Crypto Currency Technology.

It is possible that alternative networks could be established that utilize the same or similar open source code and protocol underlying Sky440's planned Crypto Currency Technology and attempt to facilitate services that are materially similar to Sky440's Crypto Currency Technology services.

Risks Related to Blockchain Technologies and Digital Assets

The regulatory regime governing blockchain technologies, including crypto currencies, is uncertain, and new regulations or policies may materially adversely affect the development of Sky440's Blockchain Technology.

Regulation of blockchain technologies, including crypto currency exchanges, currently is undeveloped and likely to rapidly evolve, varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development and growth of Sky440's Blockchain Technology and the adoption and utility of the technology by the industry. Failure by the Company or certain users of the technology to comply with any laws, rules and regulations, some of which

may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

As blockchain networks and blockchain assets have grown in popularity and in market size, federal and state agencies have begun to take interest in, and in some cases regulate, their use and operation.

In the case of virtual currencies, state regulators like the New York Department of Financial Services have created new regulatory frameworks. Others, as in Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some states, like New Hampshire, North Carolina, and Washington, have amended their state's statutes to include virtual currencies into existing licensing regimes. Treatment of virtual currencies continues to evolve under federal law as well. The Department of the Treasury, the Securities Exchange Commission, and the Commodity Futures Trading Commission, for example, have published guidance on the treatment of virtual currencies. The IRS released guidance treating virtual currency as property that is not currency for US federal income tax purposes, although there is no indication yet whether other courts or federal or state regulators will follow this classification. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws.

The regulation of non-currency use of blockchain assets is also uncertain.

The CFTC has publicly taken the position that certain blockchain assets are commodities, and the SEC has issued a public report stating federal securities laws require treating some blockchain assets as securities. To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, Sky440's blockchain technology may be materially and adversely affected.

Blockchain networks also face an uncertain regulatory landscape in many foreign jurisdictions such as the European Union, China and Russia.

Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect Sky440's planned blockchain technology. Such laws, regulations or directives may conflict with those of the United States or may directly and negatively impact our business. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to the development and growth of Sky440's planned blockchain technology.

The Implementation of Sky440's Blockchain Technology May Constitute the Issuance of a "Security" Under U.S. Federal Securities Laws

Sky440's planned blockchain technology could contain a utility token that has a specific consumptive use – i.e. it allows users of the technology to obtain file storage, and make file storage available, on a distributed network with significant advantages over current cloud-storage solutions.

On July 25, 2017, the United States Securities and Exchange Commission (the "Commission") issued a Report of Investigation under Section 21(a) of the Securities Exchange Act of 1934 (the "Exchange Act") describing an SEC investigation of The DAO, a virtual organization, and its use of distributed ledger or blockchain technology to facilitate the offer and sale of DAO Tokens to raise capital. The Commission applied existing U.S. federal securities laws to this new paradigm, determining that DAO Tokens were securities. The Commission stressed that those who offer and sell securities in the U.S. are required to comply with federal securities laws, regardless of whether those securities are purchased with virtual currencies or distributed with blockchain technology. The Commission's announcement, and the related Report, may be found here: https://www.sec.gov/news/press-release/2017-131

If part or all of Sky440's planned blockchain technology were deemed to be a security under U.S. federal securities laws then, prior to the implementation of the technology, we may be required to register to such issuance under the Securities Act. The registration of part or all of this technology under the Securities Act would result in significant delay in the implementation of the technology and would require us to incur substantial additional expense.

The further development and acceptance of blockchain networks which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate.

The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets would have an adverse material effect on the successful development and adoption of Sky440's planned blockchain technology. The growth of the blockchain industry in general, as well as the blockchain networks with which the planned technology will rely and interact, is subject to a high degree of uncertainty. The factors affecting the further development of the crypto currency industry, as well as blockchain networks, include the worldwide growth in the adoption and use of Bitcoin, and other blockchain technologies; government and quasi-government regulation of Bitcoin, and other blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems; the maintenance and development of the open-source software protocol of the Bitcoin networks; changes in consumer demographics and public tastes and preferences; the availability and popularity of other forms or methods of buying and selling goods andservices, or trading assets including new means of using fiat currencies or existing networks; general economic conditions and the regulatory environment relating to crypto currencies; or a decline in the popularity or acceptance of Bitcoin or other blockchain-based tokens would adversely affect our results of operations. The slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of Sky440's planned blockchain technology.

Public Company Risk Factors including those specifically related to "Penny Stocks"

If the Ownership of Our Common Stock Continues to Be Highly Concentrated, It May Prevent You and Other Stockholders From Influencing Significant Corporate Decisions and May Result in Conflicts of Interest That Could Cause Our Stock Price to Decline.

Our executive officers, directors and their affiliates beneficially own or control approximately 90% percent of our common stock voting rights. Accordingly, these executive officers, directors and their affiliates, acting as a group, will have considerable influence over the outcome of corporate actions requiring stockholder approval, including the election of directors, any merger, consolidation or sale of all or substantially all of our assets or any other significant corporate transactions. However, as a result of their positions, these stockholders may also delay or prevent a change of control, even if such a change of control would benefit other stockholders. A significant concentration of stock ownership may adversely affect the trading price of our common stock due to investors' perception that conflicts of interest may exist or arise,

Our Articles of Incorporation, Bylaws and Nevada Law Contain Provisions That Could Discourage an Acquisition or Change of Control.

Our articles of incorporation authorize our board of directors to issue common and preferred stock without stockholder approval. Our outstanding preferred stock makes it more difficult for a third party to acquire control of us. In addition, provisions of the articles of incorporation and bylaws could also make it more difficult for a third party to acquire control of us. In addition, Nevada's "Combination with Interested Stockholders' Statute" and its "Control Share Acquisition Statute" may have the effect in the future of delaying or making it more difficult to effect a change in control.

These statutory anti-takeover measures may have certain negative consequences, including an effect on the ability of the stockholders of the Company or other individuals to (i) change the composition of the incumbent board of directors; (ii) benefit from certain transactions which are opposed by the incumbent board of directors; and (iii) make a tender offer or attempt to gain control of the Company, even if such attempt were beneficial to the Company and our stockholders. Since such measures may also discourage the accumulations of large blocks of our common stock by purchasers whose objective is to seek control of our company or have such common stock repurchased by us or other persons at a premium, these measures could also depress the market price of our common stock. Accordingly, our stockholders may be deprived of certain opportunities to realize the "control premium" associated with take-over attempts.

Fluctuation in Our Revenue and Operating Results and Other Factors May Impact the Volatility of Our Stock Price.

The price at which our common stock has traded in recent years has fluctuated greatly. Our common stock price may continue to be volatile due to a number of factors including the following (some of which are beyond our control):

- the impact of the uneven and lackluster economic recovery from the last recession, the overall strength of the economies of the markets we serve and general market volatility;
- variations in our operating results from period to period and variations between our actual operating results and the expectations of securities analysts, investors and the financial community;
- unanticipated developments with customer engagements or customer demand, such as variability in the market demand for our services;
- announcements of developments affecting our businesses;
- competition and the operating results of our competitors; and
- other factors discussed elsewhere in "Risk Factors".

As a result of these and other factors, investors in our common stock may not be able to resell their shares at or above their original purchase price.

We Have Never Paid Dividends on Our Common Stock and We Do Not Expect to Pay Any Cash Dividends in the Foreseeable Future; a Return on Investment May Be Limited to the Value of Our Common Stock.

We have never paid dividends on our common stock and we intend to retain our future earnings, if any, in order to reinvest in the development and growth of our business and, therefore, do not intend to pay dividends on our common stock for the foreseeable future. There can be no assurance that the Company will ever have sufficient earnings to declare and pay dividends to the holders of our common stock, and in any event, any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, and such other factors as our board of directors deems relevant. Accordingly, investors may need to sell their shares of our common stock to realize a return on their investment, and they may not be able to sell such shares at or above the price paid for them.

Our Stockholders May Experience Significant Dilution; Future Sales of Our Common Stock May Result in a Decrease in the Market Price of Our Common Stock, Even If Our Business Is Doing Well.

If our future operations or acquisitions are financed through the issuance of equity securities as expected, our stockholders could experience significant dilution. In addition, securities issued in connection with future financing activities or potential acquisitions may have rights and preferences senior to the rights and preferences of our common stock. We may grant options to purchase shares of our common stock to our directors, employees and consultants. The issuance of shares of our common stock upon the exercise of these options may result in dilution to our stockholders.

The market price of our common stock, when and if established, could drop due to sales of a large number of shares of our common stock in the market after the offering or the perception that such sales could occur. This could make it more difficult to raise funds through future offerings of common stock.

Because We Are Subject to Additional Regulatory Compliance Matters As a Result of Being a Public Company, which Compliance Includes Section 404 of the Sarbanes-Oxley Act of 2002, the Failure to Comply with These Regulatory Matters Could Harm Our Business.

Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses. Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new Securities and Exchange Commission, or SEC, regulations and NASDAQ Exchange rules, are creating uncertainty for companies such as ours. These new or changed laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and corporate governance practices. As a result, our efforts to comply with evolving

laws, regulations and standards may result in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Our management and outside professionals will need to devote a substantial amount of time to new compliance initiatives and to meeting the obligations that are associated with being a public company. The Company will rely on legal counsel and accounting professionals to help with our future SEC reporting requirements. This will likely divert needed capital resources away from the objectives of implementing our business plan. These expenses could be more costly that we are able to bear and could result in us not being able to successfully implement our business plan.

Disclosure Requirements Pertaining to Penny Stocks May Reduce the Level of Trading Activity in the Market for Our Common Stock and Investors May Find It Difficult to Sell Their Shares.

Penny stocks are generally equity securities with a market price of less than $5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. Trades of our common stock will be subject to Rule 15g-9 of the SEC which rule imposes certain requirements on broker/dealers who sell securities subject to the rule to persons other than established customers and accredited investors.

The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

For transactions covered by the rule, the broker-dealer must prior to a transaction make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account.

These disclosure requirements may have the effect of reducing the trading activity for our common stock. Therefore, stockholders may have difficulty selling our securities.

B. Date and State (or Jurisdiction) of Incorporation

August 22, 1997 in Florida; August 21, 2001 in Nevada (the result of a merger transaction).

C. The Issuer's Primary and Secondary SIC Codes

Primary: 8742. Secondary: 6531.

D. The Issuer's Fiscal Year End Date

12/31

E. Principal Products or Services, and their Markets

See 6.A. Above

7) Describe the Issuer's Facilities

The Issuer shares approximately two hundred square feet of modern office space in Irvine, California and in Orlando, Florida on an as needed basis. The Issuer's physical space requirements are limited due to operational parameters, which necessitate minimal desk, computer and storage space. The issuer has no on-site inventory or retail operational requirements.

8) Officers, Directors, and Control Persons

A. Names of Officers, Directors, and Control Persons.

Robert P. Atwell, Chairman, Sole Officer and Sole Director. Mr. Atwell has accrued all his compensation during the prior two fiscal years. (See "Financial Statements – Notes to Financial Statements" as filed with OTCIQ.com on October 18, 2017)

B. Legal/Disciplinary History.

Please Identify Whether Any of the Foregoing Persons Have, in the Last Five Years, 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);
   None
2. The Entry of an Order, Judgment, or Decree, not Subsequently Reversed, Suspended or Vacated, by a Court of 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;
   None
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 Finding or Judgment has not been Reversed, Suspended, or Vacated; or
   None
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.
   None

C. Beneficial Shareholders. Provide a List of the Name, Address and Shareholdings or the Percentage of Shares Owned by all Persons Beneficially Owning More than Ten Percent (10%) of Any Class of the Issuer's Equity Securities. If Any of the Beneficial Shareholders are Corporate Shareholders, Provide the Name and Address of the Person(s) Owning or Controlling Such Corporate Shareholders and the Resident Agents of the Corporate Shareholders.

Robert P. Atwell and Affiliates
300 Spectrum Center Drive
Suite 400
Irvine, CA 92618

326,372,441 Common Shares	7.1% Control Affiliate Restricted
6,800,000 Preferred A Shares	96% Control Affiliate Restricted
5,100,000 Preferred B Shares	98% Control Affiliate Restricted

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel

Name	Christopher P. Flannery
Firm	Law Offices of Christopher P. Flannery
Address 1	4 Hillman Drive, Suite 104
Address 2	Chadds Ford, PA 19317
Phone	1-610-361-8016
Email	cpflannerylaw@gmail.com

Accountant

Name	Erwin Vahlsing, Jr., MBA
Firm	XBRL Associates, Inc.
Address 1	P.O. Box 19652
Address 2	Johnston, RI 02919
Phone	401-648-0802
Email	evahlsing@xbrlassociates.com

Investor Relations Consultant

Name	N/A
Firm	N/A
Address 1	N/A
Address 2	N/A
Phone	N/A
Email	N/A

Other Advisor: Any Other Advisor(s) that Assisted, Advised, Prepared or Provided Information with Respect to this Disclosure Statement.

Name	N/A
Firm	N/A
Address 1	N/A
Address 2	N/A
Phone:	N/A
Email:	N/A

The Company has not entered into any agreement to promote its stock nor has it authorized any third party to conduct any type of promotion on its behalf.

10) Issuer Certification

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Robert P. Atwell, certify that:

1. I have reviewed this quarterly disclosure statement of Sky440, Inc.; and

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.

Dated as of October 18, 2017 for the Quarterly Report for fiscal quarter ended September 30, 2017.

/s/ Robert P. Atwell [CEO's Signature]

/s/ Robert P. Atwell [CFO's Signature]