

COFFEESMITHS COLLECTIVE, INC.

FORM 10-Q (Quarterly Report)

Filed 05/15/18 for the Period Ending 03/31/18

Address 1901 NORTH ROSELLE ROAD
SUITE 800
SCHAUMBURG, IL, 60195
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

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

For the quarterly period ended **March 31, 2018**

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

For the transition period from _____ to _____

Commission File Number: **333-190067**



DOCASA, INC.

(Exact name of Registrant as specified in its charter)

Nevada

(State of incorporation)

47-1405387

(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

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

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

Smaller reporting company

(Do not check if a smaller reporting company)

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

As of May 15, 2018, there were 160,012,875 shares of common stock, par value \$0.001 per share issued, issuable, and outstanding.

DOCASA, INC.
FORM 10-Q
MARCH 31, 2018

INDEX

	<u>Page No.</u>
<u>PART I – FINANCIAL INFORMATION</u>	
Item 1. Financial Statements	F-2
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	3
Item 3. Quantitative and Qualitative Disclosures About Market Risk	6
Item 4. Controls and Procedures	6
<u>PART II – OTHER INFORMATION</u>	
Item 1. Legal Proceedings	7
Item 1A. Risk Factors	7
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	7
Item 3. Defaults Upon Senior Securities	7
Item 4. Mine Safety Disclosures	7
Item 5. Other Information	8
Item 6. Exhibits	8
<u>SIGNATURES</u>	9

PART I – FINANCIAL INFORMATION

TABLE OF CONTENTS

Index to Financial Statements	Page
Condensed Consolidated Balance Sheets as of March 31, 2018 and December 31, 2017 (unaudited)	F-2
Condensed Consolidated Statements of Operations for the three months ended March 31, 2018 and February 28, 2017 (unaudited)	F-3
Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2018 and February 28, 2017 (unaudited)	F-4
Notes to Condensed Consolidated Financial Statements	F-6

Item 1. Financial Statements.

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

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
ASSETS		
Current assets:		
Cash	\$ 91,785	\$ 139,350
Accounts receivable	738,268	531,872
Other receivables	8,183	8,183
Prepaid expenses	496,014	396,041
Inventory	119,881	100,386
Total current assets	<u>1,454,131</u>	<u>1,175,832</u>
Fixed assets, net	2,086,514	1,957,650
Intangible assets, net	11,365	12,559
Other receivables	42,034	40,509
Goodwill	2,185,012	2,185,012
Deposits	241,958	233,966
Total assets	<u>\$ 6,021,014</u>	<u>\$ 5,605,528</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Notes payable, current portion	\$ 209,619	\$ 171,160
Accounts payable	1,188,624	869,388
Accrued expenses	773,381	529,324
Accounts payable to related parties	67,383	65,855
Taxes payable	185,233	120,807
Capital leases obligations, current portion	217,300	209,539
Deferred revenue	35,308	35,642
Total current liabilities	<u>2,676,848</u>	<u>2,001,715</u>
Non-current liabilities:		
Notes payable (includes \$11,845 and \$11,414 to related parties for March 31, 2018 and December 31, 2017, respectively), non-current portion	302,306	357,095
Capital leases obligations, non-current portion	392,254	370,681
Other long-term liabilities	31,265	1,206
Total long-term liabilities	<u>725,825</u>	<u>728,982</u>
Total liabilities	<u>3,402,673</u>	<u>2,730,697</u>
Commitments and contingencies (Note 9)		
Shareholders' deficit:		
Common stock, \$0.001 par value, 250,000,000 shares authorized, 160,012,875 shares issued and outstanding, at March 31, 2018 and December 31, 2017, and 47,087,125 conditionally issuable, at March 31, 2018 and December 31, 2017, respectively	207,100	207,100
Additional paid-in capital	758,933	758,933
Class A ordinary shares of DEPT-UK (25,000,000 shares authorized, £1 par value, 0 and 0 shares issued and outstanding as of March 31, 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 March 31, 2018 and December 31, 2017, respectively)	-	-
Accumulated other comprehensive income	(679,166)	(301,958)
Accumulated deficit	(2,473,251)	(2,482,908)
Total DOCASA, Inc. shareholders' deficit	<u>(2,218,332)</u>	<u>(1,818,833)</u>
Non-controlling interest:		
Preference shares of DEPT-UK (25,000,000 shares authorized, £1 par value, 3,637,359 and 3,557,796 shares issued and outstanding as of March 31, 2018 and December 31, 2017, respectively)	4,804,725	4,693,664
Total liabilities and shareholders' deficit	<u>\$ 5,989,066</u>	<u>\$ 5,605,528</u>

See accompanying notes to unaudited condensed consolidated financial statements.

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

	For the three months ended	
	March 31, 2018	February 28, 2017
Revenue, net	\$ 1,823,709	\$ 920,847
Operating expenses		
Direct costs of revenue	1,146,720	715,781
Professional fees	23,038	52,314
Rent	207,201	99,120
Depreciation and amortization	81,685	42,784
Property taxes	10,051	-
Other general and administrative expenses	339,199	220,112
Operating income (loss)	15,815	(209,264)
Other income (expense)		
Interest expense	(5,988)	(4,617)
Income (loss) before provision for income taxes	9,827	(213,881)
Net income (loss) before tax and non-controlling interest	9,827	(213,881)
Loss attributable to non-controlling interest	(170)	(401)
Net income (loss) attributable to common shareholders	\$ 9,657	\$ (214,282)
Foreign currency translation loss	(415,630)	(15,853)
Total comprehensive loss	\$ (405,973)	\$ (230,135)
Net income (loss) attributable to common shareholders per share – basic and diluted	\$ 0.00	\$ (0.00)
Weighted average number of shares outstanding – basic and diluted	160,012,000	146,800,000

See accompanying notes to unaudited condensed consolidated financial statements.

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

	For the three months ended	
	March 31, 2018	February 28, 2017
Cash flows from operating activities:		
Net income (loss) attributable to common shareholders	\$ 9,657	\$ (214,282)
Adjustments to reconcile net income (loss) before taxes and non-controlling interest to net cash provided by (used in) operations:		
Depreciation and amortization expense	81,685	42,784
Other comprehensive income	(377,208)	(31,513)
Non-controlling interest gain	(170)	349
Changes in operating assets and liabilities:		
Accounts receivable	(206,396)	(46,252)
Other receivables	-	(172,563)
Prepaid expenses	(99,973)	22,564
Inventory	(19,495)	(18,290)
Other non-current receivables	(1,525)	1,000
Deposits	(7,992)	3,427
Accounts payable	430,297	162,423
Accounts payable to related parties	1,528	(11,825)
Accrued expenses	244,227	(42,981)
Taxes payable	64,426	11,256
Deferred revenue	(334)	4,395
Other non-current liabilities	30,059	10,500
Net cash provided by (used in) operating activities	148,786	(279,008)
Cash flows used in investing activities:		
Acquisition of fixed assets	(150,687)	(215,494)
Net cash used in investing activities	(150,687)	(215,494)
Cash flows from (used in) financing activities:		
Proceeds from notes payable	12,699	141,548
Payment on capital leases	(29,334)	-
Contributions of capital	-	458,201
Payments on notes payable	(29,029)	(32,156)
Payments on notes payable to related parties	-	37,456
Net cash provided by (used in) financing activities	(45,664)	605,049
Net increase (decrease) in cash	(47,565)	110,547
Cash at beginning of period	139,350	91,137
Cash at end of period	\$ 91,785	\$ 201,684

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

	For the three months ended	
	March 31, 2018	February 28, 2017
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 5,376	\$ 4,617
Cash paid for taxes	\$ -	\$ -
Non-cash investing and financing activities:		
Issuance of preference shares for liabilities	\$ 111,061	\$ 372,694
Capital lease additions	\$ 58,668	\$ -

See accompanying notes to unaudited condensed consolidated financial statements.

**DOCASA, INC.
and Subsidiaries**
Notes to Consolidated Condensed Financial Statements
March 31, 2018
(unaudited)

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 75.8% 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, 2018. 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 March 31, 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.

Nature of Operations

We are currently devoting our efforts to the specialty coffee industry, specifically with company-operated stores. The Company will generate revenue through sales at nineteen existing company-operated coffee shop locations in the UK, with seven more locations under construction. The Company has expanded its operations to the United States and opened its first coffee shop in Chicago, Illinois in October 2017, with three more locations under construction. Our objective is to continue to be recognized as one of the upper tier specialty coffee retail operations. Similar to other leading operators, we sell our proprietary coffee and related products, and complementary food and snacks. The Company, as of August 31, 2017, has discontinued its hot sauce products which had no activity in the year ended August 31, 2017 or subsequently. Accounting for discontinued operations not required due to immateriality.

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 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 March 31, 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.

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 March 31, 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 is 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 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 three months ended March 31, 2018 and February 28, 2017 advertising expense was \$164 and \$20,409, 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 March 31, 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 March 31, 2018 and February 28, 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 income.

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 March 31, 2018, the exchange rate between U.S. Dollars and British Pounds was US\$1.40 = £1.00, and the weighted average exchange rate for the three months ended March 31, 2018 was US\$1.38 = £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 income for the three months ended March 31, 2018 of \$9,657 and a working capital deficit as of March 31, 2018 of \$1,222,717, and has cash provided by operations of \$148,786 for the three months ended March 31, 2018. In addition, as of March 31, 2018, the Company had a stockholders' deficit and accumulated deficit of \$2,218,332 and \$2,473,251, respectively. Without further funding, 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 March 31, 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 – ENTRY INTO A DEFINITIVE AGREEMENT

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 March 31, 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 Note 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	\$	<u>2,156,002</u>

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	\$	<u>2,156,002</u>

The revenue and earnings for Tapped, as reflected in the unaudited condensed consolidated statement of operations, for the three months ended March 31, 2018, to reflect the current period, was \$573,876 and \$381,418, respectively.

Pro-Forma Financial Information

The following unaudited pro-forma data summarizes the result of the operations for the three months ended February 28, 2017 as if the acquisition of Tapped had been completed on September 1, 2016 which was the beginning of the Company’s previous fiscal year 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 Three Months Ended February 28, 2017			
	DOCASA	Tapped	Pro-forma Adjustments	Combined
Revenue, net	\$ 920,847	\$ 475,674	\$ -	\$ 1,396,521
Operating expenses	1,130,111	286,323	-	1,416,434
Income (loss) from operations	(209,264)	189,351	-	(19,913)
Other income (expense)	(4,617)	-	-	(4,617)
Income before income taxes	(213,881)	189,351	-	(24,530)
Loss attributable to non-controlling interest	(401)	-	-	(401)
Foreign currency translation gain	(15,853)	-	-	(15,853)
Net income (loss)	\$ (230,135)	\$ 189,351	\$ -	\$ (40,784)
Net income (loss) per common share - basic and diluted	\$ (0.00)			\$ (0.00)

Weighted average number of common shares outstanding during

the period - basic and diluted

146,800,000

146,800,000

NOTE 3 – INVENTORY

The Company has inventory of various items used for the sale of coffee and complementary products. As of March 31, 2018, and December 31, 2017, the Company had inventory of \$119,881 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:

	March 31, 2018	December 31, 2017
Consumable products	\$ 35,773	\$ 37,750
Food and drinks	35,871	36,792
Retail products	33,950	18,725
Coffee	14,287	7,119
Total inventory	<u>\$ 119,881</u>	<u>\$ 100,386</u>

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 three months ended March 31, 2018 and February 28, 2017, was \$80,491 and \$41,778, 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

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 three months ended March 31, 2018 and February 28, 2017, was \$1,194 and \$1,006, respectively. The variance between the expense and the increase in accumulated amortization is due to timing of the currency translation calculation.

NOTE 6 – NOTES PAYABLE

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

Notes payable - current

	March 31, 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	116,118	-	116,118	111,970	-	111,970
HSBC	60,953	-	60,953	26,642	-	26,642
Total	<u>\$ 209,619</u>	<u>\$ -</u>	<u>\$ 209,619</u>	<u>\$ 171,160</u>	<u>\$ -</u>	<u>\$ 171,160</u>

Notes payable - non-current

	March 31, 2018			December 31, 2017		
	Principal	Accrued Interest	Total	Principal	Accrued Interest	Total
Deij Capital Limited (1)	\$ 11,845	\$ -	\$ 11,845	\$ 11,414	\$ -	\$ 11,414
HSBC	261,571	-	261,571	280,011	-	280,011
HSBC	28,890	-	28,890	65,670	-	65,670
Total	<u>\$ 302,306</u>	<u>\$ -</u>	<u>\$ 302,306</u>	<u>\$ 357,095</u>	<u>\$ -</u>	<u>\$ 357,095</u>

(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 was extended to July 1, 2018. The imputed interest is deemed immaterial as of March 31, 2018. The facility loan was for \$171,437 (£100,000) to be drawn down as and when required. On June 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 March 31, 2018 and December 31, 2017 was \$11,845 (£8,454) and \$11,414 (£8,454), respectively. The accrued

interest as of March 31, 2018 and December 31, 2017, was \$0 (£0) and \$0 (£0), respectively.

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 March 31, 2018. As of March 31, 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 March 31, 2018. As of March 31, 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 March 31, 2018. As of March 31, 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 March 31, 2018. As of March 31, 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 March 31, 2018. As of March 31, 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 six 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 March 31, 2018, and December 31, 2017, was \$377,689 (£269,559) and \$391,981 (£290,294), respectively. As of March 31, 2018, the current portion was \$116,118 and the non-current portion was \$261,571.

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 March 31, 2018, and December 31, 2017, was \$89,843 and \$92,312, respectively. As of March 31, 2018, the current portion was \$60,953 and the non-current portion was \$28,890.

NOTE 7 – RELATED PARTIES TRANSACTIONS

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 8.

For the three months ended March 31, 2018 and February 28, 2017, the Company purchased £34,959 and £63,842, respectively, of cakes from Dee Light, a company which Gill, the vice chairman of the Company, was a 50% shareholder (until November 2016). As of March 31, 2018, and December 31, 2017, the Company owed Dee Light £53,379 and £63,833, respectively.

For the three months ended March 31, 2018 and February 28, 2017, the Company made sales or advances of £108,619 and £97,307, respectively, to The Roastery Department Ltd. (“The Roastery Department”) and made purchases from it of £77,670 and £50,186 for the three months ended March 31, 2018 and February 28, 2017, respectively. As of March 31, 2018, and December 31, 2017, the Company both has receivables and payables from The Roastery Department, which netted as receivables of \$480,287 (£343,062) and \$421,353 (£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. The relationship between The Roastery Department and the Company, as stated, is classified as a barter transaction.

On October 6, 2017, the Company issued 8,976,875 shares of common stock to Allesch-Taylor as part of the common stock owed to Allesch-Taylor in regards to the acquisition of DEPT-UK.

On October 30, 2017, the Company issued 1,000,000 shares of common stock to Allesch-Taylor as part of the common stock owed to Allesch-Taylor in regards to the acquisition of DEPT-UK.

As of March 31, 2018, and December 31, 2017, the Company owed Allesch-Taylor, the Company’s chairman, payables of \$41,136 (£29,383) and \$36,729 (£29,383), respectively.

As of March 31, 2018, and December 31, 2017, the Company owed Lopez, the Company’s chief executive officer, payables of \$26,212 (£18,723) and \$14,613 (£11,690), respectively.

As of March 31, 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 \$11,845 (£8,454) and \$11,414 (£8,454), respectively.

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.

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

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 October 6, 2017, the Company issued 8,976,875 shares of common stock to Allesch-Taylor as part of the common stock owed to Allesch-Taylor in regards to the acquisition of DEPT-UK.

On October 30, 2017, the Company issued 1,000,000 shares of common stock to Allesch-Taylor as part of the common stock owed to Allesch-Taylor in regards to the acquisition of DEPT-UK. After the issuances on October 6, 2017 and October 30, 2017, of the second tranche of 60,000,000 shares issuable to Allesch-Taylor pursuant to the acquisition terms, 47,087,125 remain issuable to him as of March 31, 2018 and December 31, 2017 and must be issued by no later than August 31, 2018.

As of March 31, 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 March 31, 2018, and December 31, 2017, 3,637,359 and 3,557,796 shares were outstanding, respectively. Of the outstanding shares, 1,684,709 and 1,666,709 were issued to related parties, as of March 31, 2018, and December 31, 2017, respectively.

DEPT-UK has a non-controlling interest of 0.2%. For the three months ended March 31, 2018, the Company had a non-controlling interest of \$170. For the three months ended February 28, 2017, the Company had a non-controlling interest of \$401.

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.

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 May 15, 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 DEPT-UK, Tapped, and DEPT-IL, are as follows:

2018	\$	581,351
2019		775,490
2020		778,760
2021		746,502
2022		532,555
Future		1,241,852
Total	\$	<u>4,656,510</u>

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 entered into no new leases during the three months ended March 31, 2018.

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 £221.

Rent expense for the three months ended March 31, 2018 and February 28, 2017, was \$207,201 and \$99,120, 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 March 31, 2018. There have been no losses in these accounts through March 31, 2018.

Concentration of Customer

The Company has one customer, which, for the three months ended March 31, 2018 and February 28, 2017, had sales of \$257,289 (£187,076, 21% of total revenue) and \$199,948 (£157,200, 10.9% 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 three months ended		For the three months ended	
	March 31, 2018		February 28, 2017	
Coffee and complementary food products	\$ 1,639,035	£ 1,214,100	\$ 817,100	£ 653,211
Coffee school	3,231	2,393	5,476	4,378
Management fees	181,443	134,402	98,271	78,560
Total	\$ 1,823,709	£ 1,350,895	\$ 920,847	£ 736,149
Direct costs of revenue:	For the three months ended		For the three months ended	
	March 31, 2018		February 28, 2017	
Coffee and complementary food products	\$ 1,088,288	£ 806,139	\$ 680,777	£ 544,230
Coffee school	2,911	2,156	4,933	3,944
Management fees	55,521	41,127	30,071	24,040
Total	\$ 1,146,720	£ 849,422	\$ 715,781	£ 572,214

The acquisition of Tapped, effective November 1, 2017, is reflective in the three months ended March 31, 2018 with revenue from Tapped for three months compared to the three months ended February 28, 2017 without Tapped.

NOTE 12 – CAPITAL LEASE OBLIGATIONS

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

	March 31, 2018	December 31, 2017
Computer equipment	\$ 66,429	\$ 66,429
Office equipment	45,276	23,609
Site equipment and machinery	457,134	457,134
Site fit out costs	1,799,750	1,799,750
Site furniture, fixtures and fittings	468,037	268,796
Total fixed assets	2,836,626	2,615,718
Less: Accumulated depreciation	1,131,686	858,322
Fixed assets, net	<u>\$ 1,704,940</u>	<u>\$ 1,757,396</u>

Aggregate future minimum rentals under capital leases are as follows:

2018	\$ 149,823
2019	171,211
2020	136,217
2021	83,964
2022	7,708
Total	<u>548,923</u>
Less: Interest	59,569
Present value of minimum lease payments	489,354
Less: Current portion of capital lease obligations	217,300
Capital lease obligations, net of current portion	<u>\$ 392,254</u>

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 March 31, 2018.

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 75.8% 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, 2018. 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.

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, we opened our first 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

For the Three Months Ended March 31, 2018 and February 28, 2017

Revenue

For the three months ended March 31, 2018, the Company had \$1,823,709 of revenue, compared to \$920,847 for the three months ended February 28, 2017. Revenue in U.S. Dollars increased by 98%, as a result of multiple new coffee shop locations being in service during the three months ended March 31, 2018, as well as the effect of the acquisition of Tapped, as compared to the three months ended February 28, 2017. In the three months ended March 31, 2018, the Company had 21 coffee shop locations in operation, with four of the shops being acquired in the acquisition of Tapped. The revenue for the three months ended March 31, 2018 for Tapped was \$204,180 (£154,228). The revenue for the three months ended March 31, 2018, without Tapped, was \$1,249,833, which was an increase of the prior year of \$328,986, or 35.7%. Additionally, coffee shops opened in the prior year performed within management’s expectations for the three months ended March 31, 2018. Company revenues, by revenue class, are as follows:

Revenues:	For the three months ended		For the three months ended	
	March 31, 2018		February 28, 2017	
Coffee and complementary food products	\$ 1,639,035	£ 1,214,100	\$ 817,100	£ 653,211
Coffee school	3,231	2,393	5,476	4,378
Management fees	181,443	134,402	98,271	78,560
Total	<u>\$ 1,823,709</u>	<u>£ 1,350,896</u>	<u>\$ 920,847</u>	<u>£ 736,149</u>

Operating Expenses

Direct costs of Revenue

For the three months ended March 31, 2018, direct costs of revenue were \$1,146,720 compared to \$715,781 for the three months ended February 28, 2017. Direct costs of revenue reflect an increase of \$430,939, or 60.2% in direct costs of revenue. The increase is primarily due to the acquisition of Tapped and new shops. The direct costs of revenue for the three months ended March 31, 2018, without Tapped, was \$1,002,660, which was an increase of \$286,879, or 40.1%.

Direct costs of revenue:	For the three months ended		For the three months ended	
	March 31, 2018		February 28, 2017	
Coffee and complementary food products	\$ 1,088,288	£ 806,139	\$ 680,777	£ 544,230
Coffee school	2,911	2,156	4,933	3,944
Management fees	55,521	41,127	30,071	24,040
Total	<u>\$ 1,146,720</u>	<u>£ 849,422</u>	<u>\$ 715,781</u>	<u>£ 572,214</u>

General and Administrative Expenses

For the three months ended March 31, 2018, general and administrative expenses were \$661,172 compared to \$414,330 for the three months ended February 28, 2017, or an increase of \$246,842. The expenses for the three months ended March 31, 2018, were as follows: professional fees, \$23,038; rent, \$207,201; depreciation and amortization, \$81,685; property taxes, \$10,051; and other, \$339,197. The expenses for the three months ended February 28, 2017, were as follows: professional fees, \$52,314; rent, \$99,120; depreciation and amortization, \$42,784; and other, \$220,112. For the three months ended March 31, 2018, the Company had expenses related to being a publicly registered entity of \$20,121 whereas for the three months ended February 28, 2017, the expenses were \$5,922. The increase in general and administrative expenses during the three months ended March 31, 2018, as compared to February 28, 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 income of \$9,657 for the three months ended March 31, 2018, compared to net loss of \$213,881 for the three months ended February 28, 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 three months ended March 31, 2018, as compared to the three months ended February 28, 2017.

The Company has one customer, which, for the three months ended March 31, 2018 and February 28, 2017, had sales of \$257,289 (£187,076, 21% of total revenue) and \$199,948 (£157,200, 10.9% of total revenue), respectively. The Company has a contract with the customer that expires in February 2020.

Liquidity and Capital Resources

General

At March 31, 2018, the Company had cash and cash equivalents of \$91,785. 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 provided cash of \$148,786 for the three months ended March 31, 2018 and used cash in operations of \$279,008 for the three months ended February 28, 2017. The principal elements of cash flow from operations for the three months ended March 31, 2018, included a net income of \$9,657, and an increase in accounts payable of \$326,997 and accrued expenses of \$244,058, offset primarily by an increase in accounts receivable of \$206,396 and an increase in prepaid expenses of \$99,973.

Cash used in investing activities during the three months ended March 31, 2018, was \$150,687 compared to \$215,494 during the three months ended February 28, 2017, which was primarily related in both periods to the acquisition of fixed assets and Tapped.

Cash used in the Company's financing activities was \$45,664 for the three months ended March 31, 2018, compared to cash provided by financing activities of \$605,049 during the three months ended February 28, 2017.

As of March 31, 2018, current assets exceeded current liabilities. Current assets were \$1,175,832 at December 31, 2017 and \$1,454,131 at March 31, 2018, whereas current liabilities increased from \$1,955,414 at December 31, 2017, to \$2,676,848 at March 31, 2018.

	For the three months ended	
	March 31, 2018	February 28, 2017
Cash provided by operating activities	\$ 148,786	\$ (279,008)
Cash used in investing activities	(150,687)	(215,494)
Cash provided by (used in) financing activities	(45,664)	605,049
Net changes to cash	\$ (47,565)	\$ 110,547

Going Concern

The Company has a net income for the three months ended March 31, 2018 of \$9,657 and a working capital deficit as of March 31, 2018 of \$1,222,717, and has cash provided by operations of \$148,786 for the three months ended March 31, 2018. In addition, as of March 31, 2018, the Company had a stockholders' deficit and accumulated deficit of \$2,218,332 and \$2,473,251, 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 March 31, 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 four primary revenue streams as follows:

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

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

None.

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	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. (f/k/a FWF Holdings, 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: May 15, 2018

By: /s/ Ashley Lopez

Ashley Lopez

Principal Executive Officer and Interim Principal Financial Officer

**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: May 15, 2018

By: */s/ Ashley Lopez*

Ashley Lopez

Chief Executive Officer and Interim Chief Financial Officer

**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 March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ashley Lopez, the Chief Executive Officer and Interim 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: May 15, 2018

By: */s/ Ashley Lopez*

Ashley Lopez

Chief Executive Officer and Interim Chief Financial Officer
