# COFFEESMITHS COLLECTIVE, INC.

## FORM 10-Q
(Quarterly Report)

Filed 11/14/18 for the Period Ending 09/30/18

| | |
|---|---|
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| Telephone | 630-250-2709 |
| CIK | 0001619055 |
| Symbol | COFE |
| SIC Code | 2030 - Canned, Frozen and Preservd Fruit, Vegetables and Food Specialties |
| Industry | Restaurants & Bars |
| Sector | Consumer Cyclicals |
| Fiscal Year | 12/31 |

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

# FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the quarterly period ended September 30, 2018**

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

**For the transition period from _____________ to _____________**

Commission File Number: **333-190067**

# DOCASA, INC.

(Exact name of Registrant as specified in its charter)

| | |
|---|---|
| **Nevada** | **47-1405387** |
| (State of incorporation) | (IRS Employer ID Number) |

**1901 North Roselle Road, Suite 800**
**Schaumburg, Illinois 60195**
**(630) 250-2709**
(Registrant's telephone number)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] No [X]

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

(Check one):

| | | | |
|---|---|---|---|
| Large accelerated filer | [ ] | Accelerated filer | [ ] |
| Non-accelerated filer<br>(Do not check if a smaller reporting company) | [ ] | Smaller reporting company | [X] |

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

As of November 12, 2018, there were 209,033,239 of common stock, par value $0.001 per share issued, issuable, and outstanding.

**DOCASA, INC.**
**FORM 10-Q**
**SEPTEMBER 30, 2018**

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**PART I – FINANCIAL INFORMATION**

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**Item 1. Financial Statements.**

**DOCASA, INC.**
**and Subsidiaries**
**Condensed Consolidated Balance Sheets**
**(unaudited)**

| | | September 30, 2018 | | December 31, 2017 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets:** | | | | |
| Cash | $ | 1,104,519 | $ | 139,350 |
| Accounts receivable | | 898,438 | | 531,872 |
| Other receivables | | - | | 8,183 |
| Prepaid expenses | | 551,923 | | 396,041 |
| Inventory | | 154,888 | | 100,386 |
| Total current assets | | 2,709,768 | | 1,175,832 |
| | | | | |
| Fixed assets, net | | 3,396,189 | | 1,957,650 |
| Intangible assets, net | | 165,087 | | 12,559 |
| Other receivables | | 39,088 | | 40,509 |
| Goodwill | | 4,399,503 | | 2,185,012 |
| Provisional Deposits | | 355,158 | | 233,966 |
| Total assets | $ | 11,064,793 | $ | 5,605,528 |
| | | | | |
| **LIABILITIES AND SHAREHOLDERS' DEFICIT** | | | | |
| Current liabilities: | | | | |
| Notes payable, current portion | $ | 198,118 | $ | 171,160 |
| Accounts payable | | 1,127,956 | | 869,388 |
| Accrued expenses | | 1,651,069 | | 529,324 |
| Accounts payable to related parties | | 65,428 | | 65,855 |
| Taxes payable | | 94,730 | | 120,807 |
| Capital leases obligations, current portion | | 184,505 | | 209,539 |
| Deferred revenue | | 31,532 | | 35,642 |
| Total current liabilities | | 3,353,338 | | 2,001,715 |
| Non-current liabilities: | | | | |
| Notes payable, non-current portion (includes $11,014 and $11,414 to related parties for September 30, 2018 and December 31, 2017, respectively) | | 245,528 | | 357,095 |
| Capital leases obligations, non-current portion | | 292,027 | | 370,681 |
| Other long-term liabilities | | 593,743 | | 1,206 |
| Total long-term liabilities | | 1,131,298 | | 728,982 |
| Total liabilities | | 4,484,636 | | 2,730,697 |
| | | | | |
| Commitments and contingencies (Note 9) | | | | |
| | | | | |
| Shareholders' deficit: | | | | |
| Common stock, $0.001 par value, 250,000,000 shares authorized, 161,945,114 and 160,012,875 shares issued and outstanding, at September 30, 2018 and December 31, 2017, and 47,087,125 and 47,087,125 conditionally issuable, at September 30, 2018 and December 31, 2017, respectively | | 209,033 | | 207,100 |
| Additional paid-in capital | | 2,386,049 | | 758,933 |
| Class A ordinary shares of DEPT-UK (25,000,000 shares authorized, £1 par value, 0 and 243,800 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively) | | - | | - |
| Class B ordinary shares of DEPT-UK (10,000,000 shares authorized, £1 par value, 0 and 0 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively) | | - | | - |
| Accumulated other comprehensive loss | | (587,960) | | (301,958) |
| Accumulated deficit | | (4,253,374) | | (2,482,908) |
| Total DOCASA, Inc. shareholders' deficit | | (2,246,252) | | (1,818,833) |
| Non-controlling interest: | | | | |
| Preference shares of DEPT-UK (25,000,000 shares authorized, £1 par value, 6,739,641 and 3,557,796 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively) | | | | |
| | | | | |
| | | 8,826,409 | | 4,693,664 |
| Total liabilities and shareholders' deficit | $ | 11,064,793 | $ | 5,605,528 |

See accompanying notes to unaudited condensed consolidated financial statements.

**DOCASA, INC.**
**and Subsidiaries**
**Condensed Consolidated Statements of Operations**
**(unaudited)**

| | For the three months ended | | For the nine months ended | |
|---|---|---|---|---|
| | September 30, 2018 | August 31, 2017 | September 30, 2018 | August 31, 2017 |
| Revenue, net | $ 2,539,368 | $ 1,179,809 | $ 6,454,111 | $ 3,263,858 |
| Operating expenses | | | | |
| Direct costs of revenue | 1,972,504 | 1,441,275 | 4,911,631 | 3,060,349 |
| Professional fees | - | 43,994 | 179,307 | 127,561 |
| Rent | 339,147 | 146,039 | 927,624 | 369,412 |
| Depreciation and amortization | 174,739 | 64,668 | 348,105 | 158,522 |
| Property taxes | - | - | 10,051 | - |
| Other general and administrative expenses | 881,798 | 516,379 | 1,833,847 | 921,140 |
| Operating loss | (828,820) | (1,032,546) | (1,756,454) | (1,373,126) |
| Other income (expense) | | | | |
| Interest expense | (3,658) | - | (16,797) | - |
| Loss before provision for income taxes | (832,478) | (1,032,546) | (1,773,251) | (1,373,126) |
| Provision for income tax | - | - | - | - |
| Net loss before non-controlling interest | (832,478) | (1,032,546) | (1,773,251) | (1,373,126) |
| Loss attributable to non-controlling interest | 1,480 | 1,857 | 2,785 | 1,204 |
| Net loss attributable to common shareholders | $ (830,998) | $ (1,030,689) | $ (1,770,466) | $ (1,371,922) |
| Foreign currency translation loss | (15,351) | 20,035 | (286,002) | (26,166) |
| Total comprehensive loss | $ (846,349) | $ (1,010,654) | $ (2,056,468) | $ (1,398,088) |
| Net loss attributable to common shareholders per share - basic | $ (0.01) | $ (0.01) | $ (0.01) | $ (0.01) |
| Weighted average number of shares outstanding - basic | 161,945,114 | 150,036,000 | 160,932,465 | 147,100,000 |

See accompanying notes to unaudited condensed consolidated financial statements.

**DOCASA, INC.**
**and Subsidiaries**
**Condensed Consolidated Statements of Cash Flows**
**(unaudited)**

| | For the nine months ended | |
|---|---|---|
| | **September 30, 2018** | **August 31, 2017** |
| **Cash flows from operating activities:** | | |
| Net loss attributable to common shareholders | $ (1,770,466) | $ (1,367,026) |
| Adjustments to reconcile net loss before taxes and non-controlling interest to net cash used in operations: | | |
| Depreciation and amortization expense | 348,105 | 158,142 |
| Loss on disposal of intangible asset | 2,801 | - |
| Other comprehensive income | (286,002) | (26,166) |
| Bad debt expense | - | 423,680 |
| Non-controlling interest gain | 2,785 | (1,256) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (354,743) | (202,048) |
| Other receivables | 9,604 | 6,888 |
| Prepaid expenses | (69,116) | 90,928 |
| Inventory | (11,676) | (8,418) |
| Prepaid expenses and other assets | - | (32,678) |
| Deposits | (66,835) | - |
| Accounts payable | 119,266 | 110,753 |
| Accounts payable to related parties | (427) | (26,151) |
| Accrued expenses | 722,227 | (47,755) |
| Taxes payable | (26,077) | 84,001 |
| Deferred revenue | (4,110) | 16,359 |
| Other non-current liabilities | 232,497 | 35,297 |
| **Net cash used in operating activities** | (1,152,168) | (785,450) |
| | | |
| **Cash flows used in investing activities:** | | |
| Acquisition of fixed assets | (1,367,203) | (663,975) |
| Cash paid for Roasted Rituals, net | (22,018) | - |
| Cash paid for purchase of TimberYard | (260,586) | - |
| Cash acquired in purchase of Tradewind | (17,527) | - |
| **Net cash used in investing activities** | (1,667,334) | (663,975) |
| | | |
| **Cash flows from (used in) financing activities:** | | |
| Proceeds from notes payable | 270,497 | 2,938,650 |
| Payment on capital leases | (103,688) | (57,986) |
| Proceeds from issuance of preference shares | 4,018,899 | 638,037 |
| Payments on notes payable | (401,037) | (2,067,013) |
| **Net cash provided by financing activities** | 3,784,671 | 1,451,688 |
| | | |
| Net increase in cash | 965,169 | 2,263 |
| Cash at beginning of period | 139,350 | 91,137 |
| | | |
| Cash at end of period | $ 1,104,519 | $ 93,400 |

**DOCASA, INC.**
**and Subsidiaries**
**Condensed Consolidated Statements of Cash Flows**
**(unaudited)**

| | For the nine months ended | |
|---|---|---|
| | September 30, 2018 | August 31, 2017 |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for interest | $ 4,850 | $ - |
| Cash paid for taxes | $ - | $ - |
| | | |
| **Non-cash investing and financing activities:** | | |
| Issuance of preference shares for liabilities | $ 111,061 | $ 592,089 |
| Capital lease additions | $ 58,668 | $ - |
| Fair value of shares issued for acquisition | $ 1,629,049 | $ - |
| Contingent consideration for acquisitions | $ 360,040 | $ - |
| Fixed asset additions by capital leases | $ - | $ 357,967 |
| Payment of services by third party | $ - | $ 402,592 |
| Issuance of note payable for treasury stock | $ - | $ 320,000 |
| Assets and liabilities assumed, net | $ - | $ 46,359 |
| Treasury stock acquired | $ - | $ (115,000) |
| Issuance of common stock for acquisition | $ - | $ 110,000 |
| Issuable common stock for contribution | $ - | $ (300) |
| Assets and liabilities acquired in acquisitions | | |
| Accounts receivable | $ 11,823 | $ - |
| Prepaid expenses | $ 86,766 | $ - |
| Inventory | $ 42,826 | $ - |
| Deposits | $ 54,357 | $ - |
| Accounts payable | $ (250,365) | $ - |
| Accrued expenses | $ (352,290) | $ - |
| Acquisition of fixed assets | $ 359,754 | $ - |
| Acquisition of intangible assets | $ 156,348 | $ - |
| Notes payable assumed | $ (45,931) | $ - |
| Goodwill | $ 2,214,491 | $ - |

See accompanying notes to unaudited condensed consolidated financial statements.

## NOTE 1 – NATURE OF BUSINESS AND PRESENTATION

***Organization***

DOCASA, Inc. (the "Company," "we," "us," "our," or "DOCASA") was incorporated in the State of Nevada on July 22, 2014, under the name of FWF Holdings, Inc. The Company changed its name on August 4, 2016. The Company was originally engaged in the business of commercial production and distribution of hot sauce (see Note 3). On August 4, 2016, the Company changed its year end from July 31 to August 31.

On July 8, 2016, the Company experienced a change in control. Atlantik LP ("Atlantik"), a related party, acquired a majority of the issued and outstanding common stock of the Company in accordance with a stock purchase agreement by and between Atlantik and Nami Shams (the "Seller"). On the closing date, July 8, 2016, pursuant to the terms of the stock purchase agreement, Atlantik purchased from the Seller 115,000,000 shares of the Company's outstanding restricted common stock for $200,000, representing 76.1% of the Company's outstanding common stock at that time.

On September 1, 2016, the Company acquired 99.8% of the voting stock of the Department of Coffee and Social Affairs Limited, a United Kingdom corporation (the "DEPT-UK"), and the Company agreed to issue DEPT-UK's majority shareholder 170,000,000 shares of the Company's common stock—110,000,000 shares initially and 60,000,000 shares at a time determined by the Company's Board of Directors but no later than August 31, 2017, which deadline was subsequently extended to August 31, 2019. Also, on September 1, 2016, the Company acquired 115,000,000 shares of the Company's common stock from Atlantik in exchange for issuing Atlantik a promissory note for $320,000, which shares were then cancelled, and which note has since been paid in full. As a result of the acquisition and the issuance of the initial 110,000,000 shares of common stock, and the cancellation of the 115,000,000 Atlantik shares, DEPT-UK is now the majority-owned subsidiary of the Company, and the Company experienced a change of control.

DEPT-UK formed a wholly-owned subsidiary, Department of Coffee and Internal Affairs Limited ("DCIA"), on September 11, 2014, as filed with the Registrar of Companies for England and Wales. As of September 30, 2018, DCIA has had no operations or activity.

On April 5, 2017, the Company formed Department of Coffee and Social Affairs IL, Inc. ("DEPT-IL"), an Illinois corporation.

On May 18, 2017, the Company formed Department of Coffee and Social Affairs White Space Limited ("DEPT-UKWS"), as filed with the Registrar of Companies for England and Wales. DEPT-UKWS is a subsidiary of DEPT-UK.

For financial reporting purposes, the acquisition of DEPT-UK and the change of control in connection with acquisition represented a "reverse merger" rather than a business combination, and DEPT-UK is deemed to be the accounting acquirer in the transaction. For the periods subsequent to August 31, 2016, the acquisition is being accounted for as a reverse-merger and recapitalization. DEPT-UK is the acquirer for financial reporting purposes, and the Company (DOCASA, Inc., f/k/a FWF Holdings, Inc.) is the acquired company. Consequently, the assets and liabilities and the operations that are reflected in the historical financial statements prior to the acquisition are those of DEPT-UK and have been recorded at the historical cost basis of DEPT-UK, and the financial statements after completion of the acquisition include the assets and liabilities of both the Company and DEPT-UK, and the historical operations of DEPT-UK prior to closing and operations of both companies from the closing of the acquisition.

On January 2, 2018, with an effective date of November 1, 2017, DEPT-UK acquired Tapped and Packed Ltd ("Tapped"), an UK company, for a combination of cash and shares of common stock of the Company. See Note 2. Tapped became a subsidiary of DEPT-UK as a result of the transaction. Tapped has four shop locations in the UK which serve coffee and food.

On February 23, 2018, the Board of Directors determined to change the Company's fiscal year end to December 31 from August 31. The Company believes this change will benefit the Company by aligning its reporting periods to be more consistent with peer coffee companies.

On May 23, 2018, DEPT-UK acquired Bea's of Bloomsbury Limited ("Bea's"), an UK company, for shares of common stock of the Company. See Note 2. Bea's became a subsidiary of DEPT-UK as a result of the transaction. Bea's has five shop locations in the UK which serves coffee and food.

On June 29, 2018, DEPT-UK acquired Tradewind Espresso Ltd ("Tradewind"), an UK company, for cash. See Note 2. Tradewind became a subsidiary of DEPT-UK as a result of the transaction. Tradewind has one shop location in the UK which serves coffee and food.

On June 29, 2018, DEPT-UK acquired Roasted Rituals Coffee Ltd ("Roasted Rituals"), an UK company, for cash. See Note 2. Roasted Rituals became a subsidiary of DEPT-UK as a result of the transaction. Roasted Rituals is a specialty coffee roaster and has one location in the UK.

Effective October 29, 2018, majority of the shareholders of the Company approved the following changes to the Company's Articles of Incorporation:

**Name Change from "DOCASA, Inc." to "The Coffeesmiths Collective, Inc."**

On October 29, 2018, the majority of the shareholders of the Company approved the amendment to the Articles of Incorporation to change the Company's name from "DOCASA, Inc." to "The Coffeesmiths Collective, Inc." The purpose of the name change will help further our brand identity and will reflect the major focus of our business operations as a specialty coffee company. The filing of the name change with the state of Nevada was completed and effected as of October 29, 2018. The Company filed with FINRA for a name change and symbol change on November 1, 2018.

***Nature of Operations***

We are in the specialty coffee industry, specifically with company-operated stores. The Company generates revenue through sales at twenty-eight existing company-operated coffee shop locations in the UK, with three more locations in the US. Similar to other leading operators, we sell our proprietary coffee and related products, and complementary food and snacks.

***Principles of Consolidation***

The consolidated financial statements include the accounts of DOCASA and its subsidiaries, DEPT-UK, DCIA, DEPT-IL and DEPT-UK's subsidiaries, Tapped, Bea's, Roasted Rituals, Tradewind, and DEPT-UKWS. All significant inter-company balances and transactions have been eliminated in consolidation.

***Basis of Presentation***

The accompanying unaudited consolidated condensed financial statements of DOCASA have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and done under §240.13(a) of the Securities Act. The results of operations for the interim period ended September 30, 2018 shown in this report are not necessarily indicative of results to be expected for the full fiscal year ending December 31, 2018. In the opinion of the Company's management, the information contained herein reflects all adjustments (consisting of normal recurring adjustments, unless otherwise indicated) necessary for a fair presentation of the Company's results of operations, financial position and cash flows. The unaudited interim financial statements should be read in conjunction with the audited financial statements in the Company's Form 10-K for the year ended August 31, 2017, filed on December 18, 2017 and Management's Discussion and Analysis of Financial Condition and Results of Operations.

***Change in Fiscal Year***

On February 23, 2018, the Board of Directors of the Company determined to change the Company's fiscal year end to December 31$^{st}$ from August 31$^{st}$. The Company believes this change will benefit the Company by aligning its reporting periods to be more consistent with peer coffee companies.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in the accompanying financial statements include the amortization period for intangible assets, valuation and impairment valuation of intangible assets, allowance for accounts receivable, estimated lives of intangible and fixed assets, and valuation of share-based payments.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

***Accounts Receivable***

Accounts receivable consisted of amounts due from customers primarily for management fees. The Company considered accounts more than 30 days old to be past due. The Company used the allowance method for recognizing bad debts. When an account was deemed uncollectible, it was written off against the allowance. The Company generally does not require collateral for its accounts receivable. Management has not recorded an allowance for doubtful accounts as of September 30, 2018 or December 31, 2017.

***Inventory***

Inventory is recorded at the lower of cost or market and the cost of sales are recorded utilizing the first in first out ("FIFO") method.

***Fixed Assets***

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets of three years for computer equipment, five years for office furniture and fixtures, and the lesser of the lease term or the useful life of the leased equipment. Leasehold improvements are amortized over the lesser of the lease term or the useful life of the improvements. Expenditures for maintenance and repairs along with fixed assets below our capitalization threshold are expensed as incurred.

***Impairment of Long-Lived Assets***

The Company accounts for long-lived assets in accordance with the provisions of Statement of Financial Accounting Standards ASC 360-10, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

***Fair Value of Financial Instruments***

The Company measures its financial assets and liabilities in accordance with generally accepted accounting principles. For certain of our financial instruments, including cash, accounts receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

We follow accounting guidance for financial and non-financial assets and liabilities. This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. This guidance does not apply to measurements related to share-based payments. This guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

***Revenue Recognition***

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This update provides a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. We have adopted this update. We do not believe this guidance will impact the recognition of our primary source of revenue from company-owned coffee shops. The adoption of this guidance did not have a material impact on our consolidated financial statements.

***Stock-Based Compensation***

The Company accounts for stock-based instruments issued to employees in accordance with ASC Topic 718. ASC Topic 718 requires companies to recognize in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees. The value of the portion of an award that is ultimately expected to vest is recognized as an expense over the requisite service periods using the straight-line attribution method. The Company accounts for non-employee share-based awards in accordance with the measurement and recognition provisions ASC Topic 505-50. The Company estimates the fair value of stock options at the grant date by using the Black-Scholes option-pricing model.

***Advertising***

Advertising is expensed as incurred and is included in other general and administrative expenses on the accompanying condensed consolidated statement of operations. For the nine months ended September 30, 2018 and August 31, 2017 advertising expense was $0 and $8,137, respectively.

***Income Taxes***

The Company adopted the provisions of ASC 740, "Income Taxes." When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above should be reflected as a liability for unrecognized tax benefits in the accompanying condensed consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all highly certain of being upheld upon examination. As such, the Company has not recorded a liability for unrecognized tax benefits. As of September 30, 2018, tax years 2014 - 2017 remain open for IRS audit and tax years 2015–2017 remain open for HM Revenue & Customs ("HMRC") audit. The Company has received no notice of audit from the IRS or HMRC for any of the open tax years.

***Net Earnings (Loss) Per Share***

In accordance with ASC 260-10, "Earnings Per Share," basic net earnings (loss) per common share is computed by dividing the net earnings (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share are computed using the weighted average number of common stock shares outstanding during the period. The Company does not currently have any potential dilutive securities outstanding as of September 30, 2018 and August 31, 2017.

***Foreign Currency Translation and Transactions***

The British Pound ("£") is the functional currency of DEPT-UK and Tapped whereas the financial statements are reported in United States Dollar ("USD," "$"). Assets and liabilities are translated based on the exchange rates at the condensed consolidated balance sheet date, while revenue and expense accounts are translated at the average exchange rates prevailing during the period. Equity accounts are translated at historical exchange rates. The resulting translation gain and loss adjustments are accumulated as a component of stockholders' equity and other comprehensive loss.

***Comprehensive Loss***

The Company reports comprehensive loss and its components in its consolidated financial statements. Comprehensive loss consists of net loss on foreign currency translation adjustments affecting stockholders' equity that, under U.S. GAAP, are excluded from net loss. As of September 30, 2018, the exchange rate between U.S. Dollars and British Pounds was US$1.30 = £1.00, and the weighted average exchange rate for the nine months ended September 30, 2018 was US$1.33 = £1.00. As of December 31, 2017, the exchange rate between U.S. Dollars and British Pounds was US$1.35 = £1.00.

***Going Concern***

The Company had net loss attributable to common shareholders for the nine months ended September 30, 2018 of $1,770,466 and a working capital deficit as of September 30, 2018 of $643,570, and has cash used in operations of $1,152,168 for the nine months ended September 30, 2018. In addition, as of September 30, 2018, the Company had a stockholders' deficit and accumulated deficit of $2,246,252 and $4,253,374, respectively. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The accompanying financial statements have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The ability of the Company to continue its operations is dependent on the execution of management's plans, which include the raising of capital through the debt and/or equity markets, until such time that funds provided by operations are sufficient to fund working capital requirements. If the Company were not to continue as a going concern, it would likely not be able to realize its assets at values comparable to the carrying value or the fair value estimates reflected in the balances set out in the preparation of the financial statements.

There can be no assurances that the Company will be successful in generating additional cash from the equity/debt markets or other sources to be used for operations. The financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary. Based on the Company's current resources, the Company will not be able to continue to operate without additional immediate funding. Should the Company not be successful in obtaining the necessary financing to fund its operations, the Company would need to curtail certain or all operational activities and/or contemplate the sale of its assets, if necessary.

***Effect of Recent Accounting Pronouncements***

The Company reviews new accounting standards and updates as issued. No new standards or updates had any material effect on these financial statements. The accounting pronouncements and updates issued subsequent to the date of these financial statements that were considered significant by management were evaluated for the potential effect on these financial statements. Management does believe that some of the subsequent pronouncements will have a material effect on these financial statements as presented and does not anticipate the need for any future restatement of these financial statements because of the retro-active application of any accounting pronouncements issued subsequent to September 30, 2018 through the date these financial statements were issued.

In February 2016, the Financial Accounting Standards Board ("FASB") issued an ASU on lease accounting. The ASU requires the lease rights and obligations arising from lease contracts, including existing and new arrangements, to be recognized as assets and liabilities on the balance sheet. The ASU is effective for reporting periods beginning after December 15, 2018 with early adoption permitted. While the Company is still evaluating the ASU, the Company expects the adoption of the ASU to have a material effect on the Company's financial condition due to the recognition of the lease rights and obligations as assets and liabilities. The Company expects the ASU to have a material effect on the Company's results of operations and financial position, and the ASU will have no effect on cash flows.

ASU 2014-09, Revenue – Revenue from Contracts with Customers. In May 2014, the FASB issued a new accounting standard that requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. The FASB has also issued several updates to ASU 2014-09. The new standard supersedes U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards. It also requires additional disclosures. We adopted the new revenue guidance effective January 1, 2017, by recognizing the cumulative effect of initially applying the new standard as an increase to the opening balance of retained earnings. The effect of the adoption was immaterial, with an immaterial impact to our net income on an ongoing basis. Adoption of the new standard will also result in changes in classification between Revenues and Direct costs of revenue.

**NOTE 2 – ACQUISITIONS**

*Acquisition of Tapped and Packed Ltd*

On November 1, 2017, DEPT-UK entered into an acquisition agreement (the "Tapped Acquisition Agreement") with Tapped, a United Kingdom corporation. Richard Lilley, an individual ("Lilley"), was the owner of record of 100 capital shares of Tapped. Pursuant to the Tapped Acquisition Agreement, Tapped stock was transferred to DEPT-UK on November 1, 2017, in consideration of £175,000 and 1,546,875 shares of common stock of the Company. The £175,000 was paid in October 2017 as a prepayment to the completion date of November 1, 2017. Stefan Allesch-Taylor ("Allesch-Taylor"), Chairman of the Company, utilized his personally owned shares of common stock of the Company, and assigned the 1,546,875 shares (the "Allesch-Taylor Shares") from his ownership to Lilley. In exchange for the use of the Allesch-Taylor Shares, which were provisionally valued at $1,918,125 ("Provisional Share Compensation Value"), the Board of Directors issued Allesch-Taylor 1,325,000 Preference Shares of DEPT-UK. The Provisional Share Compensation Value was determined by the previous day's closing price of $1.24 per share. The Company's common stock is thinly-traded and an insignificant amount of stock traded has historically caused significant fluctuations in the price per share of the Company's common stock. The Company will utilize an independent third-party business valuation to determine the value of Tapped, as well as get an independent valuation of the Company's common stock as of the date of the transaction. Management believes that the separate valuations will determine a fair and reasonable valuation thereby reducing the provisional goodwill recorded, as of September 30, 2018, of $2,185,012. The Allesch-Taylor Shares of common stock were assigned to Lilley on or about October 19, 2017 and were released in accordance to the agreement. See Notes 1, 7 and 8. Also in connection with the Tapped Acquisition Agreement, Gill and Lopez were appointed to serve on Tapped's Board of Directors.

The following table summarizes the consideration given for DEPT-UK and the provisional fair values of the assets and liabilities assumed at the acquisition date.

| | | |
|---|---|---|
| **Consideration given:** | | |
| Cash given | $ | 237,877 |
| Common stock shares given | | 1,918,125 |
| Total consideration given | $ | 2,156,002 |
| **Fair value of identifiable assets acquired, and liabilities assumed:** | | |
| Cash | $ | 200,582 |
| Prepaid expense | | 92,052 |
| Inventory | | 51,411 |
| Fixed assets, net | | 73,337 |
| Deposits | | 119,999 |
| Accrued expenses | | (195,621) |
| Short-term note payable | | (200,804) |
| Director note | | (168,782) |
| Deferred taxes | | (1,184) |
| Total identifiable net liabilities | | (29,010) |
| Goodwill | | 2,185,012 |
| Total consideration | $ | 2,156,002 |

The revenue and net loss for Tapped, as reflected in the unaudited condensed consolidated statement of operations, for the nine months ended September 30, 2018, to reflect the current period, was $1,472,570 and $103,940, respectively.

*Acquisition of Bea's of Bloomsbury Limited*

On May 23, 2018, DEPT-UK entered into an acquisition agreement (the "Bea's Acquisition Agreement") with Bea's, a United Kingdom corporation. Pursuant to the Bea's Acquisition Agreement, Bea's stock was transferred to DEPT-UK on May 23, 2018, in consideration of 1,933,239 shares of common stock of the Company. The Company's common stock was valued at $0.84 therefore the Company recorded the value of $1,623,921. Management recorded a provisional goodwill, as of September 30, 2018, of $1,698,321, which is attributable to common synergies, the workforce, and may be adjusted based on management's final determination of the fair value of the assets and liabilities acquired. See Notes 1, 7 and 8.

The following table summarizes the consideration given by DEPT-UK and the provisional fair values of the assets and liabilities assumed at the acquisition date.

| | | |
|---|---|---|
| **Consideration given:** | | |
| Common stock shares given | $ | 1,623,921 |
| | | |
| Total consideration given | $ | 1,623,921 |
| | | |
| **Fair value of identifiable assets acquired, and liabilities assumed:** | | |
| | | |
| Prepaid expense | $ | 86,764 |
| Inventory | | 36,311 |
| Fixed assets, net | | 315,558 |
| Deposits | | 54,357 |
| Accounts payable | | (250,365) |
| Accrued expenses | | (271,096) |
| Short-term note payable | | (45,931) |
| Total identifiable net liabilities | | (74,400) |
| Goodwill | | 1,698,321 |
| Total consideration | $ | 1,623,921 |

The revenue and loss for Bea's, as reflected in the unaudited condensed consolidated statement of operations, for the nine months ended September 30, 2018, to reflect the current period, was $856,176 and $210,099, respectively, and for the nine months ended August 31, 2017, the historical financial statements are unavailable.

*Acquisition of Roasted Rituals Coffee Ltd*

On June 29, 2018, DEPT-UK entered into an acquisition agreement (the "Roasted Rituals Acquisition Agreement") with Roasted Rituals, a United Kingdom corporation. Pursuant to the Roasted Rituals Acquisition Agreement, Roasted Rituals' stock was transferred to DEPT-UK on June 29, 2018, in consideration of £175,000. The £175,000 is to be paid in tranches; £37,500 at closing, £62,500 on the first anniversary of the closing date, and £75,000 on the second anniversary of the closing date. The Company has recorded the liabilities as short-term and long-term, respectively. Management has calculated provisional goodwill of $181,593, which is attributable to common synergies, the workforce, and may be adjusted based on management's final determination of the fair value of the assets and liabilities acquired. See Note 1 and 7.

The following table summarizes the consideration given for DEPT-UK and the provisional fair values of the assets and liabilities assumed at the acquisition date.

| | | |
|---|---|---|
| **Consideration given:** | | |
| Cash given | $ | 49,096 |
| Accrued consideration | | 180,020 |
| Total consideration given | $ | 229,116 |
| | | |
| **Fair value of identifiable assets acquired, and liabilities assumed:** | | |
| | | |
| Cash | $ | 27,078 |
| Accounts receivable, net | | 11,350 |
| Fixed assets, net | | 11,344 |
| Accrued expenses | | (2,249) |
| Total identifiable net assets | | 47,523 |
| Goodwill | | 181,593 |
| Total consideration | $ | 229,116 |

The revenue and income for Roasted Rituals, as reflected in the unaudited condensed consolidated statement of operations, for the nine months ended September 30, 2018, to reflect the current period, was $54,198 and $9,121, respectively, and for the nine months ended August 31, 2017, the financial statements are unavailable.

*Acquisition of Tradewind Espresso Ltd*

On June 29, 2018, DEPT-UK entered into an acquisition agreement (the "Roasted Rituals Acquisition Agreement") with Roasted Rituals, a United Kingdom corporation. Pursuant to the Roasted Rituals Acquisition Agreement, Roasted Rituals' stock was transferred to DEPT-UK on June 29, 2018, in consideration of £175,000. The £175,000 is to be paid in tranches; £37,500 at closing, £62,500 on the first anniversary of the closing date, and £75,000 on the second anniversary of the closing date. The Company has recorded the liabilities as short-term and long-term, respectively. Management has calculated provisional goodwill of $197,565, which is attributable to common synergies, the workforce, and may be adjusted based on management's final determination of the fair value of the assets and liabilities acquired. See Note 1 and 7.

The following table summarizes the consideration given by DEPT-UK and the provisional fair values of the assets and liabilities assumed at the acquisition date.

| | | |
|---|---|---|
| **Consideration given:** | | |
| Cash given | $ | 49,096 |
| Accrued consideration | | 180,020 |
| Total consideration given | $ | 229,116 |
| | | |
| **Fair value of identifiable assets acquired, and liabilities assumed:** | | |
| | | |
| Cash | $ | 31,569 |
| Accounts receivable, net | | 473 |
| Fixed assets, net | | 13,308 |
| Accrued expenses | | (13,799) |
| Total identifiable net assets | | 31,551 |
| Goodwill | | 197,565 |
| Total consideration | $ | 229,116 |

The revenue and loss for Tradewinds, as reflected in the unaudited condensed consolidated statement of operations, for the nine months ended September 30, 2018, to reflect the current period, was $159,080 and $4,721, respectively, and for the nine months ended August 31, 2017, the financial statements were unavailable.

*Acquisition of Timberyard Limited*

On September 4, 2018, DEPT-UK entered into an asset sale agreement (the "Timberyard Asset Sale Agreement") with the Joint Administrators of Timberyard Limited ("Timberyard"). Pursuant to the Timberyard Asset Sale Agreement, certain assets of Timberyard were transferred to DEPT-UK on September 4, 2018, in consideration of £250,000. The £250,000 is to be paid in two tranches; £200,000 at closing, £50,000 no later than twelve calendar months after the closing date. Management has calculated provisional goodwill of $78,178, which is attributable to common synergies, the workforce, and may be adjusted based on management's final determination of the fair value of the assets acquired.

The following table summarizes the consideration given by DEPT-UK and the provisional fair values of the assets assumed at the acquisition date.

| | | |
|---|---|---|
| **Consideration given:** | | |
| Cash given | $ | 260,584 |
| Accrued consideration | | 65,147 |
| Total consideration given | $ | 325,731 |
| | | |
| **Fair value of identifiable assets acquired, and liabilities assumed:** | | |
| | | |
| Plant and machinery | $ | 19,544 |
| Inventory | | 6,515 |
| Intangible assets | | 156,348 |
| Goodwill | | 143,324 |
| Total consideration | $ | 325,731 |

The revenue and loss for the assets of Timberyard, as reflected in the unaudited condensed consolidated statement of operations, for the nine months ended September 30, 2018, to reflect the current period, was $75,505 and $10,425, respectively, and for the nine months ended August 31, 2017, the financial statements were unavailable.

*Pro-Forma Financial Information*

The following unaudited pro-forma data summarizes the result of the operations for the nine months ended September 30, 2018 and August 31, 2017, as if the acquisition of Bea's, Roasted Rituals, Tradewind and TimberYard had been completed on January 1, 2018 and September 1, 2016, respectively, which was the beginning of the Company's previous adjusted fiscal year (for comparison purposes) prior to the change to a calendar year end in March 2018. The pro-forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisitions had taken place on September 1, 2016.

| | For the Nine months Ended September 30, 2018 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | DOCASA | Tapped | Bea's | Roasted Rituals | Tradewind | TimberYard | Pro-forma Adjustments | Totals |
| Revenue, net | $ 4,236,465 | $ 1,472,570 | $ 1,537,172 | $ 105,185 | $ 307,368 | $ 393,926 | $ - | $ 8,052,686 |
| Operating expenses | 5,483,838 | 1,576,510 | 1,991,685 | 100,134 | 311,962 | 369,470 | - | 9,833,599 |
| Income (loss) from operations | (1,247,373) | (103,940) | (454,513) | 5,051 | (4,594) | 24,456 | - | (1,780,913) |
| Other income (expense) | (16,474) | - | (323) | - | - | - | - | (16,797) |
| Loss before income taxes | (1,263,847) | (103,940) | (454,836) | 5,051 | (4,594) | | - | (1,797,710) |
| Net loss attributable to common shareholders | $ (1,263,847) | $ (103,940) | $ (454,836) | $ 5,051 | $ (4,594) | | $ - | $ (1,797,710) |
| Net loss per common share - basic | $ (0.01) | | | | | 24,456 | | $ (0.01) |
| Weighted average number of common shares outstanding during the period - basic | 161,945,114 | | | | | 24,456 | | 161,945,114 |

| | For the Nine months Ended September 30, 2017 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **DOCASA** | **Tapped** | **Bea's** | **Roasted Rituals** | **Tradewind** | **TimberYard** | **Pro-forma Adjustments** | **Totals** |
| Revenue, net | $ 3,263,858 | $ 1,490,668 | $ 1,606,587 | $ 136,834 | $ 297,544 | - | $ - | $ 6,795,491 |
| Operating expenses | 4,666,563 | 1,226,267 | 1,837,858 | 96,084 | 305,562 | - | - | 8,132,334 |
| Loss from operations | (1,402,705) | 264,401 | (231,271) | 40,750 | (8,018) | - | - | (1,336,843) |
| Other income (expense) | 2,448 | - | - | - | - | - | - | 2,448 |
| Loss before income taxes | (1,400,257) | 264,401 | (231,271) | 40,750 | (8,018) | - | - | (1,334,395) |
| Net loss attributable to common shareholders | $ (1,400,257) | $ 264,401 | $ (231,271) | $ 40,750 | $ (8,018) | - | $ - | $ (1,334,395) |
| Net loss per common share - basic | $ (0.01) | | | | | - | | $ (0.01) |
| Weighted average number of common shares outstanding during the period - basic | 150,036,000 | | | | | - | | 150,036,000 |

**NOTE 3 – INVENTORY**

The Company has inventory of various items used for the sale of coffee and complementary products. As of September 30, 2018, and December 31, 2017, the Company had inventory of $154,888 and $100,386, respectively. The Company accounts for its inventory using the lower of cost or market and the cost of sales are recorded utilizing the first in first out ("FIFO") method.

The inventory is as follows:

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| Consumable products | $ 59,432 | $ 37,750 |
| Cold brew | 1,117 | 7,119 |
| Retail products | 21,213 | 18,725 |
| Food and drinks | 73,126 | 36,792 |
| Total inventory | $ 154,888 | $ 100,386 |

**NOTE 4 – FIXED ASSETS**

The Company has fixed assets including computer equipment, office equipment, site equipment and machinery, site fit out costs, site furniture, fixtures and fittings.

The depreciation expense for the nine months ended September 30, 2018 and August 31, 2017, was $347,087 and $152,666, respectively. The variance between the expense and the increase in accumulated depreciation is due to timing of the currency translation calculation.

**NOTE 5 – INTANGIBLE ASSETS**

*Website Development*

The Company has intangible assets related to website development. The amortization of the intangible assets is over a three-year period.

The amortization expense for the nine months ended September 30, 2018 and August 31, 2017, was $1,018 and $5,856, respectively. The variance between the expense and the increase in accumulated amortization is due to timing of the currency translation calculation.

*Goodwill*

The Company has goodwill related to the acquisitions of Tapped, Bea's, Tradewind, Roasted Rituals and TimberYard. The Company has not determined the deductibility of goodwill for tax purposes. As of September 30, 2018, the Company has $4,399,503 of goodwill, as allocated below:

| | |
|---|---|
| Balance, December 31, 2017 | $ 2,185,012 |
| Acquisitions | 2,214,491 |
| Balance, September 30, 2018 | $ 4,399,503 |

**NOTE 6 – NOTES PAYABLE**

The Company has notes payable as of September 30, 2018 and December 31, 2017, are as follows:

**Notes payable - current**

| | September 30, 2018 | | | December 31, 2017 | | |
|---|---|---|---|---|---|---|
| | Principal | Accrued Interest | Total | Principal | Accrued Interest | Total |
| Arch Investments | $ 2,194 | $ - | $ 2,194 | $ 2,194 | $ - | $ 2,194 |
| Arch Investments | 5,067 | - | 5,067 | 5,067 | - | 5,067 |
| Arch Investments | 5,065 | - | 5,065 | 5,065 | - | 5,065 |
| Arch Investments | 15,873 | - | 15,873 | 15,873 | - | 15,873 |
| Arch Investments | 4,349 | - | 4,349 | 4,349 | - | 4,349 |
| HSBC | 138,685 | - | 138,685 | 111,970 | - | 111,970 |
| HSBC | 26,885 | - | 26,885 | 26,642 | - | 26,642 |
| Total | $ 198,118 | $ - | $ 198,118 | $ 171,160 | $ - | $ 171,160 |

**Notes payable - non-current**

| | September 30, 2018 | | | December 31, 2017 | | |
|---|---|---|---|---|---|---|
| | Principal | Accrued Interest | Total | Principal | Accrued Interest | Total |
| Deij Capital Limited (1) | $ 11,014 | $ - | $ 11,014 | $ 11,414 | $ - | $ 11,414 |
| HSBC | 189,115 | - | 189,115 | 280,011 | - | 280,011 |
| HSBC | 45,399 | - | 45,399 | 65,670 | - | 65,670 |
| Total | $ 245,528 | $ - | $ 245,528 | $ 357,095 | $ - | $ 357,095 |

(1) Related party

On July 1, 2014, DEPT-UK entered into a business loan with Deij Capital Limited ("Deij Capital"), a related party in which Gill is the director and owner. The loan is for 3 years, with an interest rate of 0%. The note has been extended to July 1, 2019. The imputed interest is deemed immaterial as of September 30, 2018. The facility loan was for $171,437 (£100,000) to be drawn down as and when required. On September 30, 2016, Deij Capital converted the balance due of $179,534 (£135,464) into 135,464 shares of Preference Shares. On May 31, 2017, Deij Capital converted of the balance due $63,990 (£51,500) into 51,500 shares of Preference Shares. The outstanding principal as of September 30, 2018 and December 31, 2017 was $11,014 (£8,454) and $11,414 (£8,454), respectively. The accrued interest as of September 30, 2018 and December 31, 2017, was $0 (£0) and $0 (£0), respectively. On October 1, 2018, Deij Capital forgave this business loan (see Notes 7 and 13).

On July 31, 2014, DOCASA executed a promissory note for $2,194 with Nami Shams, a former officer and director of the Company. The note has no set term of repayment and is non-interest bearing. The imputed interest is deemed immaterial as of September 30, 2018. As of September 30, 2018, and December 31, 2017, the principal was $2,194. This note was acquired by Arch Investments, LLC.

On April 30, 2015, DOCASA executed a promissory note for $5,067 with Nami Shams, a former officer and director of the Company. The note has no set term of repayment and is non-interest bearing. On July 20, 2016, Arch Investments, LLC acquired this promissory note due to Nami Shams. The imputed interest is deemed immaterial as of September 30, 2018. As of September 30, 2018, and December 31, 2017, the principal was $5,067.

On July 31, 2015, DOCASA executed a promissory note for $5,065 with Nami Shams, a former officer and director of the Company. The note has no set term of repayment and is non-interest bearing. The imputed interest is deemed immaterial as of September 30, 2018. As of September 30, 2018, and December 31, 2017, the principal was $5,065. This note was acquired by Arch Investments, LLC.

On October 31, 2015, DOCASA executed a promissory note for $15,873 with Nami Shams, a former officer and director of the Company. The note has no set term of repayment and is non-interest bearing. The imputed interest is deemed immaterial as of September 30, 2018. As of September 30, 2018, and December 31, 2017, the principal was $15,873. This note was acquired by Arch Investments, LLC.

On January 31, 2016, DOCASA executed a promissory note for $4,349 with Nami Shams, a former officer and director of the Company. The note has no set term of repayment and is non-interest bearing. The imputed interest is deemed immaterial as of September 30, 2018. As of September 30, 2018, and December 31, 2017, the principal was $4,349. This note was acquired by Arch Investments, LLC.

On July 28, 2016, DEPT-UK entered into a business loan with HSBC. The loan is a development loan drawn down against development invoices. The loan is for four years, with an interest rate of 4.5% over the Bank of England base rate. The loan repayment is monthly, interest-only payments for the first nine months followed by monthly repayments of principal and interest over the remaining forty-two months. The loan was for $437,992 (£352,500) with an initial $115,767 (£93,178) drawn. The outstanding principal and accrued interest as of September 30, 2018, and December 31, 2017, was $324,800 (£249,846) and $391,981 (£290,294), respectively. As of September 30, 2018, the current portion was $138,685 and the non-current portion was $189,115.

On September 8, 2016, Tapped, prior to being acquired by DEPT-UK, entered into a business loan with HSBC. The loan is for five years, with an interest rate of 5.51%. The loan was for £90,000. The outstanding principal as of September 30, 2018, and December 31, 2017, was $72,284 and $92,312, respectively. As of

September 30, 2018, the current portion was $26,885 and the non-current portion was $45,399.

**NOTE 7 – RELATED PARTIES TRANSACTIONS**

For the nine months ended September 30, 2018 and August 31, 2017, the Company purchased $92,067 (£70,821) and $154,648 (£120,007), respectively, of cakes from Dee Light Bakery Limited (“Dee Light”), a company which Gill, the vice chairman of the Company, was a 50% shareholder (until November 2016). As of September 30, 2018, and December 31, 2017, the Company owed Dee Light $34,889 (£26,838) and $82,259 (£63,833), respectively.

For the nine months ended September 30, 2018 and August 31, 2017, the Company made sales or advances of $478,405 and $389,456, respectively, to The Roastery Department Ltd. (“The Roastery Department”) and made purchases from it of £217,709 and £176,967 for the nine months ended September 30, 2018 and August 31, 2017, respectively. As of September 30, 2018, and December 31, 2017, the Company both has receivables and payables from The Roastery Department, which netted as receivables of $615,698 (£472,553) and $406,658 (£312,113), respectively. Gill, the Company’s vice chairman, and Ashley Lopez (“Lopez”), the Company’s chief executive officer, were both unpaid directors of The Roastery Department until they resigned on December 1, 2016. The Company, when purchasing products from The Roastery Department, was provided a discount due to the strategic relationship between the two parties which provided the Company its purchases at cost.

As of September 30, 2018, and December 31, 2017, the Company owed Allesch-Taylor, the Company’s chairman, payables of $36,981 (£28,383) and $36,729 (£29,383), respectively.

As of September 30, 2018, and December 31, 2017, the Company owed Lopez, the Company’s chief executive officer, payables of $28,448 and $14,613, respectively.

As of September 30, 2018, and December 31, 2017, the Company owed Deij Capital, a company in which Gill, the deputy chairman of the Company, is the director and owner, notes payable of $11,014 (£8,454) and $11,414 (£8,454), respectively. On October 1, 2018, Deij Capital forgave this business loan (see Notes 6 and 13).

The Company has an employment agreement with Lopez, our CEO, and did have a consulting agreement with Clearbrook Capital Partners LLP (“Clearbrook”), an entity where Kazi Shahid, our former CFO, was a partner and also served as CFO. Allesch-Taylor is a director of Clearbrook. The agreement with Clearbrook was terminated on March 15, 2017.

On September 30, 2018, DEPT-UK acquired certain assets (the “Dee Light Asset Sale Agreement”) with Dee Light. Pursuant to the Dee Light Asset Sale Agreement, certain assets of Dee Light were transferred to DEPT-UK on September 30, 2018, in consideration of $187,620 (£144,000).

The above related party transactions are not considered as arm’s length transactions.

**NOTE 8 – STOCKHOLDERS’ EQUITY**

***Common Stock***

The Company is authorized to issue up to 250,000,000 shares of common stock. Each outstanding share of common stock entitles the holder to one vote per share on all matters submitted to a stockholder vote. All shares of common stock are non-assessable and non-cumulative, with no pre-emptive rights.

On May 23, 2018, the Company issued 1,932,239 shares of common stock to various third parties as compensation for the acquisition of Bea’s (see Notes 1 and 2).

As of September 30, 2018, the Company has not granted any stock options and has not recorded any stock-based compensation.

***Preference Shares and Non-Controlling Interest***

The Articles of Association of DEPT-UK, pursuant to the Companies Act 2006, authorized DEPT-UK to issue up to 25,000,000 preference shares, par value £1.00 per share (such subsidiary preference shares referred to herein as “Preference Shares”). Such Preference Shares have no votes and limited distribution rights. Subject to the provisions of the Companies Act 2006, DEPT-UK shall have the right pursuant to Section 687-688 of the Companies Act 2006 to redeem at par the whole or any part of the Preference Shares at any time or times after the date of issue of the said Preference Shares upon giving to DEPT-UK not less than three months’ previous notice in writing. The Preference Shares, at the discretion of the Board of Director of DEPT-UK, can be purchased at the value they were issued or can be converted into contributed capital. The Preference Shares are accounted for as non-controlling interest. As of September 30, 2018, and December 31, 2017, 6,739,641 and 3,557,796 shares were outstanding, respectively. Of the outstanding shares, 1,603,460 and 1,708,209 were issued to related parties, as of September 30, 2018, and December 31, 2017, respectively.

DEPT-UK has a non-controlling interest of 0.2%. For the nine months ended September 30, 2018, the Company had a non-controlling interest of $2,785. For the nine months ended August 31, 2017, the Company had a non-controlling interest of $1,204.

On February 28, 2017, 51,500 Preference Shares were issued to Deij Capital in exchange for a debt of $63,990 (£51,500). See Note 7.

On December 5, 2017, Borough Capital contributed $25,000 (£18,583) to DEPT-UK, in exchange for 18,583 Preference Shares.

On December 14, 2017, Borough Capital contributed $45,000 (£33,488) to the DEPT-UK, in exchange for 33,488 Preference Shares.

On January 17, 2018, Borough Capital, in regards to an October 2017 contribution of $111,061 to DEPT-UK, converted the liability into 79,563 Preference Shares.

During the three months ended June 30, 2018, 682,282 Preference Shares were issued for contributions of $863,120 to DEPT-UK.

During the three months ended September 30, 2018, 2,420,000 Preference Shares were issued for contributions of $3,157,259 to DEPT-UK.

*Acquisition of Tapped and Packed Ltd*

On November 1, 2017, DEPT-UK entered into the Tapped Acquisition Agreement with Tapped, a United Kingdom corporation. See Note 2.

The dollar amount of Preference Shares, as recorded, were recorded to non-controlling interest as part of consolidation.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

**Legal Matters**

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of November 14, 2018, there were no pending or threatened lawsuits.

**Lease Commitment**

We lease office space in Schaumburg, Illinois, pursuant to a lease that is monthly. This facility serves as our corporate office.

Future minimum lease payments under leases with the various subsidiaries, are as follows:

| | | |
|---|---|---|
| 2018 | $ | 515,527 |
| 2019 | | 2,106,335 |
| 2020 | | 1,973,781 |
| 2021 | | 1,703,832 |
| 2022 | | 1,321,706 |
| Future | | 5,012,260 |
| Total | $ | 12,633,441 |

Note: The above table will change in each future filing due to currency translation as applicable.

DEPT-UK has 18 leases, of which one is for the UK administrative office, and 17 operational leases. The Company has two leases in the United States for DEPT-IL. Various leases have break out dates prior to expiration.

The Company is a primary leaseholder on one lease which it has subleased to the Roastery and is responsible for the monthly payments which approximate $292 (£221).

Rent expense for the nine months ended September 30, 2018 and August 31, 2017, was $927,624 and $367,461, respectively.

**NOTE 10 – CONCENTRATIONS**

**Concentration of Credit Risk**

Financial instruments, which potentially subject the Company to a concentration of credit risk, consist principally of temporary cash investments.

The Company places its temporary cash investments with financial institutions insured by the Federal Deposit Insurance Corporation (“FDIC”) for the United States and the Financial Services Compensation Scheme (“FSCS”) for the United Kingdom. No amounts exceeded federally insured limits as of September 30, 2018. There have been no losses in these accounts through September 30, 2018.

**Concentration of Customer**

The Company has one customer, which, for the nine months ended September 30, 2018 and August 31, 2017, had sales of $391,705 (£295,358, 6.1% of total revenue) and $456,189 (£347,580, 14.0% of total revenue), respectively. The Company has a contract with the customer that expires in February 2020.

**NOTE 11 – REVENUE CLASSES**

Selected financial information for the Company's operating revenue classes are as follows:

| **Revenues:** | **For the nine months ended September 30, 2018** | | | | **For the nine months ended August 31, 2017** | | | |
|---|---|---|---|---|---|---|---|---|
| Coffee and complementary food products | $ | 5,889,473 | £ | 4,530,364 | $ | 2,864,544 | £ | 2,226,099 |
| Coffee school | | 6,874 | | 5,183 | | 7,045 | | 5,475 |
| Management fees | | 557,764 | | 420,573 | | 392,269 | | 304,841 |
| Total | $ | 6,454,111 | £ | 4,956,120 | $ | 3,263,858 | £ | 2,536,415 |

| **Direct costs of revenue:** | **For the nine months ended September 30, 2018** | | | | **For the nine months ended August 31, 2017** | | | |
|---|---|---|---|---|---|---|---|---|
| Coffee and complementary food products | $ | 4,753,121 | £ | 3,656,247 | $ | 2,990,374 | £ | 2,336,230 |
| Coffee school | | 1,930 | | 1,508 | | 1,235 | | 965 |
| Management fees | | 156,580 | | 122,328 | | 68,740 | | 53,703 |
| Total | $ | 4,911,631 | £ | 3,780,083 | $ | 3,060,349 | £ | 2,390,898 |

The acquisition of Tapped, effective November 1, 2017, is reflective in 2018 for the nine months. The acquisition of Bea's, Tradewind, Roasted Ritual in May 2018, June 2018 and June 2018, respectively, are not significant.

**NOTE 12 – CAPITAL LEASE OBLIGATIONS**

The Company leases various assets under capital lease. As of September 30, 2018, and December 31, 2017, capital lease obligations consisted of the following:

| | September 30, 2018 | | December 31, 2017 | |
|---|---|---|---|---|
| Computer equipment | $ | 29,206 | $ | 32,429 |
| Office equipment | | 60,360 | | 49,429 |
| Site equipment and machinery | | 83,596 | | 45,134 |
| Site fit out costs | | 111,932 | | 206,750 |
| Site furniture, fixtures and fittings | | 61,439 | | 96,539 |
| Total fixed assets | | 346,533 | | 430,281 |
| Less: Accumulated depreciation | | 75,358 | | 137,689 |
| Fixed assets, net | $ | 271,175 | $ | 292,592 |

Aggregate future minimum rentals under capital leases are as follows:

| | | |
|---|---|---|
| 2018 | $ | 184,505 |
| 2019 | | 111,336 |
| 2020 | | 63,781 |
| 2021 | | 17,220 |
| 2022 | | 3,106 |
| Future | | - |
| Total | | 379,948 |
| Less: Interest | | 96,584 |
| Present value of minimum lease payments | | 476,532 |
| Less: Current portion of capital lease obligations | | 184,505 |
| Capital lease obligations, net of current portion | $ | 292,027 |

Note: The above schedule reflects only items that have payments associated with them.

**NOTE 13 – SUBSEQUENT EVENTS**

Management has reviewed and evaluated subsequent events through the date on which the current financial statements were available to be issued and did not have any material recognizable subsequent events after September 30, 2018 except as follows.

On October 1, 2018, Deij Capital forgave the business loan dated July 1, 2014 which had a principal balance of $11,164 as of September 30, 2018. See Notes 6 and 7.

On October 4, 2018, DEPT-UK executed a Share Purchase Agreement with Charlie Stead for the acquisition of Crazy Fox Espresso Bar Limited, for $39,226 (£30,139). A pro-forma is unavailable until a later date when the financials are finalized.

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

**SPECIAL NOTE CONCERNING FORWARD-LOOKING STATEMENTS**

**We believe that it is important to communicate our future expectations to our security holders and to the public. This report, therefore, contains statements about future events and expectations which are “forward-looking statements” within the meaning of Sections 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934, including the statements about our plans, objectives, expectations and prospects under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” You can expect to identify these statements by forward-looking words such as “may,” “might,” “could,” “would,” “will,” “anticipate,” “believe,” “plan,” “estimate,” “project,” “expect,” “intend,” “seek” and other similar expressions. Any statement contained in this report that is not a statement of historical fact may be deemed to be a forward-looking statement. Although we believe that the plans, objectives, expectations and prospects reflected in or suggested by our forward-looking statements are reasonable, those statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements, and we can give no assurance that our plans, objectives, expectations and prospects will be achieved.**

**Important factors that might cause our actual results to differ materially from the results contemplated by the forward-looking statements are contained in the “Risk Factors” section of and elsewhere in our Annual Report on Form 8-K for the fiscal year ended August 31, 2016 and in our subsequent filings with the Securities and Exchange Commission. The following discussion of our results of operations should be read together with our financial statements and related notes included elsewhere in this report.**

**Company Overview**

The Company was a startup company that was incorporated in Nevada on July 22, 2014 and established a fiscal year end of July 31. On August 4, 2016, the Company filed with the State of Nevada to change its fiscal year to August 31.

On July 8, 2016, the Company experienced a change in control. Atlantik LP (“Atlantik”) acquired a majority of the issued and outstanding common stock of the Company in accordance with a stock purchase agreement by and between Atlantik and Nami Shams (the “Seller”). On the closing date, July 8, 2016, pursuant to the terms of the stock purchase agreement, Atlantik purchased from the Seller 115,000,000 shares of the Company’s outstanding restricted common stock for $200,000, representing 76.1% of the Company’s outstanding common stock at that time.

On September 1, 2016, the Company acquired 99.8% of the voting stock of the Department of Coffee and Social Affairs Limited, a United Kingdom corporation (the “DEPT-UK”), and the Company agreed to issue DEPT-UK’s majority shareholder 170,000,000 shares of the Company’s common stock—110,000,000 shares initially and 60,000,000 shares at a time determined by the Company’s Board of Directors but no later than August 31, 2017, which deadline was subsequently extended to August 31, 2019. Also, on September 1, 2016, the Company acquired 115,000,000 shares of the Company’s common stock from Atlantik in exchange for issuing Atlantik a promissory note for $320,000, which shares were then cancelled, and which note has since been paid in full. As a result of the acquisition and the issuance of the initial 110,000,000 shares of common stock, and the cancellation of the 115,000,000 Atlantik shares, DEPT-UK is now the majority-owned subsidiary of the Company, and the Company experienced a change of control.

Prior to the acquisition, we were a company that was originally engaged in the business of commercial production and distribution of hot sauce.

On January 2, 2018, with an effective date of November 1, 2017, DEPT-UK acquired Tapped and Packed Ltd (“Tapped”), an UK coffee shop company with four locations.

On May 23, 2018, DEPT-UK acquired Bea’s of Bloomsbury Limited (“Bea’s”), an UK company with five shop locations in the UK which serves coffee and food.

On June 29, 2018, DEPT-UK acquired Tradewind Espresso Ltd (“Tradewind”), an UK company with one shop location in the UK which serve coffee and food.

On June 29, 2018, DEPT-UK acquired Roasted Rituals Coffee Ltd (“Roasted Rituals”), an UK company which is a specialty coffee roaster and has one shop location in the UK.

We are currently devoting substantially all of our efforts as an artisan coffee company that serves premium single origin coffee to the United Kingdom’s discerning coffee drinkers as well as a selection of quality foods. In October 2017 and August 2018, we opened our first and second, respectively, coffee shop in the United States, in Chicago, Illinois.

The following Management Discussion and Analysis should be read in conjunction with the financial statements and accompanying notes included in this Form 10-Q.

**Results of Operations**

**<u>For the Three Months Ended September 30, 2018 and August 31, 2017</u>**

*Revenue*

For the three months ended September 30, 2018, the Company had $2,539,368 of revenue, compared to $1,179,809 for the three months ended August 31, 2017. Revenue in U.S. Dollars increased by 115%, as a result of multiple new coffee shop locations being in service during the three months ended September 30, 2018, as well as the effect of the acquisitions of Tapped, Bea's, Roasted Rituals and Tradewind, as compared to the three months ended August 31, 2017. In the three months ended September 30, 2018, the Company had 31 coffee shop locations in operation, with four of the shops being acquired in the acquisition of Tapped, five of the shops being acquired in the acquisition of Bea's, and one shop each in the acquisitions of Tradewind and Roasted Rituals. Coffee shops opened in the prior year performed within management's expectations for the three months ended September 30, 2018. Company revenues, by revenue class, are as follows:

| **Revenues:** | **For the three months ended September 30, 2018** | | **For the three months ended August 31, 2017** | |
|---|---|---|---|---|
| Coffee and complementary food products | $ 2,351,031 | £ 1,810,680 | $ 1,037,619 | £ 810,640 |
| Coffee school | 88 | 67 | 139 | 109 |
| Management fees | 188,249 | 142,613 | 142,051 | 110,977 |
| Total | $ 2,539,368 | £ 1,953,360 | $ 1,179,809 | £ 921,726 |

*Operating Expenses*

*Direct costs of Revenue*

For the three months ended September 30, 2018, direct costs of revenue were $1,972,504 compared to $1,441,275 for the three months ended August 31, 2017. Direct costs of revenue reflect an increase of $531,229, or 37% in direct costs of revenue. The increase is primarily due to the acquisition of Tapped and new shops.

| **Direct costs of revenue:** | **For the three months ended September 30, 2018** | | **For the three months ended August 31, 2017** | |
|---|---|---|---|---|
| Coffee and complementary food products | $ 1,928,137 | £ 1,482,649 | $ 1,430,387 | £ 1,083,627 |
| Coffee school | 822 | 642 | 677 | 513 |
| Management fees | 43,545 | 34,020 | 10,211 | 7,736 |
| Total | $ 1,972,504 | £ 1,517,311 | $ 1,441,275 | £ 1,091,876 |

*General and Administrative Expenses*

For the three months ended September 30, 2018, general and administrative expenses were $1,395,684 compared to $771,080 for the three months ended August 31, 2017, or an increase of $624,604. The expenses for the three months ended September 30, 2018, were as follows: rent, $339,147; depreciation and amortization, $174,739; and other, $881,798. The expenses for the three months ended August 31, 2017, were as follows: professional fees, $43,994; rent, $146,039; depreciation and amortization, $64,668; and other, $516,379. The increase in general and administrative expenses during the three months ended September 30, 2018, as compared to August 31, 2017, are primarily a result of the increase in operating expenses associated with opening new coffee shop locations and the acquisition of Tapped and other shops.

*Net Loss*

The Company generated net loss before taxes and non-controlling interest of $832,478 for the three months ended September 30, 2018, compared to net loss before taxes and non-controlling interest of $1,032,546 for the three months ended August 31, 2017. For both comparative periods, the Company's primary expenses were direct costs of revenue. As discussed above, the costs associated with setting up new locations and the acquisition of Tapped resulted in much of the increase in expenses which reduces our net loss during the three months ended September 30, 2018, as compared to the three months ended August 31, 2017.

**For the Nine months Ended September 30, 2018 and August 31, 2017**

*Revenue*

For the nine months ended September 30, 2018, the Company had $6,454,111 of revenue, compared to $3,263,858 for the nine months ended August 31, 2017. Revenue in U.S. Dollars increased by 98%, as a result of multiple new coffee shop locations being in service during the nine months ended September 30, 2018, as well as the effect of the acquisitions of Tapped, Bea's, Roasted Rituals, Tradewind and TimberYard, as compared to the nine months ended August 31, 2017. In the nine months ended September 30, 2018, the Company had 31 coffee shop locations in operation, with four of the shops being acquired in the acquisition of Tapped, five of the shops being acquired in the acquisition of Bea's, and one shop each in the acquisitions of Tradewind and Roasted Rituals and two shops for TimberYard. The revenue for the nine months ended September 30, 2018 for Tapped was $1,472,570. The revenues for Bea's was $856,176 for approximately 132 days. Additionally, coffee shops opened in the prior year performed within management's expectations for the nine months ended September 30, 2018. Company revenues, by revenue class, are as follows:

| **Revenues:** | **For the nine months ended September 30, 2018** | | | | **For the nine months ended August 31, 2017** | | | |
|---|---|---|---|---|---|---|---|---|
| Coffee and complementary food products | $ | 5,889,473 | £ | 4,530,364 | $ | 2,864,544 | £ | 2,226,099 |
| Coffee school | | 6,874 | | 5,183 | | 7,045 | | 5,475 |
| Management fees | | 557,764 | | 420,573 | | 392,269 | | 304,841 |
| Total | $ | 6,454,111 | £ | 4,956,120 | $ | 3,263,858 | £ | 2,536,415 |

*Operating Expenses*

*Direct costs of Revenue*

For the nine months ended September 30, 2018, direct costs of revenue were $4,911,631 compared to $3,060,349 for the nine months ended August 31, 2017. Direct costs of revenue reflect an increase of $1,851,282, or 60% in direct costs of revenue. The increase is primarily due to the acquisition of Tapped and new shops.

| **Direct costs of revenue:** | **For the nine months ended September 30, 2018** | | | | **For the nine months ended August 31, 2017** | | | |
|---|---|---|---|---|---|---|---|---|
| Coffee and complementary food products | $ | 4,753,121 | £ | 3,656,247 | $ | 2,990,374 | £ | 2,336,230 |
| Coffee school | | 1,930 | | 1,508 | | 1,235 | | 965 |
| Management fees | | 156,580 | | 122,328 | | 68,740 | | 53,703 |
| Total | $ | 4,911,631 | £ | 3,780,083 | $ | 3,060,349 | £ | 2,390,898 |

*General and Administrative Expenses*

For the nine months ended September 30, 2018, general and administrative expenses were $3,298,934 compared to $1,576,635 for the nine months ended August 31, 2017, or an increase of $1,722,299. The expenses for the nine months ended September 30, 2018, were as follows: professional fees, $179,307; rent, $927,624; depreciation and amortization, $348,105; property taxes, $10,051; and other, $1,833,847. The expenses for the nine months ended August 31, 2017, were as follows: professional fees, $127,561; rent, $369,412; depreciation and amortization, $158,522; and other, $921,140. The increase in general and administrative expenses during the nine months ended September 30, 2018, as compared to August 31, 2017, are primarily a result of the increase in operating expenses associated with opening new coffee shop locations and the acquisition of Tapped.

*Net Loss*

The Company generated net loss before taxes and non-controlling interest of $1,773,251 for the nine months ended September 30, 2018, compared to net loss before taxes and non-controlling interest of $1,373,126 for the nine months ended August 31, 2017. For both comparative periods, the Company's primary expenses were direct costs of revenue. As discussed above, the costs associated with setting up new locations and the acquisition of Tapped resulted in much of the increase in expenses which reduces our net income during the nine months ended September 30, 2018, as compared to the nine months ended August 31, 2017.

The Company has one customer, which, for the nine months ended September 30, 2018 and August 31, 2017, had sales of $391,705 (£295,358, 6.1% of total revenue) and $456,189 (£347,580, 14.0% of total revenue), respectively. The Company has a contract with the customer that expires in February 2020.

**Liquidity and Capital Resources**

*General*

At September 30, 2018, the Company had cash and cash equivalents of $1,104,519. The Company has historically met its cash needs through a combination of cash flows from operating activities and proceeds from private placements of our securities and loans. The Company plans to continue meeting its cash needs through the same methods used historically.

The Company's operating activities used cash of $1,152,168 for the nine months ended September 30, 2018 and used cash of $785,450 for the nine months ended August 31, 2017, respectively. The principal elements of cash flow from operations for the nine months ended September 30, 2018, included a net loss attributable to common shareholders of $1,770,466, and an increase in accounts payable of $119,265 and accrued expenses of $722,227, offset primarily by an increase in accounts receivable of $354,743 and an increase in prepaid expenses of $69,116.

Cash used in investing activities during the nine months ended September 30, 2018, was $1,667,334 compared to $663,975 during the nine months ended May 31, 2017, which was primarily related in both periods to the acquisition of fixed assets and Tapped. For the period ended September 30, 2018, the acquisitions of Roasted Rituals, Tradewind and TimberYard were reflected.

Cash provided by the Company's financing activities was $3,784,671 for the nine months ended September 30, 2018, compared to cash provided by financing activities of $1,451,688 during the nine months ended August 31, 2017.

As of September 30, 2018, current liabilities exceeded current assets. Current assets were $1,175,832 at December 31, 2017 and $2,709,768 at September 30, 2018, whereas current liabilities increased from $2,001,715 at December 31, 2017, to $3,353,338 at September 30, 2018.

| | For the nine months ended | |
|---|---|---|
| | September 30, 2018 | August 31, 2017 |
| Cash used in operating activities | $ (1,152,168) | $ (785,450) |
| Cash used in investing activities | (1,667,334) | (663,975) |
| Cash provided by financing activities | 3,784,671 | 1,451,688 |
| Net changes to cash | $ 965,169 | $ 2,263 |

***Going Concern***

The Company has a net loss attributable to common shareholders for the nine months ended September 30, 2018 of $1,770,466 and a working capital deficit as of September 30, 2018 of $643,570, and has cash used in operations of $1,152,168 for the nine months ended September 30, 2018. In addition, as of September 30, 2018, the Company had a stockholders' deficit and accumulated deficit of $2,246,252 and $4,253,374, respectively. Without further funding, these conditions raise substantial doubt about the Company's ability to continue as a going concern.

The accompanying consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The ability of the Company to continue its operations is dependent on the execution of management's plans, which include the raising of capital through the debt and/or equity markets, until such time that funds provided by operations are sufficient to fund working capital requirements. If the Company were not to continue as a going concern, it would likely not be able to realize its assets at values comparable to the carrying value or the fair value estimates reflected in the balances set out in the preparation of the consolidated financial statements.

There can be no assurances that the Company will be successful in generating additional cash from the equity/debt markets or other sources to be used for operations. The consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary. Based on the Company's current resources, the Company will not be able to continue to operate without additional immediate funding. Should the Company not be successful in obtaining the necessary financing to fund its operations, the Company would need to curtail certain or all operational activities and/or contemplate the sale of its assets, if necessary.

**Off Balance Sheet Arrangements**

The Company currently has no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

**Critical Accounting Policies**

*Use of Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in the accompanying financial statements include the amortization period for intangible assets, valuation and impairment valuation of intangible assets, depreciable lives of the web site and property and equipment, valuation of warrant and beneficial conversion feature debt discounts, valuation of share-based payments and the valuation allowance on deferred tax assets.

*Changes in Accounting Principles.* No significant changes in accounting principles were adopted during the period ended September 30, 2018.

*Impairment of Long-Lived Assets.* The Company accounts for long-lived assets in accordance with the provisions of Statement of Financial Accounting Standards ASC 360-10, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

*Fair Value of Financial Instruments and Fair Value Measurements.* The Company measures their financial assets and liabilities in accordance with generally accepted accounting principles. For certain of our financial instruments, including cash, accounts payable, accrued expenses escrow liability and short-term loans the carrying amounts approximate fair value due to their short maturities.

We have adopted accounting guidance for financial and non-financial assets and liabilities. The adoption did not have a material impact on our results of operations, financial position or liquidity. This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. This guidance does not apply to measurements related to share-based payments. This guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

*Revenue Recognition.* In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This update provides a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. We have adopted this update. We do not believe this guidance will impact the recognition of our primary source of revenue from company-owned coffee shops. We also do not believe the adoption of this guidance will have a material impact on our consolidated financial statements.

The Company has primary revenue streams as follows:

- Sale of coffee and complementary food products to consumer.
- Coffee school.
- Coffee services.

*Stock-Based Compensation.* The Company accounts for stock-based instruments issued to employees in accordance with ASC Topic 718. ASC Topic 718 requires companies to recognize in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees. The Company accounts for non-employee share-based awards in accordance with ASC Topic 505-50. The value of the portion of an award that is ultimately expected to vest is recognized as an expense over the requisite service periods using the straight-line attribution method. The Company estimates the fair value of each stock option at the grant date by using the Black-Scholes option-pricing model. The Company estimates the fair value of each stock option at the grant date by using the Black-Scholes option-pricing model.

See Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 1, “Summary of Significant Accounting Policies” in our audited financial statements for the year ended August 31, 2017, included in our Annual Report on Form 10-K, as filed on December 18, 2017, for a discussion of our critical accounting policies and estimates.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

A smaller reporting company, as defined by Item 10 of Regulation S-K, is not required to provide the information required by this item.

**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

The Securities and Exchange Commission defines the term “disclosure controls and procedures” to mean a company’s controls and other procedures of an issuer that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer’s management, including its chief executive and chief financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company maintains such a system of controls and procedures in an effort to ensure that all information which it is required to disclose in the reports it files under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified under the SEC’s rules and forms and that information required to be disclosed is accumulated and communicated to the chief executive and interim chief financial officer to allow timely decisions regarding disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are not effective as of such date. The Chief Executive Officer and Chief Financial Officer have determined that the Company continues to have the following deficiencies which represent a material weakness:

1. The Company intends to appoint additional independent directors;
2. Lack of in-house personnel with the technical knowledge to identify and address some of the reporting issues surrounding certain complex or non-routine transactions. With material, complex and non-routine transactions, management has and will continue to seek guidance from third-party experts and/or consultants to gain a thorough understanding of these transactions;
3. Insufficient personnel resources within the accounting function to segregate the duties over financial transaction processing and reporting;
4. Insufficient written policies and procedures over accounting transaction processing and period end financial disclosure and reporting processes.

To remediate our internal control weaknesses, management intends to implement the following measures:

- The Company will add sufficient number of independent directors to the board and appoint additional member(s) to the Audit Committee.
- The Company will add sufficient accounting personnel to properly segregate duties and to effect a timely, accurate preparation of the financial statements.
- The Company will hire staff technically proficient at applying U.S. GAAP to financial transactions and reporting.
- Upon the hiring of additional accounting personnel, the Company will develop and maintain adequate written accounting policies and procedures.

The additional hiring and appointment of independent directors will be addressed in the future.

**Changes in Internal Control Over Financial Reporting**

As described herein, we experienced a change of control as a result of the acquisition of DEPT-UK. In connection with the acquisition, (i) Stefan Allesch-Taylor and Matthew Gill were appointed to serve on our Board of Directors, serving as Chairman and Vice-Chairman, respectively, Ashley Lopez was appointed as our Chief Executive Officer and President, and Kazi Shahid was appointed Chief Financial Officer. Due to acquisition and our modified business plan, we are in the process of finalizing our controls over our new business operations and processes. In March 2017, Mr. Shahid resigned as Chief Financial Officer of the Company and its subsidiary, DEPT-UK, and our Chief Executive Officer, Ms. Lopez, assumed, on an interim basis, the duties of the Chief Financial Officer. There are no changes in our internal controls over financial reporting other than as described above.

**Limitations on the Effectiveness of Controls**

The Company's management, including the CEO and CFO, which is the same person, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of the control system must reflect that there are resource constraints and that the benefits must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

There are no pending legal proceedings in which we are a party or in which any of our directors, officers or affiliates, any owner of record or beneficiary of more than 5% of any class of our voting securities is a party adverse to us or has a material interest adverse to us. Our property is not the subject of any pending legal proceedings.

### Item 1A. Risk Factors

Not required.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

The shares described above were issued or will be issued based on exemptions from registration under Section 4(a)(2) of the Securities Act of 1933 and Regulation D promulgated thereunder as there was no general solicitation, and the transactions did not involve a public offering.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

In August 2018, the Company changed its transfer agent to Action Stock Transfer Corporation, located at 2469 E. Fort Union Boulevard, Suite 214, Salt Lake City, Utah 84121,

### Item 6. Exhibits

| Number | Description |
|---|---|
| 3.1 | Articles of Incorporation (incorporated by reference to our Registration Statement on Form S-1, filed on July 22, 2013) |
| 3.2 | Bylaws (incorporated by reference to our Registration Statement on Form S-1, filed on July 22, 2013) |
| 3.3 | Certificate of Amendment, Change of Name (incorporated by reference to our Current Report on Form 8-K filed on August 16, 2016) |
| 3.4 | Certificate of Amendment, Change of Fiscal Year (incorporated by reference to our Current Report on Form 8-K filed on August 16, 2016) |
| 10.1 | Acquisition Agreement between DOCASA, Inc. (f/k/a FWF Holdings, Inc.) and Department of Coffee and Social Affairs Limited (incorporated by reference to our Current Report on Form 8-K filed on September 6, 2016) |
| 10.2 | Employment agreement with Ashley Lopez (incorporated by reference to our Current Report on Form 8-K filed on January 20, 2017) |
| 10.3 | Consulting agreement with Clearbrook Capital Partners LLP (incorporated by reference to our Current Report on Form 8-K filed January 20, 2017) |
| 10.4 (1) | Acquisition agreement between Department of Coffee and Social Affairs Limited and Tapped and Packed Ltd. |
| 31 (1) | Certification of Principal Executive Officer and Principal Financial Officer of DOCASA, Inc. required by Rule 13a-14(1) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32 (1) | Certification of Principal Executive Officer of DOCASA, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 Of 18 U.S.C. 63 |
| 99.1 | Unaudited Pro-Forma Condensed Combined Financial Statements (incorporated by reference to our Current Report on Form 8-K filed on January 20, 2017) |
| 101.INS (1) | XBRL Taxonomy Extension Instance Document |
| 101.SCH (1) | XBRL Taxonomy Extension Schema Document |
| 101.CAL (1) | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF (1) | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB (1) | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE (1) | XBRL Taxonomy Extension Presentation Linkbase Document |

(1) Filed herewith

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

| | |
|---|---|
| Date: November 14, 2018 | By: */s/ Ashley Lopez*<br>Ashley Lopez<br>Principal Executive Officer |
| Date: November 14, 2018 | By: */s/ Phillip Maritz*<br>Phillip Maritz<br>Principal Financial Officer |

**DATED**

16 October 2017

**SHARE PURCHASE AGREEMENT**

between

**Mr Richard Lilley**

and

**Department of Coffee and Social Affairs Limited**

CUBISM LAW

1 Plough Place | London | EC4A 1DE

T 020 7831 0101 | F 020 7831 0001 | DX 477 London Chancery Ln

**CONTENTS**

**CLAUSE**



**SCHEDULE**

This agreement is dated 16 October 2017

**Parties**

(1) Richard Lilley of 18B Newman Street, London, W1T1JD (**Seller**)

(2) Department of Coffee and Social Affairs Limited incorporated and registered in England and Wales with company number 06988963 whose registered office is at 6 Newburgh Street, London, England, W1F 7RQ (**Buyer**)

**BACKGROUND**

(A) The Seller has agreed to sell and the Buyer has agreed to buy the Sale Shares subject to the terms and conditions of this agreement.

**Agreed terms**

1. **Interpretation**

1.1 The definitions and rules of interpretation in this clause apply in this agreement.

**Accounts:** the accounts of the Company for the accounting period ended on the Accounts Date, including the statement of financial position as at the Accounts Date.

**Accounts Date:** 31 March 2017

**Business:** the business carried on by the Company, namely the operation of 4 coffee shops out of leasehold properties owned by the Company in central London or any part of it.

**Business Day:** a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

**Buyer's Holding Company:** Docasa Inc. incorporated in the USA with headquarters at 1901 North Roselle Road Suite 800 Schaumburg, IL 60195 United States

**Buyer's Solicitor:** Cubism Law 1 Plough Place London EC4A 1DE (ref: DS)

**CA 2006:** the Companies Act 2006.

**Claim:** a claim for breach of any of the Warranties.

**Company:** Tapped and Packed Ltd, a company incorporated and registered in England and Wales with company number 06964995, whose registered office is at Glanford

House, Bridge Street, Brigg, North Lincolnshire, DN20 8NF, further details of which are set out in Schedule 1.

**Completion**: completion of the sale and purchase of the Sale Shares in accordance with this agreement.

**Completion Date**: 01 November 2017.

**Consideration**: the consideration payable by the Buyer for the Sale Shares satisfied by the issue of the Consideration Shares as more particularly defined in clause 3.1 below.

**Consideration Shares:** the 1,546,875 of Ordinary Shares in the Buyer's Holding Company to be allotted and issued to the Seller in accordance with clause 3 in consideration for the sale of the Sale Shares.

**Consultancy Agreement:** the consultancy agreement to be entered into by the parties the outline terms of which are attached at Appendix A and will be agreed by the parties in final form prior to Completion

**CTA 2010**: the Corporation Tax Act 2010.

**Director**: each person who is a director or shadow director of the Company, as set out in Schedule 1.

**Director's Loan**: means the director's loan from Mr Richard Lilley to the Company from time to time.

**Director's Loan Sum:** means the amount outstanding under the director's loan from Mr Richard Lilley to the Company being, at the date of this agreement, £175,000.

**Disclosed**: fairly disclosed (with sufficient details to identify the nature, impact and scope of the matter disclosed) in or under the Disclosure Letter.

**Disclosure Bundle**: the documents contained in the online Data Room maintained by Cubism Law with reference 41590003 as at the date of this agreement the index of which is in the agreed form and , annexed to the Disclosure Letter.

**Disclosure Letter**: the letter, in agreed form, from the Seller to the Buyer with the same date as this agreement and described as the Disclosure Letter, together with the Disclosure Bundle.

**Employee**: has the meaning given in paragraph 14.1 of Part 1 of Schedule 3.

**Encumbrance**: any interest or equity of any person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement.

**Group**: in relation to a company, that company, any subsidiary or any holding company from time to time of that company, and any subsidiary from time to time of a holding company of that company. Each company in a Group is a **member of the Group**.

**HSBC Facility**: the existing loan facility entered into by the Company and HSBC Bank PLC on 16 August 2017.

**Intellectual Property:** patents, rights to inventions, utility models, copyright, trade marks, service marks, trade, business and domain names, rights in trade dress or get-up, rights in goodwill or to sue for passing off, unfair competition rights, rights in designs, rights in computer software, database rights, topography rights, moral rights, rights in confidential information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications for and renewals or extensions of such rights, and all similar or equivalent rights or forms of protection in any part of the world

**Interim Period:** the period from (and including the date of this agreement up to (and including) the Completion Date

**ITEPA:** Income Tax (Earnings and Pensions) Act 2003

**Personal Guarantee**: the personal guarantee given by the Seller to HSBC Bank PLC up to the Personal Guarantee Limit as security for the Company's obligations under the HSBC Facility.

**Personal Guarantee Limit**: £93,000

**Properties:** the land and buildings of the Company as described in Schedule 5 (or any part or parts of them).

**Restricted Business**: the business of operating coffee shops or any other business carried on by the Company at any time in the period of 12 calendar months prior to the Completion Date.

**Sale Shares**: the 100 Ordinary shares of £1 each in the Company, all of which have been issued and are fully paid.

**Seller's Solicitor:** Andrew Sandars of Westbrook Advisors (ref: AS)

**Supplemental Disclosure Letter**: means a further version of the Disclosure Letter (if required), Disclosing any matters during the Interim Period, in agreed form, to be delivered to the Buyer prior to Completion.

**Tax or Taxation**: all forms of taxation and statutory, governmental, state, federal, provincial, local, government or municipal charges, duties, imposts, contributions, levies, withholdings or liabilities wherever chargeable and whether of the UK or any other jurisdiction; and any penalty, fine, surcharge, interest, charges or costs relating thereto

**VATA:** Value Added Tax Act 1994

**Warranties**: the warranties set out in Schedule 3.

1.2 References to clauses and Schedules are to the clauses of and Schedules to this agreement and references to paragraphs are to paragraphs of the relevant Schedule.

1.3 The Schedules form part of this agreement and shall have effect as if set out in full in the body of this agreement. Any reference to this agreement includes the Schedules.

1.4 This agreement shall be binding on and enure to the benefit of, the parties to this agreement and their respective successors and permitted assigns, and references to a **party** shall include that party's successors and permitted assigns.

1.5 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.

1.6 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the CA 2006 and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of:

(a) another person (or its nominee), by way of security or in connection with the taking of security; or

(b) its nominee.

1.7 Unless expressly provided otherwise in this agreement, a reference to **writing** or **written** includes fax and email.

1.8 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

1.9 References to a document in **agreed form** are to that document in the form agreed by the parties and initialled by them or on their behalf for identification.

1.10 Unless otherwise provided, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force as at the date of this agreement. A reference to a statute or statutory provision shall include all subordinate legislation made as at the date of this agreement under that statute or statutory provision.

2. **Sale and purchase**

At Completion, the Seller shall sell and the Buyer shall buy the Sale Shares with full title guarantee and free from all Encumbrances, together with all rights attached or accruing to them.

## 3. Consideration

3.1 The Consideration for the Sale Shares shall be satisfied by the Buyer's Holding Company allotting and issuing on Completion to the Seller, credited as fully paid, the Consideration Shares at a share price of ($0.64) per share.

## 4. Consideration Shares

4.1 The Consideration Shares, subject to clause 4.2 below, shall rank pari passu within all respects with the existing ordinary shares in the capital of the Buyer's Holding Company, including the right to receive all dividend or other distribution of the Buyer's Holding Company declared, made or paid after the Completion Date (save that they shall not rank for any dividend or other distribution of the Buyer's Holding Company declared, made or paid by reference to a record date before the Completion Date.

4.2 The Seller undertakes to the Buyer that he shall not, during the period 12 months following Completion (the **Lock-in Period**), sell, transfer or otherwise dispose of, or create any Encumbrance over, any of the Consideration Shares (or any interest in them), or enter into any agreement to do so.

4.3 For the purposes of Clause 4.1, the Consideration Shares shall include:

(a) Any shares held by the Seller arising out of the consolidation, conversion or subdivision or any of the Consideration Shares; and

(b) Any shares acquired by reference to the Consideration Shares, whether by way of a bonus or rights issue, pre-emption right or otherwise or in exchange or substitution for any of the Consideration Shares.

## 5. Director's Loan Sum

5.1 The Buyer shall pay the Director's Loan Sum to the Seller at Completion.

5.2 In consideration of the payment of the Director's Loan Sum in accordance with clause 5.1, the Seller unconditionally, irrevocably and absolutely assigns to the Buyer all of the Seller's rights, title, interest and benefits in and to the Director's Loan with effect from Completion.

5.3 The Buyer and the Seller shall execute and deliver to Company a notice of assignment in the form set out in Part 1 of Appendix B within two Business Days of the date of this agreement and shall procure that each addressee of such notice promptly provides an acknowledgement of the Buyer's interest to the Seller and the Buyer in the form set out in Part 2 of Appendix B.

5.4 The parties agree that from Completion the Seller no longer has any rights in relation to the Director's Loan.

6. **Completion**

6.1 Completion shall take place on the Completion Date at the offices of the Buyer's Solicitor.

6.2 At Completion the Seller shall comply with its obligations listed in Part 2 of Schedule 2.

6.3 Subject to the Seller complying with clause 6.2, at Completion, the Buyer shall:

(a) pay the Director's Loan Sum in accordance with clause 5.1;

(b) procure the issue of the Consideration Shares to the Buyer on the Completion Date; and

(c) provide:

(i) a signed acknowledgement of any Supplemental Disclosure Letter;

(ii) a certified copy of the resolutions adopted by the Buyer's board of directors approving the execution and delivery of this agreement and any other documents to be delivered by the Buyer at Completion; and

(iii) The Consultancy Agreement duly executed on behalf of the Buyer.

6.4 The Buyer shall provide to the Seller:

(a) a duly sealed share certificate in respect of the Consideration Shares issued to the Seller in accordance with clause 4.1 no later than 3 weeks following the Completion Date and;

(b) evidence of the Seller's name in the Buyer's Holding Company's register of members as the holder of such Consideration Shares from the Completion Date within 3 Business Days of the Completion Date.

6.5 All payments to be made to the Seller under this agreement shall be made in sterling by electronic transfer of immediately available funds to the account details specified by the Seller to the Buyer's solicitor prior to Completion. Payment in accordance with this clause shall be a good and valid discharge of the Buyer's obligation to pay the sum in question and the Buyer shall not be concerned to see the application of the monies so paid.

7. **Consultancy Agreement**

The parties shall enter into the Consultancy Agreement at Completion.

8. **Warranties**

8.1 The Seller warrants to the Buyer that, except as Disclosed, each Warranty is true, accurate and not misleading on the date of this agreement.

8.2 The Seller further warrants and represents to the Buyer that each of the Warranties will be true, accurate and not misleading throughout the Interim Period. For this purpose, each of the Warranties shall be deemed to be repeated on each day of the Interim Period by reference to the facts and circumstances then subsisting, and any reference made to the date of this agreement (whether express or implied) in relation to any Warranty shall be construed, in connection with the repetition of the Warranties, as a reference to the date of such repetition.

8.3 The Seller shall not (and shall procure that the Company shall not) do anything during the Interim Period that would be materially inconsistent with any term of this agreement including any of the Warranties, breach any Warranty or cause any Warranty to be untrue, inaccurate or misleading.

8.4 The Seller shall, at all times during the Interim Period, comply with its undertakings and obligations set out in Part 1 of Schedule 2.

8.5 If at any time during the Interim Period the Seller becomes aware of a fact or circumstance which constitutes (or which is reasonably expected to constitute) a breach of Warranty, or which would cause (or is reasonably expected to cause) a Warranty to be untrue, inaccurate or misleading, it shall promptly:

(a) notify the Buyer in writing of the relevant fact or circumstance in sufficient detail to enable the Buyer to make an accurate assessment of the situation; and

(b) if requested by the Buyer, use all reasonable endeavours to remedy or prevent (as the case may be) the notified breach or anticipated breach.

8.6 Without prejudice to any right to claim on any other basis, or to take advantage of any other remedies available to it, in the event of a successful Claim, the Buyer may at its sole discretion have the option to reclaim the number of Consideration Shares equal to the value of the Claim from the Seller on the basis of the value per Consideration Share as at the Completion Date.

8.7 In the event of a successful Claim, the Seller hereby irrevocably and by way of security for its obligations under clause 8.6 appoints the Buyer as its attorney to execute, on the Seller's behalf, a transfer of the Consideration Shares in favour of the Buyer (or as the

Buyer directs) and to execute such other documents and do all such other acts as may be necessary to transfer title to the Consideration Shares to the Buyer (or as it directs).

8.8 Warranties qualified by the expression **"to the best of the Seller's knowledge, information and belief"** or **"so far as the Seller is aware"** (or any similar expression) are deemed to be given based on the actual knowledge of the Seller after he has made due and careful enquiries of the Company's professional advisers and all persons he would reasonably have been expected to make enquiries of to provide the Warranties.

8.9 Each of the Warranties is separate and, unless expressly provided otherwise, is not limited by reference to any other Warranty or any other provision in this agreement.

8.10 Save as provided in Clause 8.11, the provisions of Schedule 5 limit the liability of the Seller in relation to any Claim.

8.11 Nothing in this Clause 8 or Schedule 5 applies to exclude or limit the liability of the Seller:

(a) to the extent that a Claim arises or is delayed as a result of dishonesty, fraud, wilful misconduct or wilful concealment by any of the Seller, its agents or advisers;

(b) in respect of a breach of any of the warranties in paragraphs 1.1, 1.2, 2.2, 2.3 and 2.4 of Part 1 of Schedule 3.

8.12 At the date of this agreement and on the basis of the information Disclosed to the Buyer by the Seller, the Buyer is not aware of any actual or proposed Claim.

9. **Post-completion restrictions on the Seller**

9.1 Subject to clause 9.3 below, the Seller undertakes to the Buyer that it shall not do any of the following in any capacity, whether on its own behalf, or on behalf of, or jointly with, any other person:

(a) at any time during the period of 12 months from Completion, within 2 miles of any Property, carry on or be concerned, engaged or interested in, or in any way assist, a Restricted Business; or

(b) at any time during the period of 12 months from Completion employ or engage, or offer to employ or engage, or solicit or otherwise entice or attempt to entice away from the Company, any person who is employed or engaged by the Company in a managerial, sales or technical role.

9.2 Each undertaking in clause 9.1 is a separate undertaking by the Seller and shall be enforceable separately and independently by the Buyer. Each such undertaking is considered fair and reasonable by the parties in order to assure the Buyer the full benefit of the Business and goodwill of the Company.

9.3 The provisions of clause 9.1 shall not apply to the Seller's engagement by the Company under the terms of the Consultancy Agreement.

10. **HSBC Facility**

10.1 The parties agree and acknowledge that the HSBC Facility will continue for the benefit after the Company following Completion.

10.2 In consideration of the Seller remaining bound and for such period of time as he shall remain bound by his obligations under the Personal Guarantee, the Buyer shall indemnify the Seller up to the Personal Guarantee Limit against all payments made by the Seller under the Personal Guarantee.

10.3 The parties agree that the Buyer and Seller will use reasonable endeavours to release the Seller from his obligations from the Personal Guarantee as soon as reasonably practicable following Completion and procure alternative reasonable security if required however a substitute personal guarantee shall not be deemed to be an alternative reasonable security.

11. **Confidentiality and announcements**

11.1 Except to the extent required by law or any legal or regulatory authority of competent jurisdiction:

(a) the Seller shall not at any time disclose to any person (other than its professional advisers) the terms of this agreement or any trade secret or other confidential information relating to the Company or the Buyer, or make any use of such information other than to the extent necessary for the purpose of exercising or performing its rights and obligations under this agreement; and

(b) subject to clause 11.2, neither party shall make, or permit any person to make, any public announcement, communication or circular concerning this agreement without the prior written consent of the other party.

11.2 The Buyer may, at any time after the date of this agreement, announce its acquisition of the Sale Shares to any employees, investors, clients, customers or suppliers of the Company or any other member of the Buyer's Group.

12. **Further assurance**

At its own expense, the Seller shall (and shall use reasonable endeavours to procure that any relevant third party shall) promptly execute and deliver such documents and perform such acts as the Buyer may require from time to time for the purpose of giving full effect to this agreement.

13. **Assignment**

Neither party shall assign, mortgage, charge, declare a trust of, or deal in any other manner with any or all of its rights and obligations under this agreement without the prior written consent of the other party.

14. **Entire agreement**

This agreement constitutes the entire agreement between the parties and supersedes and extinguishes all previous discussions, correspondence, negotiations, drafts, agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.

15. **Variation and waiver**

15.1 No variation of this agreement shall be effective unless it is in writing and signed by the parties (or their authorised representatives).

15.2 No failure or delay by a party to exercise any right or remedy provided under this agreement or by law shall constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict the further exercise of that or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy. A waiver of any right or remedy under this agreement or by law is only effective if it is in writing.

15.3 Except as expressly provided in this agreement, the rights and remedies provided under this agreement are in addition to, and not exclusive of, any rights or remedies provided by law.

16. **Notices**

16.1 A notice given to a party under or in connection with this agreement shall be in writing and shall be delivered by hand, or sent by pre-paid first class post or another next working day delivery service, in each case to that party's registered office, or sent by fax to that party's main fax number (or to such other address or fax number as that party may notify to the other party in accordance with this agreement).

16.2 Delivery of a notice is deemed to have taken place (provided that all other requirements in this clause 16 have been satisfied) if delivered by hand, at the time the notice is left at the address, or if sent by fax, at the time of transmission, or if sent by post on the second Business Day after posting, unless such deemed receipt would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), in which case deemed receipt will occur when business next starts in the place of receipt (and all references to time are to local time in the place of receipt).

16.3 A notice given under this agreement is not valid if sent by email.

16.4 This clause 16 does not apply to the service of any proceedings or other documents in any legal action.

17. **Severance**

If any provision or part-provision of this agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of this agreement.

18. **Third party rights**

This agreement does not give rise to any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement.

19. **Governing law and jurisdiction**

19.1 This agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

19.2 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this agreement or its subject matter or formation.

This agreement has been entered into on the date stated at the beginning of it.

**Schedule 1 Particulars of the Company**

| | |
|---|---|
| **Registered name:** | Tapped and Packed Ltd |
| **Registration number:** | 06964995 |
| **Place of incorporation:** | England and Wales |
| **Registered office:** | Glanford House, Bridge Street, Brigg, North Lincolnshire, DN20 8NF |
| **Issued share capital:** | **Amount:** £100<br>**Divided into:** 100 Ordinary shares of £1 each |
| **Registered shareholder (and number of Sale Shares held):** | Richard Lilley- 100 Ordinary shares of £1 each |
| **Beneficial owners of Sale Shares (if different) and number of Sale Shares beneficially owned:** | N/A |
| **Directors and shadow directors:** | Richard Lilley |
| **Secretary:** | Turner Warren & Co LLP |
| **Auditor:** | Turner Warren & Co LLP |
| **Registered charges:** | 1 Fixed and floating charge over all assets in favour of HSBC Bank plc dated 22 /08/16<br>2 Rent deposit deed containing charge of moneys in favour of Peter Shiakallis (as landlord) in respect of the lease of 193 Wardour Street London dated 3/08/12 |

## Schedule 2 Interim Period

### Part 1

1. **CONDUCT OF BUSINESS**

The Seller shall procure that at all times during the Interim Period, the Company shall carry on the Business in the normal course and in the manner provided in Part 2**Error! Reference source not found.** of this Schedule 2.

2. **MATTERS SUBJECT TO BUYER'S CONSENT**

The Seller shall procure that, except with the prior written consent of the Buyer, the Company shall not during the Interim Period (and shall not agree to):

(a) dispose of any material assets used or required for the operation of the Business; or

(b) allot any shares or other securities or repurchase, redeem or agree to repurchase or redeem any of its shares; or

(c) pass any resolution of its members; or

(d) appoint any person as a director; or

(e) enter into, modify or agree to terminate any contract to which the Company is a party; or

(f) incur any capital expenditure on any individual item borrow any sum; or

(g) make any loan or cancel, release or assign any indebtedness owed to it or any claims held by it, other than in the ordinary course of the Business; or

(h) enter into any lease, lease-hire or hire-purchase agreement or agreement for payment on deferred terms; or

(i) declare or pay any dividend or make any other distribution of its assets; or

(j) make any alterations to the terms of employment (including benefits) of any of Director or officers or employees; or

(k) other than to the extent required to comply with a legislative requirement, amend any agreements or arrangements for the payment of pensions or other benefits on retirement to any of its current or former employees or directors (or any of their dependants); or

(l) provide any non-contractual benefit to any Director, officer, employee or their dependants; or

(m) dismiss any of its employees or employ or engage (or offer to employ or engage) any person; or

(n) create any Encumbrance over any of its assets or its undertaking; or

(o) give any financial or performance guarantee, or any similar security or indemnity; or

(p) commence, settle or agree to settle any legal proceedings relating to the Business; or

(q) incur any liability to the Seller (or any person Connected with the Seller), other than trading liabilities incurred in the normal course of the Business; or

(r) enter into any agreement (or modify any subsisting agreement) with any trade union, or any agreement that relates to any works council; or

(s) vary the terms on which it holds the Properties or settle any rent review; or

(t) make any material change to the accounting procedures or principles by reference to which its accounts are drawn up; or

(u) permit any of its insurance policies to lapse or do anything which would reduce the amount or scope of cover or make any of its insurance policies void or voidable.

3. **SELLER'S OBLIGATIONS**

At all times during the Interim Period, the Seller shall:

3.1 use their best endeavours to maintain the trade and trade connections of the Company;

3.2 give to the Buyer, as soon as possible, full details of any material change in the Business, financial position or assets of the Company;

3.3 subject to the Buyer's consent, pay any creditors as and when such payments fall due;

3.4 provide details of all payments to creditors to the Buyer at the Buyer's request;

3.5 promptly provide the Buyer, its agents and representatives with such information relating to the business and affairs of the Company, and such access to its books and records, as the Buyer may require from time to time; and

3.6 not induce, or attempt to induce (whether directly or indirectly), any of the employees of the Company's Group to terminate their employment.

**Part 2 Completion**

**Seller's Completion obligations**

1. **Documents to be delivered at Completion**

At Completion, the Seller shall deliver to the Buyer:

(a) a transfer of the Sale Shares, in agreed form, executed by the Seller in favour of the Buyer;

(b) the share certificates for the Sale Shares or an indemnity, in agreed form, for any lost or damaged certificates;

(c) the registers, minute books and other records required to be kept by the Company under the CA 2006, in each case properly written up as at the Completion Date, together with the common seals (if any), certificates of incorporation and any certificates of incorporation on change of name for the Company and confirmation of the Company' authentication code for online filing at Companies House;

(d) Any Supplemental Disclosure Letter, duly executed by the Seller;

(e) the Consultancy Agreement, duly executed by the Seller;

(f) the letter of resignation of the Seller as director of the Company with effect from Completion, duly executed by the Seller;

(g) a letter signed by the Seller confirming he is no longer a Person with Significant Control from Completion

(h) any papers or other documents relating to the Company that are in the Seller's possession;

(i) Bank account statement showing the balance in the Company's bank accounts at Completion.

(j) the signed director's resolution, in agreed form, of the board meeting (i) approving the transaction, and the matters referred to therein and any other documents to be delivered by the Seller at Completion; (ii) appointing Mr Matthew Gill and Ms Ashley Lopez as directors; held by the Company pursuant to paragraph 2 of this Schedule 2.

2. **Completion board meeting**

The Seller shall execute a director's resolution of the Company at Completion at which the matters set out in the agreed form directors resolutiondelivered pursuant to paragraph 1(h) of this Schedule shall take place.

## Schedule 3 Warranties

### Part 1 General Warranties

**1. Power to sell the Sale Shares**

1.1 The Seller has the requisite power and authority to enter into and perform this agreement and the documents referred to in it to which it is a party, and they constitute valid, legal and binding obligations on the Seller in accordance with their respective terms.

1.2 The execution and performance by the Seller of this agreement and the documents referred to in it to which it is a party will not breach or constitute a default under the Seller's articles of association, or any agreement, instrument, order, judgment or other restriction which binds the Seller.

**2. Shares in the Company**

2.1 The Sale Shares constitute the whole of the allotted and issued share capital of the Company and are fully paid, or credited as fully paid.

2.2 The Seller is the sole legal and beneficial owner of the Sale Shares and is entitled to transfer the legal and beneficial title to the Sale Shares to the Buyer free from all Encumbrances, without the consent of any other person.

2.3 No person has any right to require at any time the transfer, creation, issue or allotment of any share, loan capital or other securities of the Company (or any rights or interest in them), and no person has agreed to confer or has claimed any such right.

2.4 No Encumbrance has been granted to any person or otherwise exists affecting the Sale Shares or any unissued shares, debentures or other unissued securities of the Company, and no commitment to create any such Encumbrance has been given, nor has any person claimed any such rights.

2.5 The Company:

(a) does not own, and has not agreed to acquire, any shares, loan capital or any other securities or interest in any company;

(b) has not, at any time, had any subsidiaries or subsidiary undertakings (within the meaning of section 1162 of the CA 2006);

(c) is not, and has not agreed to become, a member of any partnership or other unincorporated association, joint venture or consortium (other than recognised trade associations); and

(d) has no branch or permanent establishment outside England and Wales.

2.6 The Company has not purchased, redeemed, reduced, repaid or forfeited any of its share capital.

**3. Constitutional and corporate documents**

3.1 A copy of the memorandum and articles of association of the Company have been Disclosed, and such copy documents are true, accurate and complete.

3.2 All returns, particulars, resolutions and other documents that the Company is required by law to file with, or deliver to, any authority have been correctly made up and duly filed or delivered.

3.3 All deeds and documents belonging to the Company (or to which it is a party) are in the Company's possession.

3.4 To the best of the Seller's knowledge, information and belief, all accounting, financial and other records of the Company (including its statutory books and registers):

(a) have been properly prepared and maintained;

(b) constitute an accurate record of all matters required by law to appear in them, and comply with any applicable requirements of the CA 2006;

(c) do not contain any material inaccuracies or discrepancies; and

(d) are in the possession of the Company.

**4. Information**

4.1 The particulars set out in Schedule 1 and Schedule 4 are true, accurate and complete.

4.2 To the best of the Seller's knowledge, information and belief, all information contained in or annexed to the Disclosure Letter is true, accurate and complete.

4.3 The Seller is not aware of any other matters which would have a material effect or adverse financial effect on the value of the Sale Shares or the Business, other than matters Disclosed.

**5. Compliance and consents**

5.1 To the best of the Sellers knowledge, information and belief the Company has at all times conducted its business in accordance with, and has acted in compliance with, all applicable laws and regulations.

5.2 The Company holds all licences, consents, permits and authorities necessary to carry on the Business in the places and in the manner in which it is carried on at Completion (**Consents**).

5.3 Each of the Consents is valid and subsisting, the Company is not in breach of the terms or conditions of the Consents (or any of them) and there is no reason why any of the Consents may be revoked or suspended (in whole or in part) or may not be renewed on the same terms.

**6. Insurance**

6.1 The Company maintains, and has at all material times maintained, adequate insurance cover against all losses, liabilities and risks that are normally insured against by a person carrying on the same type of business as the Business.

6.2 The policies of insurance maintained by or on behalf of the Company (**Policies**) are in full force and effect, all premiums due on them have been paid and all other conditions of the Policies have been performed and observed. The Company has not done, or omitted to do, anything that may result in an increase in the premium payable for any of the Policies, or affect the renewal of any of the Policies.

6.3 There are no outstanding claims under, or in respect of the validity of, any of the Policies and there are no circumstances likely to give rise to a claim under any of the Policies.

**7. Disputes and investigations**

7.1 Neither the Company, nor its Director nor any other person for whose acts the Company may be vicariously liable, is engaged or involved in any of the following matters (such matters being referred to in this paragraph 7 as **Proceedings**):

(a) any litigation, or any administrative, arbitration or other proceedings, claims, actions or hearings (except for debt collection in the normal course of business); or

(b) any dispute with, or any investigation, inquiry or enforcement proceedings by, any governmental, regulatory or similar body.

7.2 No Proceedings have been threatened or are pending by or against the Company, its Director or any person for whose acts the Company may be vicariously liable, and there are no circumstances likely to give rise to any such Proceedings.

7.3 The Company is not affected by any subsisting or pending judgment, order, or other decision or ruling of any court, tribunal or arbitrator, or any governmental, regulatory or similar body, nor has it given any undertaking in connection with any Proceedings which remains in force.

7.4 The Seller has no claim of any nature against the Company, nor has it assigned to any person the benefit of any such claim.

**8. Contracts and trading**

8.1 The Company is not a party to any contract, agreement, arrangement, understanding or commitment which is of an unusual or exceptional nature, outside the ordinary course of the Business, or not on arm's-length terms.

8.2 No party is in default of any agreement to which the Company is a party, no such default has been threatened, and there are no facts or circumstances likely to give rise to any such default. No notice of termination of any such agreement has been received or served by the Company, and there are no grounds for the termination, rescission, repudiation or a material change in the terms of any such agreement.

8.3 There is no outstanding indebtedness or other liability (actual or contingent) and no outstanding contract, commitment or arrangement between the Company and the (or any person connected with the Seller (within the meaning of section 1122 of the CTA 2010).

**9. Effect of sale of the Sale Shares**

The acquisition of the Sale Shares by the Buyer will not:

(a) cause the Company to lose the benefit of any right, asset or privilege it presently enjoys;

(b) relieve any person of any obligation to the Company, or enable any person to determine any such obligation, or any right or benefit enjoyed by the Company, or to exercise any other right in respect of the Company;

(c) result in any customer, client or supplier materially reducing its business, or changing the terms on which it deals, with the Company;

(d) result in the loss of, or any default under, any Consent (as defined in paragraph 5.2 of Part 1 of this Schedule 3); or

(e) result in any officer or senior employee leaving the Company.

## 10. Finance and guarantees

10.1 The Disclosure Letter contains full particulars of all money borrowed by the Company and all financial facilities currently outstanding or available to the Company, including copies of all related documentation.

10.2 The Company is not party to any other financial facilities other than normal trade credit in respect of agreed payment terms with suppliers of the Company and the Seller is not aware of any pending or threatened notices or amendments in respect of such arrangements.

10.3 There are no circumstances or matters which could affect the continuance of any of the financial facilities that are currently available to the Company, or which may result in an amendment of their terms.

10.4 No Encumbrance over any of the Company's assets is now enforceable, and there are no circumstances likely to give rise to any such enforcement.

10.5 Other than the Director's Loan Sum, there is no outstanding indebtedness or other liability (actual or contingent) and no outstanding contract, commitment or arrangement between the Company and the Seller.

10.6 The Company has not factored or discounted any of its debts, or engaged in financing of a type that would not need to be shown or reflected in the Accounts.

10.7 No Encumbrance, guarantee, indemnity or other similar arrangement has been entered into, given or agreed to be given by the Company:

(a) or any third party, in each case in respect of any indebtedness or other obligations of the Company; or

(b) in respect of any indebtedness or other obligations of any third party.

10.8 The Company has no outstanding loan capital, nor has it lent any money that has not been repaid, and there are no debts owing to the Company other than debts that have arisen in the normal course of the Business.

10.9 The debts owing to the Company as reflected in the Accounts (and all debts subsequently recorded in its books since the Accounts Date) have been realised, or will within three months after Completion realise in cash their full amount, and none of those debts has been outstanding for more than two months.

10.10 No insolvency event has occurred in relation to the Company or the Seller.

## 11. Accounts

11.1 The definitions in this paragraph apply in this agreement:

**FRS 102**: Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland as issued by the Financial Reporting Council of the UK and in force for the accounting period ended on the Accounts Date.

**Previous Accounts**: the accounts equivalent to the Accounts in respect of each of the four accounting periods immediately preceding the accounting period ended on the Accounts Date.

11.2 The Accounts:

(a) show a true and fair view of the state of affairs of the Company as at the Accounts Date, and of its profit or loss and total comprehensive income for the accounting period ended on the Accounts Date;

(b) have been properly prepared in accordance with FRS 102, using appropriate accounting policies and estimation techniques as required by section 10 of FRS 102;

(c) comply with the requirements of the CA 2006 and all other applicable laws and regulations in the UK;

(d) (save as the Accounts expressly disclose) are not affected by any extraordinary, exceptional or non-recurring items; and

(e) (save as the Accounts expressly disclose) have been prepared using the same accounting policies and estimation techniques as those adopted and applied in preparing the Previous Accounts.

## 12. Changes since the Accounts Date

Since the Accounts Date:

(a) the Company has conducted the Business in the normal course and as a going concern;

(b) there has been no material adverse change in the turnover, financial position or prospects of the Company;

(c) no dividend or other distribution of profits or assets has been, or agreed to be declared, made or paid by the Company;

(d) the Company has not borrowed or raised any money or taken or given any form of financial security, nor has it incurred or committed to any capital expenditure, or acquired or disposed of any individual item, in either case in excess of £5,000;

(e) the Company has paid its creditors within the applicable periods agreed with the relevant creditor and there are no amounts owing by the Company which have been outstanding for more than 60 days; and

(f) The Company has not issued or agreed to issue any share or loan capital.

**13. Assets**

13.1 The assets included in the Accounts, together with any assets acquired by the Company since the Accounts Date (except for those disposed of since the Accounts Date in the normal course of business) and all other assets used by the Company in connection with the Business are:

(a) legally and beneficially owned by the Company, free from Encumbrance or any other third party right, and the Company has good and marketable title to such assets; and

(b) in the possession and control of the Company.

13.2 The plant, machinery, vehicles, office and other equipment used by the Company in connection with the Business are in satisfactory working order, have been regularly and properly maintained and are capable of doing the work for which they were designed.

13.3 Each element of the computer hardware (including network and telecommunications equipment), databases and software (including associated user manuals, object code and source code) owned, used, leased or licensed by the Company in relation to the Business (**IT System**):

(a) is functioning satisfactorily and in accordance with all applicable specifications;

(b) is not, to the best of the Seller's knowledge, information and belief, defective in any respect and contains no software virus or other malware; and

(c) has sufficient capacity, scalability and performance to meet the current and foreseeable requirements of the Business as carried on at Completion.

13.4 The Company has obtained all rights from third parties that are necessary to enable it to make and continue to make exclusive and unrestricted use of the IT System for the purposes of the Business.

13.5 The assets owned by the Company comprise all the assets necessary for the continuation of the Business as it is carried on at Completion, and such assets are not shared with any other person.

**14. Employment**

14.1 The definitions in this paragraph apply in this agreement:

**Employee**: any person employed by the Company under a contract of employment.

**Worker**: any person who is not an Employee and who personally performs work for the Company but who is not in business on their own account or in a client/customer relationship

14.2 No offer of employment or engagement has been made by the Company which is outstanding for acceptance, or which has been accepted but not yet commenced.

14.3 No notice to terminate the contract of employment of any Employee or Worker is pending, outstanding or threatened, and there are no circumstances likely to give rise to such notice.

14.4 The Company is not a party to, bound by or proposing to introduce in respect of any of its current or former directors, Employees or Workers, any redundancy payment scheme (in addition to statutory redundancy pay), or any incentive arrangement or scheme (including, without limitation, any share option or share award plan, commission, profit sharing or bonus scheme).

14.5 Currently or in the last 2 years there is or has been no formal grievance, complaint, dispute, claim or legal proceedings being brought or threatened against the Company by any person currently or previously employed or engaged by the Company and the Company has not incurred any actual or contingent liability in connection with the termination of employment of any Employee, or for failing to comply with any order for the reinstatement or re-engagement of any Employee.

14.6 The Company has not made or provided, or agreed to make or provide, any payment or benefit to any of its present or former directors, Employees or Workers (or their dependants) in connection with the actual or proposed termination or suspension of employment or variation of an employment contract.

14.7 There are no sums owing to or from any current or former Employee or Worker other than reimbursement of expenses, wages for the current salary period and holiday pay for the current holiday year.

14.8 The Company has not offered, promised or agreed to any future variation in the contract of any Employee or Worker.

14.9 The Company has not entered into any agreement or arrangement with any trade union, employee representative or body of employees or their representatives (whether binding or not).

14.10 To the best of the Seller's knowledge, information and belief the Company has performed all obligations and duties it is required to perform in respect of each Employee and Worker, whether or not legally binding and whether arising under contract, statute, at common law or in equity or under any treaties or laws of the European Union or otherwise.

**15. Retirement benefits**

15.1 Save for the auto-enrolment obligations detailed in paragraph 15.2, the Company does not have (nor may it have) any obligation (whether or not legally binding) to provide or contribute towards pension, lump sum, death, ill-health, disability or accident benefits (**Relevant Benefits**) in respect of its current or former officers or employees (**Pensionable Employees**) and no proposal or announcement has been made to any employee or officer of the Company about the introduction, continuance, increase or improvement of, or the payment of a contribution towards, any Relevant Benefits.

15.2 The Company has complied with its automatic enrolment obligations as required by the Pensions Act 2008 and associated legislation.

15.3 No notices, fines, or other sanctions have been issued by the Pensions Regulator and no instances of non-compliance with the automatic enrolment obligations have been notified to the Pension Regulator in respect of the Company.

15.4 Prior to 1 October 2012, the Company facilitated access for its Pensionable Employees to a designated stakeholder scheme as required by Section 3 of the Welfare Reform and Pensions Act 1999.

15.5 The Company has not discriminated against any Pensionable Employee on any grounds in providing any Relevant Benefits.

15.6 No claims or complaints have been made or are pending or threatened in respect of the provision of (or failure to provide) any Relevant Benefits by the Company in relation to any of the Pensionable Employees and there is no fact or circumstance likely to give rise to such claims or complaints.

**16. Property**

16.1 In this paragraph 16, **Previously-owned Land and Buildings** means any land and buildings that has or have, at any time before the date of this agreement, been owned (under whatever tenure) and/or occupied and/or used by the Company, but which are either:

(a) no longer owned, occupied or used by the Company; or

(b) owned, occupied or used by the Company but pursuant to a different lease, licence, transfer or conveyance.

16.2 The Properties are the only land and buildings owned, used or occupied by the Company, and the Company has no right of ownership, right to use, option, right of first refusal or contractual obligation to purchase, or any other legal or equitable right affecting any land and buildings, other than the Properties.

16.3 The Company has no liability (whether actual or contingent) in respect of Previously-owned Land and Buildings, nor has it given any guarantee or indemnity for any liability relating to any of the Properties, any Previously-owned Land and Buildings or any other land and buildings.

16.4 The Company is solely legally and beneficially entitled to, and has a good and marketable title to, each of the Properties.

16.5 Where title to any of the Properties is not registered at the Land Registry, there is no caution against first registration of title and no event has occurred in consequence of which a caution against first registration of title could have been effected.

16.6 There are no insurance policies relating to any issue of title affecting the Properties.

16.7 In relation to each Property the landlord and the Company has observed and performed in all material respects all covenants, restrictions, stipulations and other encumbrances of each lease and there has not been (expressly or impliedly) any waiver of or acquiescence to any breach of them.

16.8 In relation to each lease under which a Property is held (**Lease**), all principal rent and additional rent and all other sums payable by each lessee, tenant, licensee or occupier under each Lease (**Lease Sums**) have been paid as and when they become due and no Lease Sums have been:

(a) set off or withheld; or

(b) commuted, waived or paid in advance of the due date for payment.

16.9 The Current Use (being the identified use for each Property as set out in Schedule 4) of each of the Properties is the permitted lawful use for the purposes of the Planning Acts. Where applicable, the Current Use of each of the Properties is in accordance with the Leases.

16.10 To the best of the Seller's knowledge, information and belief all necessary building regulation consents have been obtained both in relation to the Current Use of the Properties and any alterations and improvements to them.

6.11 All planning permissions, orders and regulations issued under the Planning Acts, and all building regulations, consents and bye laws for the time being in force have been fully complied with in relation to the Properties and there is no claim or liability (contingent or otherwise) under the Planning Acts in respect of any of the Properties, or any statutory agreement affecting any of the Properties is outstanding, nor are the Properties the subject of any outstanding or proposed notice (including but not limited to compulsory acquisition, closing, demolition or clearance of any of the Properties) and the Seller is not aware of any matter or circumstance that would lead to any such notice, order or proposal.

16.12 Each of the Properties is in a satisfactory state of repair and condition and fit for the Current Use.

16.13 No notices, complaints, disputes or requirements have been issued or made (whether formally or informally) by any competent authority or undertaking exercising statutory or delegated powers or adjoining owners or occupiers in relation the any of the Properties, the Current Use, or any machinery, plant or equipment and the Seller is not aware of any matter which could lead to any such notice, complaint, dispute or requirement being issued or made.

**17. Intellectual Property**

20.1 The Company has taken all steps necessary or desirable for the fullest protection of all Intellectual Property and know-how used by it and the Company has not itself granted any rights to third parties in relation to any of its Intellectual Property.

20.2 The operations of the Company and any products or services supplied by it do not use or infringe the rights of any person or infringe any right of privacy.

20.3 The Seller is not aware of any claims or applications for registration which might be material for disclosure to the Buyer as an applicant for shares in the Company.

20.4 All Intellectual Property which is, or is likely to be, material to the business of the Company, are (or in the case of applications which have been made by or on behalf of the Company) legally and beneficially vested exclusively in the Company and valid and enforceable and not subject to any claims of opposition from any third party.

20.5 No Intellectual Property in which the Company has any interest and which is, or is likely to be, material to the business of the Company is:

(a) being (or has been) infringed, misappropriated or used without permission by any other person; or

(b) Subject to any licence, estoppel or authority or similar right in favour of any other person.

20.6 All Intellectual Property which is registered in the name of the Company, or in respect of which the Company has made application for registration, is:

(a) Disclosed;

(b) legally and beneficially vested in the Company; and

(c) valid and enforceable and not subject to any claims of opposition from any third party.

20.7 All renewal fees in respect of the registered Intellectual Property have been duly paid, and all other steps required to maintain and protect the registered Intellectual Property have been taken, in any jurisdiction in which they are registered.

20.8 Nothing has been done, or omitted to be done, whereby any Intellectual Property owned or used by the Company have ceased (or might cease) to be valid and enforceable, or whereby any person is or will be able to seek cancellation, rectification or any other modification of any registration of any such Intellectual Property

20.9 No person other than the Company has registered or applied to register in any country any invention, topography, copyright work, design, trade or service mark or name, trade secret or know-how or other Intellectual Property made, or claimed to be owned, by the Company.

20.10 The Company has not knowingly disclosed or permitted to be disclosed, to any person (other than to the Investor and to their agents, employees or professional advisers) any of its know-how, trade secrets, confidential information or lists of customers or supplier

**Part 2 Tax Warranties**

1. The Company has duly and punctually made all returns (including land transaction returns) and given or delivered all notices, accounts and information which ought to have been made to, and is not involved in, any dispute with HM Revenue & Customs or any other governmental, state, federal, provincial, local governmental or municipal authority, body or official (**Taxing Authority**) concerning any matter likely to affect in any way the liability (whether accrued, contingent or future) of it to taxation and the Company is not aware of any matter which may lead to such dispute.

2. The Company has duly paid or fully provided for all taxation for which it is liable (including deferred tax, stamp duty and PAYE and National Insurance Contributions) and to the best of the Seller's knowledge, information and belief, there are no circumstances

in which interest or penalties in respect of taxation not duly paid could be charged against it in respect of any period prior to Completion.

3. The Company has not entered into or been a party to any schemes or arrangements designed partly or wholly for the purpose of it or (so far as the Seller is aware) any other person avoiding taxation.

4. No directors, officers or employees of the Company have received any securities, interests in securities or securities options as defined in Part 7 of ITEPA.

5. No directors, employees or officers of the Company have received any securities or interests in securities in a form which is or could be treated as a "readily convertible asset" as defined in section 702 of ITEPA.

6. All directors, officers or employees of the Company who have received any securities or interests in securities falling within Chapter 2 of Part 7 of ITEPA have entered into elections jointly with the Company under section 431(1) of ITEPA within the statutory time limit and a schedule of any such directors, officers or employees and the elections entered into is attached to the Disclosure Letter.

7. All documents to which the Company is a party or which form part of the Company's title to any asset owned or possessed by it or which the Company may need to enforce or produce in evidence in the courts of the United Kingdom have been duly stamped and (where appropriate) adjudicated.

8. All acquisitions or disposals of assets by the Company and all supplies of services by and to the Company have occurred at arm's length between unconnected persons and for a consideration in cash at market value.

9. The Company is registered for the purposes of the VATA (and has not at any time been treated as a member of a group of companies for such purpose). To the best of the Seller's knowledge, information and belief, the Company has complied with all statutory provisions, regulations and notices relating to VAT and has duly and punctually accounted for and paid HMRC all amounts of VAT which it ought to have so accounted for and/or paid.

## Schedule 4 Particulars of the Properties

### Part 1 Particulars of the Freehold Properties

| | |
|---|---|
| **Description of the Property** | N/A |
| **Owner** | |
| **Registered/unregistered** | |
| **Title number (if registered)** | |
| **Occupier** | |
| **Current Use** | |

### Part 2 Particulars of the Leasehold Properties

| | |
|---|---|
| **Description of the Property** | Ground Floor and Basement 193 Wardour St London W1F 8ZF |
| **Description of Lease (lease, underlease, licence, date and parties)** | Lease between Peter Shiakallis and Tapped and Packed Limited dated 31 August 2012 |
| **Owner** | Tapped and Packed Limited |
| **Registered/unregistered** | Registered |
| **Title number (if registered)** | NGL931968 |
| **Contractual date of termination of lease** | 21 August 2022 |
| **Occupier** | Tapped and Packed Limited |
| **Current Use** | A1 coffee shop |

| | |
|---|---|
| **Description of the Property** | Ground Floor and Basement Premises 26 Rathbone Place, London W1P 1DJ |
| **Description of Lease (lease, underlease, licence, date and parties)** | Lease between Aquashore Limited and Tapped and Packed Limited dated 12 February 2010 |
| **Owner** | Tapped and Packed Limited |

| | |
|---|---|
| **Registered/unregistered** | Registered |
| **Title number (if registered)** | NGL909130 |
| **Contractual date of termination of lease** | 11 February 2020 |
| **Occupier** | Tapped and Packed Limited |
| **Current Use** | High end patisserie coffee bar |

| | |
|---|---|
| **Description of the Property** | Ground Floor Shop 114 Tottenham Court Rd W1T 5AQ |
| **Description of Lease (lease, underlease, licence, date and parties)** | Lease between C Patel and P Patel and Tapped and Packed Limited dated 28 April 2011 |
| **Owner** | Tapped and Packed Limited |
| **Registered/unregistered** | Registered |
| **Title number (if registered)** | NGL918633 |
| **Contractual date of termination of lease** | 30 April 2021 |
| **Occupier** | Tapped and Packed Limited |
| **Current Use** | A1 sandwich bar and patisserie |

| | |
|---|---|
| **Description of the Property** | 72 Russell Square |
| **Description of Lease (lease, underlease, licence, date and parties)** | Lease between the Imperial London Hotels Limited and Tapped and Packed Limited dated 4 July 2017 |
| **Owner** | Tapped and Packed Limited |
| **Registered/unregistered** | Pending registration |
| **Title number (if registered)** | n/a |
| **Contractual date of termination of lease** | 3 July 2027 |
| **Occupier** | Tapped and Packed Limited |
| **Current Use** | A1 coffee shop |

## Schedule 5

## Limitation on Claims

1. **Cap:** The aggregate liability of the Seller for all Claims shall not exceed an amount equal to the value of the Consideration Shares.

2. **De Minimis:** The Seller shall not be liable for a Claim unless:

   (b) the Seller's liability in respect of such Claim (together with any connected Claims) exceeds £2,500; and

   (c) the amount of the Seller's liability in respect of such Claim, either individually or when aggregated with the Seller's liability for all other Claims (other than those excluded under clause 19.2(b)) exceeds £10,000, in which case the Seller shall be liable for the whole amount of the Claim and not just the amount above the threshold specified in this clause 19.2(c).

   For the purposes of this clause 2, a Claim is **connected** with another Claim if the Claims arise from the same facts, events or circumstances.

3. **Time Limits:** The Seller shall not be liable for a Claim unless notice in writing summarising the nature of the Claim (in so far as it is known to the Buyer) and, as far as is reasonably practicable, the amount claimed, has been given by or on behalf of the Buyer to the Seller:

   (a) in the case of a Claim for breach of the Tax Warranties, on or before the seventh anniversary of Completion; or

   (b) in any other case, within the period of 18 months commencing on the Completion Date.

   Any Claim notified in accordance with this paragraph 3 shall (if not previously satisfied, settled or withdrawn) be deemed to have been irrevocably withdrawn 6 months after the date on which notice of the relevant Claim was given (and no new Claim may be made in respect of the same facts) unless, on or before that date, legal proceedings have been issued and served on the Seller in respect of the relevant claim.

4. **Contingent Liability:** The Seller shall have no liability in respect of a Claim if and to the extent that such claim is based upon a contingent liability unless and until such liability becomes an actual liability and provided this occurs prior to the expiry of the relevant time limit applicable to such claim as set out in paragraph 1.4.

5. **Disclosed:** The Seller shall not be liable for a Claim if and to the extent that the Claim:

   (a) arises from facts, events or circumstances that have been Disclosed; or

   (b) relates to a matter specifically and fully provided for in the Accounts.

6. **Limitation Act:** The Seller shall not plead the Limitation Act 1980 in respect of any claims made under the Tax Warranties.

7. **Insurance:** The Seller shall not be liable in respect of a Claim if and to the extent the Buyer (or any member of the Buyer Group) makes a successful claim and recovers under a policy of insurance in respect of the matter or circumstance giving rise to such claim.

8. **Change of law:** The Seller shall not be liable in respect of any Claim to the extent that the claim arises or the value of the claim is increased as a result of a change in any law, legislation, rule or regulation (including any new law, legislation, rule or regulation) that comes into force or otherwise takes effect after the date of this agreement.

9. **Third party recovery:** In the event that the Buyer (or any other member of the Buyer's group) is at any time entitled to recover or otherwise claim reimbursement from a third party in respect of any matter or circumstance giving rise to a Claim the following provisions shall apply:

   (a) the Buyer shall use reasonable endeavours to enforce such recovery or seek such reimbursement from the relevant third party and shall do so before making such claim against the Seller; and

   (b) the liability of the Seller in respect of such claim shall be reduced by the amount (if any) actually recovered from the relevant third party (less all reasonable costs, charges and expenses incurred by the Buyer in recovering that sum), or extinguished if the amount recovered (less all reasonable costs, charges and expenses incurred by the Buyer in recovering that sum) exceeds the amount of the relevant claim.

10. **No double recovery:** The Buyer shall not be entitled to recover damages, or obtain payment, reimbursement, restitution or indemnity more than once in respect of the same loss, shortfall, damage, deficiency, breach or other event or circumstance.

11. **Voluntary Acts**: The Seller shall not be liable in respect of any Claim to the extent that the matter or circumstance giving rise to such claim arises, occurs or is otherwise attributable to, or the Sellers' liability pursuant to such claim is increased as a result of:

   (a) any voluntary act, omission, transaction or arrangement of the Buyer (or its respective directors, employees or agents) on or after Completion; or

   (b) any voluntary act, omission, transaction or arrangement carried out at the request, or with the consent of the Buyer before Completion.

12. The Seller shall not be liable in respect of any Claim to the extent that the liability pursuant to such claim comprises penalties, charges or interest arising directly or indirectly from any act, omission, transaction or arrangement of the Buyer after Completion.

13. **Conduct of Third Party Claims:** The provisions of this paragraph 14 shall apply in the event that any claim is made or threatened by any third party against the Buyer, which may reasonably be considered likely to give rise to a Claim (**Third Party Claim**).

13.1 In the event of a Third Party Claim, the Buyer shall:

(a) as soon as reasonably practicable, and in any event with 5 Business Days of the date upon which the Buyer becomes aware of the Third Party Claim give written notice of the Third Party Claim to the Seller, specifying in reasonable detail the nature of the Third Party Claim;

(b) keep the Seller fully informed of the progress of, and all material developments in relation to, the Third Party Claim and provide the Seller (upon the Seller's reasonable request) with copies of all material information and correspondence relating to such claim; and

(c) have due regard (but shall not be obliged to adhere to) to all reasonable representations and information given by the Seller to the Buyer in relation to a Third Party Claim.

**Signature**

Signed by Richard Lilley

Richard Lilley

Signed by [NAME OF DIRECTOR] for and on behalf of Department of Coffee and Social Affairs Limited

Director

**Appendix A**

**Terms of Consultancy Agreement**

1. **Term of Agreement:** 12 months from Completion
2. **Termination notice:** 6 months
3. **Remuneration:** £35,000 per annum for an initial commitment of 3 days a week.
4. **Scope of work:** to be jointly defined by Ashley Lopez (CEO Docasa Inc) and the Seller.
5. **Reporting:** Seller to report directly to Ashley Lopez
6. After 6 months, a formal role may be determined (or otherwise) by Ashley Lopez and the Seller
7. If formal role determined, Seller to be included in the Buyer's senior management stock option plan independent to Consideration Shares.

## Appendix B

Part 1. Form of Notice of Assignment

Tapped and Packed Limited

Dear Sirs,

**Notice of assignment**

We refer to the Director's Loan made to the Company by Mr Richard Lilley ("**Assignor**")of which £175,000 remains outstanding ("**Director's Loan**").

On and with effect from [DATE] the Assignor assigned to Department of Coffee and Social Affairs Limited ("**Assignee**") all its rights, title, interest and benefits in and to the Director's Loan.

All future correspondence, dealings, deliveries and payments in respect of the Director's Loan should be made to the Assignee whose details are as follows:

Department of Coffee and Social Affairs Limited

FAO Matthew Gill

6 Newburgh Street, London, England, W1F 7RQ

Please acknowledge this notice by signing and returning the attached acknowledgement to the Assignee and the Assignor.

This notice and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws of England and Wales.

Signed.......................................................

For and on behalf of the Assignor

Signed.......................................................

For and on behalf of the Assignee

Part 2

**Form of Acknowledgement of Notice of assignment**

[On headed notepaper of Company]

Mr Richard Lilley

18B Newman Street, London, W1T1JD

Department of Coffee and Social Affairs Limited

FAO Matthew Gill

6 Newburgh Street, London, England, W1F 7RQ

[DATE]

Dear Sirs

**Acknowledgement of notice of assignment**

We acknowledge receipt of the notice of assignment from Mr Richard Lilley ("**Assignor**") and Department of Coffee and Social Affairs Limited ("**Assignee**") dated [DATE] ("**Notice**") and confirm that:

(a) we have not received notice of the interest of any third party in any of the Director's Loan (as defined in the Notice);

(b) we have not claimed or exercised and have no outstanding rights to claim or exercise any security interest, set-off rights, counterclaim or otherwise relating to the Director's Loan.

We acknowledge and agree that following the assignment described in the Notice, the Assignee shall be entitled to all the Assignor's rights, title, interest and benefits in and to Director's Loan.

This acknowledgement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws of England and Wales.

Signed........................................................

For and on behalf of Tapped and Packed Limited

**EXHIBIT 31.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Ashley Lopez, certify that:

1. I have reviewed this report on Form 10-Q of DOCASA, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Small Business Issuer as of, and for, the periods presented in this quarterly report;

4. The Small Business Issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Small Business Issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) [Omitted pursuant to SEC Release No. 33-8238];

   (c) Evaluated the effectiveness of the Small Business Issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Small Business Issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The Small Business Issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors of the small business issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: November 14, 2018

By: */s/ Ashley Lopez*
Ashley Lopez
Chief Executive Officer

**EXHIBIT 31.1**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**
**PURSUANT TO 18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO SECTION 302 OF**
**THE SARBANES-OXLEY ACT OF 2002**

I, Phillip Maritz, certify that:

1. I have reviewed this report on Form 10-Q of DOCASA, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Small Business Issuer as of, and for, the periods presented in this quarterly report;

4. The Small Business Issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Small Business Issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) [Omitted pursuant to SEC Release No. 33-8238];

   (c) Evaluated the effectiveness of the Small Business Issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Small Business Issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The Small Business Issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors of the small business issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: November 14, 2018

By: */s/ Phillip Maritz*
Phillip Maritz
Chief Financial Officer

**EXHIBIT 32.1**

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

In connection with the Report of DOCASA, Inc., (the “Company”) on Form 10-Q for the period ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ashley Lopez, the Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2018

By: */s/ Ashley Lopez*
Ashley Lopez
Chief Executive Officer

**EXHIBIT 32.1**

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

In connection with the Report of DOCASA, Inc., (the "Company") on Form 10-Q for the period ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Phillip Maritz, the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2018

By: */s/ Phillip Maritz*
Philip Maritz
Chief Financial Officer