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Pursuant to the consulting contract, the Interim CEO shall receive (i) 750,000 shares of common stock of the Company for his appointment as Chairman of the Board, (ii) $10,000 per month for his role as Interim CEO, which shall be deferred until the Company raises at least $1,500,000 in financing, and (iii) $10,000 for every new franchising client he obtains, and (iv) $2,000 per month for legal services upon acquisition of a franchising client. In conjunction with this individual's appointment, the former Chief Executive Officer resigned, but will remain as the Secretary and a director of the Company. The shares were valued at $1,500,000, representing a market value of $2.00 per share based on the closing price on the day of trading.

Pursuant to the Employment Agreement, the CFO shall receive (i) 750,000 shares of common stock of the Company, and (ii) $20,833 per month, which shall be deferred until the Company raises at least $1,500,000 in financing. The 750,000 shares of common stock are fully vested and valued at $1,687,500, representing a fair market value of $2.25 per share based on the closing price on the day of trading, and are recognized over a 12-month service period as a result of a clawback provision.

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Employment Agreements

On February 27, 2017, Harold Kestenbaum an individual newly appointed by the Board of Directors of the Company assumed the role of Chairman of the Board of Directors and Interim Chief Executive Officer ("Interim CEO"). Pursuant to the consulting contract, the Interim CEO shall receive (i) 750,000 shares of common stock of the Company for his appointment as Chairman of the Board, (ii) $10,000 per month for his role as Interim CEO, which shall be deferred until the Company raises at least $1,500,000 in financing, (iii) $10,000 for every new franchising client he obtains, and (iv) $2,000 per month for legal services upon acquisition of a franchising client. The shares were valued at $1,500,000, representing a market value of $2.00 per share based on the closing price on the day of trading. On December 26, 2017, Mr. Kestenbaum agreed to a reduction in his 2017 annual salary from $120,000 to $40,000. As of March 31, 2018 and December 31, 2017, the Company has accrued $40,000 in relation to this employment agreement, which is included in deferred compensation on the accompanying unaudited condensed consolidated balance sheets.

On March 1, 2017, Mark J. Keeley, an individual newly appointed by the Board of Directors of the Company assumed the role of Chief Financial Officer ("CFO"). Pursuant to the Employment Agreement, the CFO shall receive (i) 750,000 shares of common stock of the Company, and (ii) $20,833 per month, which shall be deferred until the Company raises at least $1,500,000 in financing. The 750,000 shares of common stock are fully vested and valued at $1,687,500, representing a fair market value of $2.25 per share based on the closing price on the day of trading, and are recognized over a 12-month service period as a result of a clawback provision. On December 26, 2017, the CFO amended his employment agreement and agreed to reduce the annual salary from $250,000 to $150,000 for the period from February 1, 2017 through January 31, 2019, and then revert back to the original amount of $250,000 annually starting February 1, 2019. As of March 31, 2018 and December 31, 2017, the Company has accrued $175,000 and $157,138, respectively, in relation to this employment agreement, which is included in deferred compensation on the accompanying unaudited condensed consolidated balance sheets.

Shareholder Loan

The Company Secretary, who is also a director and a shareholder of the Company, has provided non-interest bearing short term loans to the Company. No advances or repayments were made for the quarter ended March 31, 2018. As of March 31, 2018 and December 31, 2017, the balance of these loans is $179,813.

Related Party Loans

On October 17, 2017, Obvia LLC, of which the Company Chief Financial Officer, who is also a director and a shareholder of the Company, is a 50% owner, provided a loan to the Company's Funding Division in the amount of $100,000 bearing an interest rate of the US Prime Federal Funds Rate +1% or 5.75% at March 31, 2018, to be compounded monthly. The note is secured by the full value of the borrower and matures on October 31, 2018. For the three months ended March 31, 2018, the Company recorded $1,290 as interest expense related to this loan. As of March 31, 2018 and December 31, 2017, the principal balance of this loan was $100,000 and $100,000, respectively.

On October 25, 2017, R&W Financial, owned by a Company director, provided a non-interest bearing loan in the amount of $1,000 which matures on October 25, 2018. As of March 31, 2018 and December 31, 2017, the principal balance of this loan was $1,000 and $1,000, respectively.

On November 2, 2017, Kennedy Business Center LLC, owned by an immediate family member of a Company director, provided a loan in the amount of $90,000 bearing an interest rate of 10% which matured on May 1, 2018. As part of the agreement, the Company issued 50,000 shares of common stock on November 3, 2017 (see Note 3). The Company recorded a debt discount of $17,500 for the fair market value of the shares issued. During the three months ended March 31,

2018, the Company recorded $8,749 of interest expense related to the amortization of debt discount related to this loan and $2,219 of regular interest. As of March 31, 2018 and December 31, 2017, the principal balance of this loan was $87,083 and $78,333, respectively.

Director Agreements

On December 26, 2017, the Company entered into binding term sheets (the "Binding Term Sheets") with each of the Directors of the Company. Pursuant to the Agreements, each Director may be compensated with share-based and/or cash-based compensation. Each Director's cash-based compensation for the period January 1, 2018 through December 31, 2018 will be $10,000 per quarter paid on a date determined by the majority vote of the Board of Directors. As of March 31, 2018, the Company has accrued $40,000 for directors' compensation. The Directors' share-based compensation for the period January 1, 2018 through December 31, 2018 will be a one-time award of the ability to purchase a particular amount of warrants, ranging from 40,000 to 200,000 (collectively the "Warrants") with the following terms:

- Number and Type – Each Director is entitled to a one-time award of Warrants for the number of shares of Series B Preferred Stock (the "Preferred Stock B") of the Company, which shall equal five (5) shares of the Company's Common Stock (the "Common Stock"), including liquidation preference over Common Stock.
- Duration – The Warrants entitle each Director to purchase the Preferred Stock B from the Company, after January 1, 2018 (the "Original Issuance Date") and before December 31, 2024.
- Purchase Price - The purchase price is $0.51 per share of Preferred Stock B.
- Vesting - The majority of the Warrants are subject to a 12-month period whereby the Warrants vest in equal monthly increments from January 1, 2018 through December 31, 2018 (the "Vesting period").

The Company issued warrants with respect to 565,000 Preferred Stock B, in the aggregate, in relation to the Binding Term Sheets. The Company will expense the fair value of these warrants in the amount of approximately $288,000 ratably during the year ended December 31, 2018. As of March 31, 2018, the Company recorded $72,010 as compensation expense related to the warrants.
Subsequent to quarter end, the Company issued 10,101 shares of common stock for the month of May 2018 in accordance with a consulting agreement for social media and public relation services (see Note 3).

On April 26, 2018, R and W Financial, owned by a Company director, Hershel Weiss, provided an unsecured, non-interest bearing loan in the amount of $179,813 which matures on April 25, 2019 and which was used to pay the balance of the non-interest bearing short-term loans due to the Company Secretary, who is also a director and a shareholder of the Company.

On May 10, 2018 the Company appointed Mr. Mark J. Keeley as a Director of Holy Cacao.

On May 10, 2018 Mr. Shimon Weiss, who is related to a Company Director, was retained as a consultant to provide investment advice to the Company for a 90-day period. The consultant was awarded 75,000 shares of common stock at a fair market value of $0.12 per share for $9,000.

On May 10, 2018 the directors of the Company were awarded Warrants for 1,280,000 preferred shares with the following terms:

- Number and Type – Each Director is entitled to a one-time award of Warrants for the number of shares of Series B Preferred Stock (the "Preferred Stock B") of the Company, which shall equal five (5) shares of the Company's Common Stock (the "Common Stock"), including liquidation preference over Common Stock.
- Duration – The Warrants entitle each Director to purchase the Preferred Stock B from the Company, after January 1, 2019 and before December 31, 2027.
- Exercise Price - The purchase price is $0.60 per share of Preferred Stock B.
- Cashless Exercise - If on the date the Director surrenders all or a portion of the Warrants for the purchase of Preferred Stock B or the equivalent number of shares of Common Stock, the per share market value of one share of Common Stock is greater than the exercise price of the equivalent Warrant, in lieu of exercising the Warrant by payment of cash, the Director may exercise the Warrant by a cashless exercise and shall receive a ratably lower number of shares of Preferred Stock B or the equivalent number of shares of Common Stock.
- Vesting - The Warrants are subject to a 24-month period whereby the Warrants vest in equal monthly increments from January 1, 2019 through December 31, 2020 (the "Vesting period"). In the event the Director ceases to be a Director of the Company within the Vesting Period, the un-vested portion of the Warrants shall, at the discretion of the Company's Board of Directors, cease to vest and be forfeited by the director.

The Company will expense the fair value of these warrants in the amount of approximately $154,000 ratably during the years ended December 31, 2019 and December 31, 2020.
First Foods Group, Inc. (the "Company" or "First Foods") is a smaller reporting company focused on providing management services and funding options for new foodservice brands and menu concepts and the participation in merchant cash advances through its 1st Foods Funding Division (the "Division"). First Foods is also growing its own new concepts, both through proprietary development and through mergers, acquisitions, and licensing arrangements.

On August 31, 2017 the Company formed Holy Cacao, Inc., a Nevada corporation ("Holy Cacao"). Holy Cacao has 100 shares of no par value common stock authorized, issued and outstanding with 90 shares owned by the Company and 10 shares owned by non-controlling interests. Holy Cacao is dedicated to providing specialty chocolate to particular states within the US. The Company is currently in the process of negotiating production and packaging contracts with third party providers in anticipation of operating activities commencing in 2018. On November 3, 2017 the Company entered into a consulting agreement with Mr. Oded Brenner which is a performance-based agreement that requires Mr. Brenner to perform specific packaging, marketing and product development duties in connection with the Company's launch of its Holy Cacao subsidiary.

On October 25, 2017, the Company entered into a contract with TIER Merchant Advances LLC ("TIER") to participate in the purchase of future receivables from qualified TIER merchants for the purpose of generating near term and long-term revenue for the Company.

The Company's unaudited condensed consolidated financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its operating expenses and seeking equity and/or debt financing. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The Company does not have sufficient cash flow for the next twelve months from the issuance of these unaudited condensed consolidated financial statements. The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying unaudited condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The preparation of unaudited condensed consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying unaudited condensed consolidated financial statements were prepared using generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, these unaudited condensed consolidated financial statements do not include all information or notes required by generally accepted accounting principles for annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements included within the Company's Form 10-K for the fiscal year ended December 31, 2017, as filed with the SEC on March 21, 2018.

The preparation of the unaudited condensed consolidated financial statements in conformity with these accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of expenses during the reported period. Ultimate results could differ from the estimates of management.

In the opinion of management, the unaudited condensed consolidated financial statements included herein contain all adjustments necessary to present fairly the Company's financial position and the results of its operations and cash flows for the interim periods presented. Such adjustments are of a normal recurring nature. The results of operations for the three months ended March 31, 2018 may not be indicative of results for the full year.

The noncontrolling interest represents the proportionate share of the proceeds received from the ten-percent sale of equity interest in our Holy Cacao subsidiary (see Note 3).

The unaudited condensed consolidated financial statements represent the consolidation of the accounts of the Company and its subsidiaries in conformity with GAAP. All intercompany accounts and transactions have been eliminated in consolidation.

The Company considers all highly liquid temporary cash investments with an original maturity of twelve months or less to be cash equivalents. At March 31, 2018 and December 31, 2017, the Company had no cash equivalents.

The Company's cash is held with financial institutions, and the account balances may exceed the Federal Deposit Insurance Company ("FDIC") insurance limit at times. Accounts are insured by the FDIC up to $250,000 per financial institution. The Company has not experienced any losses in such accounts with these financial institutions.

Starting in October 2017, the Company entered into a contract with TIER to participate in TIER's purchase of merchant cash advances, which are short-term cash advances made to businesses in return for an agreed-upon amount of future sales, paid by the business in small, regular daily payments. During the three months ending March 31, 2018, The Division participated in the purchase of 50 merchant cash advances from TIER.

The Company participates in the merchant cash advance industry by directly advancing sums to a merchant advance provider, TIER, who in turn advances sums to merchants or other merchant cash advance providers. Each quarter, the Company reviews the carrying value of these advances and determines whether an impairment reserve is necessary. At March 31, 2018, the Company reserved an amount equal to 12% of the outstanding merchant cash advance balance at period end determined by the risk of default as disclosed by TIER.

As of and during the three months ended March 31, 2018, the Company's revenue and receivable from merchant cash advances were entirely derived from one merchant cash advance provider. However, the Company actively mitigates its portfolio concentration risk by ensuring that its merchant cash advance provider maintains its ability to participate in merchant cash advances from alternative providers and spreading the merchant cash advance participation across fifty (50) different merchants.

As of March 31, 2018, the Company's receivables from merchant cash advances included $131,268 to three merchants ($53,000, $39,868, and $38,400), representing 42% of the Company's merchant cash advance receivables. The Company earned revenues from one merchant of $18,375 representing 30% of total revenues for the three months ended March 31, 2018.

As of December 31, 2017, the Company's receivables from merchant cash advances included $55,875 to one merchant, representing 39% of the Company's merchant cash advance receivables. The Company earned revenues of $0 from this merchant for the three months ended March 31, 2017.

The Company recognizes and actively takes steps to address the concentration of its merchant cash advance receivable, which could inherently create a potential risk to future working capital in the event that the Company is not able to collect all, or a majority, of the outstanding receivable balance.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") 605-Revenue Recognition and most industry-specific guidance throughout the ASC. ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. In July 2015, the FASB deferred the effective date for annual reporting periods beginning after December 15, 2017 (including interim reporting periods within those periods). Early adoption is permitted to the original effective date for annual reporting periods beginning after December 15, 2016 (including interim reporting periods within those periods). The amendments may be applied retrospectively to each prior period (full retrospective) or retrospectively with the cumulative effect recognized as of the date of initial application (modified retrospective). The Company applied the modified retrospective method and adopted this provision on January 1, 2018 which did not have a material impact on the Company's unaudited condensed consolidated financial statements.

During the three months ended March 31, 2018, the Company recognized its merchant cash advance income as follows:

When a merchant cash advance is purchased, the Company records a merchant cash advance participation receivable for the purchase price. The purchase price consists of the merchant cash advance principal plus an up-front commission that is amortized over the term of the merchant cash advance. The amount of the commission is negotiated between the Company and TIER for each contract. The standard commission is 15% of the merchant cash advance principal but can be reduced depending upon the credit worthiness of the merchant. If a merchant cash advance contract is signed in one period, but not paid until a subsequent period, a corresponding liability is established in the current period.

At the time the merchant cash advance is purchased, the Company records a deferred revenue liability, which is the total future receivable due to the Company less the principal amount of the merchant cash advance. Revenue is recognized and the deferred liability is reduced over the term of the merchant cash advance.

TIER maintains a bank account at Chase Bank on behalf of the Company. Each day, TIER receives payment, reflected in the Chase account, for each merchant cash advance TIER has purchased on behalf of the Company from various merchant cash advance providers. The Company reduces its merchant cash advance balance by the cash received, which is net of platform fees. Platform fees are a daily charge associated with the ACH service and the financial and reporting management software platform provided by TIER. The platform fees are also negotiated between the Company and TIER for each contract but are typically 4% of the merchant cash advance principal amount.

The Company records a reserve liability equal to 2% of the merchant cash advance principal amount, which is a residual commission owed to TIER. This reserve is recognized over the term of the merchant cash advance and eliminated when the merchant cash advance is completely satisfied and payment is remitted by the Company to TIER.

The Company's policy is to engage market and branding consultants to research and develop specialty chocolate products and packaging targeted to particular states within the US. The research and development costs for the three months ended March 31, 2018 and 2017 were $15,000 and $0 and are included in general and administrative expenses on the accompanying condensed consolidated statements of operations.

The Company records origination and other expenses related to its debt obligations as deferred financing costs. These expenses are deferred and amortized over the life of the related debt instrument. In accordance with Accounting Standards Update ("ASU") No. 2015-03, deferred finance costs, net of accumulated amortization have been included as a contra to the corresponding related party loans in the accompanying condensed consolidated balance sheets as of March 31, 2018 and December 31, 2017, respectively.

The Company measures and recognizes compensation expense for all stock-based payments at fair value over the requisite service period. The Company uses the Black-Scholes option pricing model to determine the weighted average fair value of options and warrants. For restricted stock grants, fair value is determined as the closing price of our common stock on the date of grant. Equity-based compensation expense is recorded in general and administrative expenses based on the classification of the employee or vendor. The determination of fair value of stock-based payment awards on the date of grant using an option-pricing model is affected by our stock price, as well as by assumptions regarding a number of subjective variables. These variables include, but are not limited to, the expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors.

The Company provides for income taxes using the asset and liability approach. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect when these differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. As of March 31, 2018 and December 31, 2017, the Company had a full valuation allowance against deferred tax assets.

The Tax Cuts and Jobs Act (the "Tax Act"), enacted on December 22, 2017, among other things, permanently lowered the statutory federal corporate tax rate from 35% to 21%, effective for tax years including or beginning January 1, 2018. Under the guidance of ASC 740, "Income Taxes" ("ASC 740"), the Company revalued its net deferred tax assets on the date of enactment based on the reduction in the overall future tax benefit expected to be realized at the lower tax rate implemented by the new legislation. Although in the normal course of business the Company is required to make estimates and assumptions for certain tax items which cannot be fully determined at period end, the Company did not identify items for which the income tax effects of the Tax Act have not been completed as of March 31, 2018 and, therefore, considers its accounting for the tax effects of the Tax Act on its deferred tax assets and liabilities to be complete as of March 31, 2018.

In accordance with "ASC-260 - Earnings per Share", the basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. There were no dilutive shares outstanding as of March 31, 2018 and 2017 because their effect would be antidilutive.

The Company had 100,000 and 0 warrants to purchase common stock outstanding at March 31, 2018 and 2017, respectively. The Company had 690,000 and 0 warrants to purchase Series B preferred stock outstanding at March 31, 2018 and 2017, respectively. The Company has 660,001 and 0 preferred shares that are convertible into 660,005 and 0 shares of common stock at March 31, 2018 and 2017, respectively. The warrants and preferred stock were not included in the Company's weighted average number of common shares outstanding because they would be anti-dilutive.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value. The carrying value of cash, merchant cash advances, prepaid expenses, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. Management is of the opinion that the Company is not exposed to significant market or credit risks arising from these financial instruments.

Advertising and promotion costs are expensed as incurred. Advertising and promotion costs recognized in the condensed consolidated statements of operations for the three months ended March 31, 2018 and 2017 were $20,739 and $50,613, respectively.
In December 2007, the FASB issued ASC 810-10-65, "Non-controlling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin No. 51" ("SFAS No. 160"). This ASC clarifies that a non-controlling (minority) interest in a subsidiary is an ownership interest in the entity that should be reported as equity in the consolidated financial statements. It also requires consolidated net income to include the amounts attributable to both the parent and non-controlling interest, with disclosure on the face of the consolidated income statement of the amounts attributed to the parent and to the non-controlling interest. In accordance with ASC 810-10-45-21, those losses attributable to the parent and the non-controlling interest in subsidiaries may exceed their interests in the subsidiary's equity. The excess and any further losses attributable to the parent and the non-controlling interest shall be attributed to those interests even if that attribution results in a deficit non-controlling interest balance. During the year ended December 31, 2017, the Company entered into two subscription agreements for the sale of 800,000 shares of common stock and ten-percent equity interest in its wholly owned subsidiary, Holy Cacao, for $200,000 in cash proceeds, in the aggregate. The Company recorded ten-percent of the cash proceeds or $20,000 as noncontrolling interests for the year ended December 31, 2017. The Company's periodic reporting now includes the consolidated results of operations of Holy Cacao, with the ten-percent ownership reported as noncontrolling interests. Holy Cacao had no operations for the three months ended March 31, 2018 and 2017, respectively.
From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its consolidated financial position or results of operations upon adoption.

	Number of Warrants (in common shares)		Weighted Average Exercise Price
Outstanding, January 1, 2017	-		-
Granted	100,000	$	1.45
Exercised	-		-
Forfeited or cancelled	-		-
Outstanding, December 31, 2017	100,000		1.45
Granted	-		-
Exercised	-		-
Forfeited or cancelled	-		-
Outstanding, March 31, 2018	100,000	$	1.45

	Number of Warrants (in Series B Preferred Stock)		Weighted Average Exercise Price
Outstanding, January 1, 2017	-		-
Granted	690,000	$	0.51
Exercised	-		-
Forfeited or cancelled	-		-
Outstanding, December 31, 2017	690,000		0.51
Granted	-		-
Exercised	-		-
Forfeited or cancelled	-		-
Outstanding, March 31, 2018	690,000	$	0.51

250000 50 131268 53000 39868 38400 55875 18375 0 15000 0 20739 50613 0.10 3 20000 200000

The terms of the agreement require a monthly interest payment equal to 1% of the amount invested for 18 months from the date of issuance

660000 165000 3000 2000 2018-05-01 2018-10-25 0.10 8749 175000 157138 40000 40000 17500 40000 200000 565000 288000 154000 100000 690000 1.45 0.51 100000 690000 100000 690000 1.45 0.51 1.45 0.51

90 shares owned by the Company and 10 shares owned by the non-controlling interests.

The Tax Cuts and Jobs Act (the "Tax Act"), enacted on December 22, 2017, among other things, permanently lowered the statutory federal corporate tax rate from 35% to 21%, effective for tax years including or beginning January 1, 2018.

On December 26, 2017, the CFO amended his employment agreement and agreed to reduce the annual salary from $250,000 to $150,000 for the period from February 1, 2017 through January 31, 2019, and then revert back to the original amount of $250,000 annually starting February 1, 2019.

On December 26, 2017, Mr. Kestenbaum agreed to a reduction in his 2017 annual salary from $120,000 to $40,000

25000 The Company will pay the consultant $25,000 for the first 30 days of services, and $2,500 bi-weekly thereafter

Nature of Business

First Foods Group, Inc. (the "Company" or "First Foods") is a smaller reporting company focused on providing management services and funding options for new foodservice brands and menu concepts and the participation in merchant cash advances through its 1st Foods Funding Division (the "Division"). First Foods is also growing its own new concepts, both through proprietary development and through mergers, acquisitions, and licensing arrangements.

On August 31, 2017 the Company formed Holy Cacao, Inc., a Nevada corporation ("Holy Cacao"). Holy Cacao has 100 shares of no par value common stock authorized, issued and outstanding with 90 shares owned by the Company and 10 shares owned by non-controlling interests. Holy Cacao is dedicated to providing specialty chocolate to particular states within the US. The Company is currently in the process of negotiating production and packaging contracts with third party

providers in anticipation of operating activities commencing in 2018. On November 3, 2017 the Company entered into a consulting agreement with Mr. Oded Brenner which is a performance-based agreement that requires Mr. Brenner to perform specific packaging, marketing and product development duties in connection with the Company's launch of its Holy Cacao subsidiary.

On October 25, 2017, the Company entered into a contract with TIER Merchant Advances LLC ("TIER") to participate in the purchase of future receivables from qualified TIER merchants for the purpose of generating near term and long-term revenue for the Company.

Going Concern

The Company's unaudited condensed consolidated financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its operating expenses and seeking equity and/or debt financing. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The Company does not have sufficient cash flow for the next twelve months from the issuance of these unaudited condensed consolidated financial statements. The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying unaudited condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements were prepared using generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, these unaudited condensed consolidated financial statements do not include all information or notes required by generally accepted accounting principles for annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements included within the Company's Form 10-K for the fiscal year ended December 31, 2017, as filed with the SEC on March 21, 2018.

The preparation of the unaudited condensed consolidated financial statements in conformity with these accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of expenses during the reported period. Ultimate results could differ from the estimates of management.

In the opinion of management, the unaudited condensed consolidated financial statements included herein contain all adjustments necessary to present fairly the Company's financial position and the results of its operations and cash flows for the interim periods presented. Such adjustments are of a normal recurring nature. The results of operations for the three months ended March 31, 2018 may not be indicative of results for the full year.

The noncontrolling interest represents the proportionate share of the proceeds received from the ten-percent sale of equity interest in our Holy Cacao subsidiary (see Note 3).

Principles of Consolidation

The unaudited condensed consolidated financial statements represent the consolidation of the accounts of the Company and its subsidiaries in conformity with GAAP. All intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of twelve months or less to be cash equivalents. At March 31, 2018 and December 31, 2017, the Company had no cash equivalents.

The Company's cash is held with financial institutions, and the account balances may exceed the Federal Deposit Insurance Company ("FDIC") insurance limit at times. Accounts are insured by the FDIC up to $250,000 per financial institution. The Company has not experienced any losses in such accounts with these financial institutions.

Merchant Cash Advances

Starting in October 2017, the Company entered into a contract with TIER to participate in TIER's purchase of merchant cash advances, which are short-term cash advances made to businesses in return for an agreed-upon amount of future sales, paid by the business in small, regular daily payments. During the three months ending March 31, 2018, The Division participated in the purchase of 50 merchant cash advances from TIER.

The Company participates in the merchant cash advance industry by directly advancing sums to a merchant advance provider, TIER, who in turn advances sums to merchants or other merchant cash advance providers. Each quarter, the Company reviews the carrying value of these advances and determines whether an impairment reserve is necessary. At March 31, 2018, the Company reserved an amount equal to 12% of the outstanding merchant cash advance balance at period

end determined by the risk of default as disclosed by TIER.

Concentration Risks

As of and during the three months ended March 31, 2018, the Company's revenue and receivable from merchant cash advances were entirely derived from one merchant cash advance provider. However, the Company actively mitigates its portfolio concentration risk by ensuring that its merchant cash advance provider maintains its ability to participate in merchant cash advances from alternative providers and spreading the merchant cash advance participation across fifty (50) different merchants.

As of March 31, 2018, the Company's receivables from merchant cash advances included $131,268 to three merchants ($53,000, $39,868, and $38,400), representing 42% of the Company's merchant cash advance receivables. The Company earned revenues from one merchant of $18,375 representing 30% of total revenues for the three months ended March 31, 2018.

As of December 31, 2017, the Company's receivables from merchant cash advances included $55,875 to one merchant, representing 39% of the Company's merchant cash advance receivables. The Company earned revenues of $0 from this merchant for the three months ended March 31, 2017.

The Company recognizes and actively takes steps to address the concentration of its merchant cash advance receivable, which could inherently create a potential risk to future working capital in the event that the Company is not able to collect all, or a majority, of the outstanding receivable balance.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") 605-Revenue Recognition and most industry-specific guidance throughout the ASC. ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. In July 2015, the FASB deferred the effective date for annual reporting periods beginning after December 15, 2017 (including interim reporting periods within those periods). Early adoption is permitted to the original effective date for annual reporting periods beginning after December 15, 2016 (including interim reporting periods within those periods). The amendments may be applied retrospectively to each prior period (full retrospective) or retrospectively with the cumulative effect recognized as of the date of initial application (modified retrospective). The Company applied the modified retrospective method and adopted this provision on January 1, 2018 which did not have a material impact on the Company's unaudited condensed consolidated financial statements.

During the three months ended March 31, 2018, the Company recognized its merchant cash advance income as follows:

When a merchant cash advance is purchased, the Company records a merchant cash advance participation receivable for the purchase price. The purchase price consists of the merchant cash advance principal plus an up-front commission that is amortized over the term of the merchant cash advance. The amount of the commission is negotiated between the Company and TIER for each contract. The standard commission is 15% of the merchant cash advance principal but can be reduced depending upon the credit worthiness of the merchant. If a merchant cash advance contract is signed in one period, but not paid until a subsequent period, a corresponding liability is established in the current period.

At the time the merchant cash advance is purchased, the Company records a deferred revenue liability, which is the total future receivable due to the Company less the principal amount of the merchant cash advance. Revenue is recognized and the deferred liability is reduced over the term of the merchant cash advance.

TIER maintains a bank account at Chase Bank on behalf of the Company. Each day, TIER receives payment, reflected in the Chase account, for each merchant cash advance TIER has purchased on behalf of the Company from various merchant cash advance providers. The Company reduces its merchant cash advance balance by the cash received, which is net of platform fees. Platform fees are a daily charge associated with the ACH service and the financial and reporting management software platform provided by TIER. The platform fees are also negotiated between the Company and TIER for each contract but are typically 4% of the merchant cash advance principal amount.

The Company records a reserve liability equal to 2% of the merchant cash advance principal amount, which is a residual commission owed to TIER. This reserve is recognized over the term of the merchant cash advance and eliminated when the merchant cash advance is completely satisfied and payment is remitted by the Company to TIER.

Research and Development

The Company's policy is to engage market and branding consultants to research and develop specialty chocolate products and packaging targeted to particular states within the US. The research and development costs for the three months ended March 31, 2018 and 2017 were $15,000 and $0 and are included in general and administrative expenses on the accompanying condensed consolidated statements of operations.

Deferred Financing Costs

The Company records origination and other expenses related to its debt obligations as deferred financing costs. These expenses are deferred and amortized over the life of the related debt instrument. In accordance with Accounting Standards Update ("ASU") No. 2015-03, deferred finance costs, net of accumulated amortization have been included as a contra to the corresponding related party loans in the accompanying condensed consolidated balance sheets as of March 31, 2018 and December 31, 2017, respectively.

Stock Based Compensation

The Company measures and recognizes compensation expense for all stock-based payments at fair value over the requisite service period. The Company uses the Black-Scholes option pricing model to determine the weighted average fair value of options and warrants. For restricted stock grants, fair value is determined as the closing price of our common stock on the date of grant. Equity-based compensation expense is recorded in general and administrative expenses based on the classification of the employee or vendor. The determination of fair value of stock-based payment awards on the date of grant using an option-pricing model is affected by our stock price, as well as by assumptions regarding a number of subjective variables. These variables include, but are not limited to, the expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors.

Income Taxes

The Company provides for income taxes using the asset and liability approach. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect when these differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. As of March 31, 2018 and December 31, 2017, the Company had a full valuation allowance against deferred tax assets.

The Tax Cuts and Jobs Act (the "Tax Act"), enacted on December 22, 2017, among other things, permanently lowered the statutory federal corporate tax rate from 35% to 21%, effective for tax years including or beginning January 1, 2018. Under the guidance of ASC 740, "Income Taxes" ("ASC 740"), the Company revalued its net deferred tax assets on the date of enactment based on the reduction in the overall future tax benefit expected to be realized at the lower tax rate implemented by the new legislation. Although in the normal course of business the Company is required to make estimates and assumptions for certain tax items which cannot be fully determined at period end, the Company did not identify items for which the income tax effects of the Tax Act have not been completed as of March 31, 2018 and, therefore, considers its accounting for the tax effects of the Tax Act on its deferred tax assets and liabilities to be complete as of March 31, 2018.

Per Share Data

In accordance with "ASC-260 - Earnings per Share", the basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. There were no dilutive shares outstanding as of March 31, 2018 and 2017 because their effect would be antidilutive.

The Company had 100,000 and 0 warrants to purchase common stock outstanding at March 31, 2018 and 2017, respectively. The Company had 690,000 and 0 warrants to purchase Series B preferred stock outstanding at March 31, 2018 and 2017, respectively. The Company has 660,001 and 0 preferred shares that are convertible into 660,005 and 0 shares of common stock at March 31, 2018 and 2017, respectively. The warrants and preferred stock were not included in the Company's weighted average number of common shares outstanding because they would be anti-dilutive.

Fair Value of Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value. The carrying value of cash, merchant cash advances, prepaid expenses, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. Management is of the opinion that the Company is not exposed to significant market or credit risks arising from these financial instruments.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. Advertising and promotion costs recognized in the condensed consolidated statements of operations for the three months ended March 31, 2018 and 2017 were $20,739 and $50,613, respectively.

Non-Controlling Interests in Consolidated Financial Statements

In December 2007, the FASB issued ASC 810-10-65, "Non-controlling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin No. 51" ("SFAS No. 160"). This ASC clarifies that a non-controlling (minority) interest in a subsidiary is an ownership interest in the entity that should be reported as equity in the consolidated financial statements. It also requires consolidated net income to include the amounts attributable to both the parent and non-controlling interest, with disclosure on the face of the consolidated income statement of the amounts attributed to the parent and to the non-controlling interest. In accordance with ASC 810-10-45-21, those losses attributable to the parent and the non-controlling interest in subsidiaries may exceed their interests in the subsidiary's equity. The excess and any further losses attributable to the parent and the non-controlling interest shall be attributed to those interests even if that attribution results in a deficit non-controlling interest balance. During the year ended December 31, 2017, the Company entered into two subscription agreements for the sale of 800,000 shares of common stock and ten-percent equity interest in its wholly owned subsidiary, Holy Cacao, for $200,000 in cash proceeds, in the aggregate. The Company recorded ten-percent of the cash proceeds or $20,000 as noncontrolling interests for the year ended December 31, 2017. The Company's periodic reporting now includes the consolidated results of operations of Holy Cacao, with the ten-percent ownership reported as noncontrolling interests. Holy Cacao had no operations for the three months ended March 31, 2018 and 2017, respectively.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its consolidated financial position or results of operations upon adoption.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") 605-Revenue Recognition and most industry-specific guidance throughout the ASC. ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. In July 2015, the FASB deferred the effective date for annual reporting periods beginning after December 15, 2017 (including interim reporting periods within those periods). Early adoption is permitted to the original effective date for annual reporting periods beginning after December 15, 2016 (including interim reporting periods within those periods). The amendments may be applied retrospectively to each prior period (full retrospective) or retrospectively with the cumulative effect recognized as of the date of initial application (modified retrospective). The Company applied the modified retrospective method and adopted this provision on January 1, 2018 which did not have a material impact on the Company's unaudited condensed consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, Compensation—Stock Compensation (Topic 718). The amendments in the update provide guidance on types of changes to the terms or conditions of share-based payment awards that would be required to apply modification accounting under ASC 718. The new guidance becomes effective for the Company for the year ending December 31, 2018, including interim periods, though early adoption is permitted. The Company adopted this provision on January 1, 2018 which did not have a material impact on the Company's unaudited condensed consolidated financial statements.
On March 1, 2017, an employment agreement containing an award of 750,000 shares of common stock was executed for the CFO. The shares were fully vested and valued at $1,687,500, representing a fair market value of $2.25 per share. The shares are subject to a clawback provision during the CFO's first year of service from February 1, 2017 through January 31, 2018. As such, the value of the shares is being amortized over 12 months. During the three months ended March 31, 2018 and 2017, the Company recorded $140,625 and $281,250 of compensation expense which is included in general and administrative expenses on the condensed consolidated statement of operations.

On May 11, 2017, the Company entered into a consulting agreement to place up to $1.5 million worth of common stock within six months to provide funds to complete an acquisition. The Company may incur fees up to $135,000 in relation to this agreement with a $10,000 retainer payable immediately in common stock valued on the date of signing. The remaining $125,000 is to be placed into escrow and released on the date of closing valued at the closing asking price. Of the $10,000 retainer, $5,000 is non-refundable. As of March 31, 2018 and through the date of these condensed consolidated financial statements, the Company has recorded $5,000 as prepaid expense and accrued liabilities, no shares have been issued related to this agreement, and the original agreement is in the process of being renegotiated among and between the Company and the consultant.

On November 17, 2017, the Company entered into a consulting agreement for social media and public relation services whereby the Company is required to pay $3,000 in cash $2,000 in stock for a period of six months beginning December 1, 2017. Accordingly, in the first quarter of 2018, the Company issued 13,262 shares of common stock with a fair market value of $6,000 and recorded this amount as general and administrative expenses during the three months ended March 31, 2018.

On January 11, 2018, the Company entered into a consulting agreement for matters involving business development, public relations, marketing services and media placement. The agreement may be terminated upon 30 days prior written notice by either party. The Company paid the consultant $25,000 for the first 30 days of services, and $2,500 for any services requested by the Company on a bi-weekly basis thereafter. The fee will cover all cash cost for production, editing and airing up to three Fox Business production shots. If the Company pursued an interview with Fox News, which the Company is currently not contemplating, it would have to issue 200,000 shares of its common stock to the consultant.

On January 29, 2018, the Board elected to designate and authorize 3,000,000 Series C Preferred Shares.

On February 2, 2018, the Company entered into a subscription agreement for the sale of 660,000 shares of the Company's Series C Preferred Stock for $0.25 per share or $165,000. The terms of the agreement require a monthly interest payment equal to 1% of the amount invested for 18 months from the date of issuance. For the quarter ending March 31, 2018, the Company recorded $3,300 related to the subscription agreement.

Warrant Activity

A summary of the Company's warrants to purchase common stock activity is as follows:

	Number of Warrants (in common shares)		Weighted Average Exercise Price
Outstanding, January 1, 2017	-		-
Granted	100,000	$	1.45
Exercised	-		-
Forfeited or cancelled	-		-
Outstanding, December 31, 2017	100,000		1.45
Granted	-		-
Exercised	-		-
Forfeited or cancelled	-		-
Outstanding, March 31, 2018	100,000	$	1.45

A summary of the Company's warrants to purchase Series B Preferred Stock activity is as follows:

	Number of Warrants (in Series B Preferred Stock)		Weighted Average Exercise Price
Outstanding, January 1, 2017	-		-
Granted	690,000	$	0.51
Exercised	-		-
Forfeited or cancelled	-		-
Outstanding, December 31, 2017	690,000		0.51
Granted	-		-
Exercised	-		-
Forfeited or cancelled	-		-
Outstanding, March 31, 2018	690,000	$	0.51

As of March 31, 2018, the weighted average remaining contractual life was 6 years for warrants outstanding. As of March 31, 2018, 366,250 warrants were exercisable and the intrinsic value of warrants exercisable was $0. As of March 31, 2018, the remaining expense is approximately $216,000 over the remaining amortization period which is .75 years.

On January 1, 2018, the Company entered into a consulting agreement for investor relation services for a term of six months whereby the Company agrees to pay $5,000 per month for up to twenty hours of work per month. The first payment of $10,000 was due and made upon execution of the contract representing the first and sixth months of the contract. For the three months ending March 31, 2018, the two $5,000 payments due were made in February and March of 2018.
In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") 605-Revenue Recognition and most industry-specific guidance throughout the ASC. ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. In July 2015, the FASB deferred the effective date for annual reporting periods beginning after December 15, 2017 (including interim reporting periods within those periods). Early adoption is permitted to the original effective date for annual reporting periods beginning after December 15, 2016 (including interim reporting periods within those periods). The amendments may be applied retrospectively to each prior period (full retrospective) or retrospectively with the cumulative effect recognized as of the date of initial application (modified retrospective). The Company applied the modified retrospective method and adopted this provision on January 1, 2018 which did not have a material impact on the Company's unaudited condensed consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, Compensation—Stock Compensation (Topic 718). The amendments in the update provide guidance on types of changes to the terms or conditions of share-based payment awards that would be required to apply modification accounting under ASC 718. The new guidance becomes effective for the Company for the year ending December 31, 2018, including interim periods, though early adoption is permitted. The Company adopted this provision on January 1, 2018 which did not have a material impact on the Company's unaudited condensed consolidated financial statements.

438968 329790 30196 8543 61188 36806 315578 148253 878720 712637 199702 157138 188083 179333 179813 179813 98420 48734 212702 147619 660 -6115708 -5675169 5638363 5255402 438968 329790 60295 22069 43297 484596 1945702 -424301 -1945702 -440539 -1945702 -440539 -1945702 -0.03 -0.13 16927449 14583333 22784 6000 1781250 42564 45095 49686 65083 66749 -24382 -2730 -21653 -190109 -269182 -55338 52145 165000 165000 52145 -104182 -3193 3001 212635 -459752 -402847

The Company earned revenues from one merchant of $18,375 representing 30% of total revenues for the three months ended March 31, 2018.

representing 42% of the Company's merchant cash advance receivables.

the Company's receivables from merchant cash advances included $55,875 to one merchant, representing 39% of the Company's merchant cash advance receivables

100000 0 690000 0 660005 0 100000 100000 1000 1000 78333 87083 2219 72010 P6Y 0 366250 the remaining expense is approximately $216,000 over the remaining amortization period which is .75 years 216000 P9M 179813 April 25, 2019 5000

The Warrants are subject to a 24-month period whereby the Warrants vest in equal monthly increments from January 1, 2019 through December 31, 2020 (the "Vesting period"). In the event the Director ceases to be a Director of the Company within the Vesting Period, the un-vested portion of the Warrants shall, at the discretion of the Company's Board of Directors, cease to vest and be forfeited by the director.

1280000 800000

Each Director's cash-based compensation for the period January 1, 2018 through December 31, 2018 will be $10,000 per quarter paid on a date determined by the majority vote of the Board of Directors. As of March 31, 2018, the Company has accrued $40,000 for directors' compensation. The Directors' share-based compensation for the period January 1, 2018 through December 31, 2018 will be a one-time award of the ability to purchase a particular amount of warrants, ranging from 40,000 to 200,000 (collectively the "Warrants") with the following terms:

5000 3300 P6M 10000 5000 5000 0.12 0.60 40000 120000 150000 250000