

NUZEE, INC.

FORM 10-Q (Quarterly Report)

Filed 05/15/14 for the Period Ending 03/31/14

Address	2865 SCOTT STREET SUITE 101 VISTA, CA 92081
Telephone	858-385-9090
CIK	0001527613
Symbol	NUZE
SIC Code	5900 - Retail-Miscellaneous Retail
Industry	Home Furnishings Retailers
Sector	Consumer Cyclical
Fiscal Year	09/30

**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, 2014

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

For the transition period from to

Commission File No. 333-176684

NUZEE, INC.

(exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

38-3849791

(I.R.S. Employer Identification Number)

**16955 Via Del Campo, Suite 260
San Diego, CA 92127**

(Address of principal executive offices) (zip code)

(858) 549-6893 or toll free (855) 936-8933

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Titles of each class</u>	<u>Name of each exchange on which registered</u>
None	N/A

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.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	(Do not check if smaller reporting company)	Smaller reporting company <input checked="" type="checkbox"/>

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

**APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY
 PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

As of May 9, 2014, NuZee, Inc. had 29,825,357 shares of common stock outstanding.

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FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q of NuZee, Inc. contains “forward-looking statements” that may state our management’s plans, future events, objectives, current expectations, estimates, forecasts, assumptions or projections about the company and its business. Any statement in this report that is not a statement of historical fact is a forward-looking statement, and in some cases, words such as “believes,” “estimates,” “projects,” “expects,” “intends,” “may,” “anticipates,” “plans,” “seeks,” and similar expressions identify forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual outcomes and results to differ materially from the anticipated outcomes or results. These statements are not guarantees of future performance, and undue reliance should not be placed on these statements. It is important to note that our actual results could differ materially from what is expressed in our forward-looking statements due to the risk factors described in the section of our Form 10-K filed on January 14, 2014 entitled “Risk Factors.”

We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I.

Item 1. Financial Statements.

Nuzee, Inc.
(A Development Stage Company)
CONSOLIDATED BALANCE SHEET
(Unaudited)

	March 31, 2014	September 30, 2013
ASSETS		
Current Assets		
Cash	\$ 796,343	\$ 1,110,661
Accounts Receivable	306	13,195
Related Party Receivables		139,661
Inventories	49,567	-
Prepaid expenses and deposits	46,891	16,896
Total current assets	893,107	1,280,413
Equipment, net	9,547	8,663
Total Assets	\$ 902,654	\$ 1,289,076
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 29,430	55,822
Advances from Stockholders'	-	50,000
Other Payable	102,000	-
Other Current Liabilities	51,642	9,563
Total Current Liabilities	183,072	115,385
Stockholders' Equity		
Preferred stock; 100,000,000 shares authorized, \$0.00001 par value; 0 shares issued and outstanding	-	-
Common stock; 100,000,000 shares authorized, \$0.00001 par value; 29,605,357 and 37,957,790 shares issued and outstanding	296	380
Additional paid in capital	4,161,027	2,556,349
Deficit accumulated during the development stage	(3,441,741)	(1,383,038)
Total Stockholders' Equity	719,582	1,173,691
Total Liabilities and Stockholders' Equity	\$ 902,654	\$ 1,289,076

The accompanying notes are an integral part of these unaudited consolidated financial statement.

Nuzee, Inc.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	Six Months Ended March 31, 2014	Six Months Ended March 31, 2013	For the period from November 9, 2011 (Inception) to March 31, 2014
Revenues	\$ 312	\$ 20,387	\$ 312	\$ 57,211	\$ 122,544
Cost of revenues	188	13,855	188	33,063	244,994
Gross profit (loss)	124	6,532	124	24,148	(122,450)
Operating expenses	656,135	229,260	2,059,015	427,338	3,320,249
Loss from operations	(656,011)	(222,728)	(2,058,891)	(403,190)	(3,442,699)
Other Income (Expense)	45	(42,818)	188	(42,210)	958
Net loss	\$ (655,966)	\$ (265,546)	\$ (2,058,703)	\$ (445,400)	\$ (3,441,741)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.01)	\$ (0.07)	\$ (0.01)	
Basic and diluted weighted average number of common shares outstanding	29,005,062	33,733,333	30,088,876	32,597,802	

The accompanying notes are an integral part of these unaudited consolidated financial statement.

Nuzee, Inc.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended March 31, 2014	Six Months Ended March 31, 2013	For the period from November 9, 2011 (Inception) to March 31, 2014
Operating Activities:			
Net loss	\$ (2,058,703)	\$ (445,400)	\$ (3,441,741)
Adjustments to reconcile net loss to net cash used by operating activities:			
Stock-based compensation	1,326,055	-	1,326,055
Depreciation	1,044	186	1,755
Provision for obsolete inventory	-	-	141,903
Changes in operating assets and liabilities:			
Accounts Receivable	12,889	(502)	(306)
Related Party Receivables	-	(139,661)	(139,661)
Inventories	(49,567)	64,824	(191,470)
Prepaid expenses and deposits	(29,995)	(4,921)	(46,891)
Other Assets	-	42,818	-
Accounts payable	(26,392)	(55,845)	29,430
Other Current Liabilities	42,079	(6,111)	51,642
Net cash used by operating activities	(782,590)	(544,612)	(2,269,284)
Investing Activities:			
Purchase of furniture and equipment	(1,928)	-	(11,302)
Net cash used by investing activities	(1,928)	-	(11,302)
Financing Activities:			
Advances from Stockholders	-	540,000	199,710
Proceeds from pending issuance of common stock	102,000	-	102,000
Proceeds from issuance of common stock	368,200	249,390	2,775,219
Net cash provided by financing activities	470,200	789,390	3,076,929
Net change in cash	(314,318)	244,778	796,343
Cash, beginning of period	1,110,661	165,484	-
Cash, end of period	\$ 796,343	\$ 410,262	\$ 796,343
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -
Non Cash Investing and Financing Activities:			
Common Stock issued for conversions of advance from stockholder	\$ -	\$ 150,610	\$ 149,710
Common Stock issued in exchange for acquisition of intellectual property	\$ -	\$ -	\$ 42,818
Cancellation of common stocks	\$ (139,661)	\$ -	\$ (182,479)

The accompanying notes are an integral part of these unaudited consolidated financial statement.

Nuzee, Inc.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
March 31, 2014

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited interim financial statements of Nuzee, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America and rules of the Securities and Exchange Commission, and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's annual report on Form 10-K for the initial period ended September 30, 2013 as filed with the SEC. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the consolidated financial statements which would substantially duplicate the disclosure contained in the audited financial statements as reported in the annual report on Form 10-K have been omitted.

Going Concern

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which contemplates continuation of the Company as a going concern. The Company has had recurring losses, large accumulated deficits, is dependent on the shareholder to provide additional funding for operating expenses and has no recurring revenues. These items raise substantial doubt about the Company's ability to continue as a going concern.

Equity based payments

The Company accounts for equity instruments issued to employees in accordance with ASC 718 "Stock Compensation". Under this guidance, stock compensation expense is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the estimated service period (generally the vesting period) on the straight-line attribute method.

2. RELATED PARTY TRANSACTIONS

During October 2013, the Company entered into a Compromise Agreement with the Company's majority shareholder to settle the related party receivable. In consideration of the compromises contained in the agreement the Company's majority shareholder agreed to forgive a note in the amount of \$50,000, cancel 8,966,100 shares, and the Company forgave the related party receivable of \$139,661.

3. COMMON STOCK

During March 2014, the Company sold 613,667 shares at \$0.60 per share, for an aggregate purchase price of \$368,200.

During March 2014, the Company received \$102,000 in funds as deposits to be applied to the purchase of 170,000 shares of common stock.

4. STOCK OPTIONS

During October 2013 the Company granted 3,471,665 options to employee. The right to exercise these options shall vest and become 25% exercisable on the first anniversary of when granted, with the exception that 100% of options issued to one employee vested immediately. The remaining options shall vest and become exercisable ratably over the next 36 months, with the exception that options issued to 2 employees shall vest and become exercisable over 18 months and option issued to one employee shall vest and become exercisable as of the effective date of the Option Agreement. The exercise price is \$0.48 per share and will expire ten years from the grant date, unless terminated earlier as provided by the Option Agreements.

The fair value of each option award was estimated on the date of grant using the Black-Scholes option valuation model using the assumptions noted as follows: expected volatility was based on historical trading in the company's stock. The expected term of options granted was determined using the simplified method under SAB 107 and represents one-half the exercise period. The risk-free rate is calculated using the U.S. Treasury yield curve, and is based on the expected term of the option. The Company has estimated there will be no forfeitures.

The Black-Scholes option pricing model was used with the following weighted average assumptions for options granted during the three months ended March 31, 2014:

Risk-free interest rate 1% - 2%

Expected option life 5 – 6 years

Expected volatility 300%

Expected dividend yield 0.0%

At March 31, 2014, 2,011,945 options are exercisable and the Company recognized \$1,326,055 of stock options expenses during the six months ended March 31, 2014.

5. SUBSEQUENT EVENTS

During April 2014, the Company sold 220,000 shares at \$0.60 per share, for an aggregate purchase price of \$132,000.

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

The following plan of operation provides information which management believes is relevant to an assessment and understanding of our results of operations and financial condition. The discussion should be read along with our financial statements and notes thereto. This section includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our predictions.

Plan of Operations

Short Term Goals (12 Months)

Market Awareness, Growth Expansion

Over the next 12 months, the Company's growth plans include continuing efforts to:

- Launch distributors in Asia to introduce and distribute Coffee Blenders family of products as market awareness and interest in functional beverages is well understood.
- Build a targeted distribution network for our Coffee Blenders functional beverages by signing the retailers that serve the K-cup and Coffee replenishment channels in the United States;
- Increase awareness for Coffee Blenders through communications and sampling programs;

In April 2014, we officially launched the Coffee Blenders products through international press announcement and began stocking product for resell on Coffee Blenders.com and Amazon.com. The initial inventory purchased and marketed on Amazon website sold out in less than a week and reorders were stocked. We plan to increase Amazon fulfillment and online marketing activity to build awareness and trial with consumers. We also plan to accelerate our traction by using manufacturer representatives with food and beverage experience to identify channels to merchandise Coffee Blenders. We will continue to invest in search engine marketing (SEM), social marketing and other digital campaigns designed to drive product purchase through direct channels – coffeeblenders.com shopping, digital marketing e-commerce affiliates (such as Amazon), and select health and wellness retailers key mass/grocery retailers Club/Other.

Each of the above is compared using a host of costing parameters not limited to the following: product slotting fees, overall margin requirements, market development fees, return allowances, broadcast advertising and promotional marketing plans, in-store and channel detailing, product sampling and customer demoing as well as transportation and logistics cost, cross dock fees, shelf-life expiration swaps, and initial and recurring inventory loading levels.

We embarked on researching and building brand and product awareness through editor/blogger outreach, created digital assets for banners and print, performed sampling at local universities, functions, events, etc. With additional resources, we are exploring co-marketing programs such as:

- a. Coffee Equipment and Brewer Manufacturers – for example work with single-serve coffee machine and equipment manufactures to include our functional coffees with their hardware to co-market to their base of users.
- b. Fitness and Health Associations – for example provide sampling and wholesale programs for professional groups to purchase our coffees with brewers for sampling and demonstration.

In conjunction with the above channel assessment, the Company is also exploring custom and private labeling whereby the company licenses the product formulation, trademarks, and other assets in the following ways:

1. Multi-Level Marketing (MLM) Firms – for example enter into a private or OEM relationship to build functional coffees for an existing direct sales organization.
2. Product Brands – for example license to coffee brands and roasters our proprietary functional ingredients and know-how as a turnkey program to expand their product offering.

The Company plans going forward include the following milestones:

Milestone	Timing	Est. Cost/Funding Source
1. Refine Products & Pricing Improve Product Functions and Create New Versions, preparing “regular” coffee Line for Japan, Explore brewer solutions (Home and QSRs)	April – June	Sale of Equities
2. Refine Staff base on funding	May – August	\$60,000 - \$70,000/Mo. Recurring Sale of Equities
3. Strengthen branding awareness, sampling PR, Advertising	April – December	\$500,000 - \$750,000 Annual
4. Establish and validate traction over the next 6 months	June – November	Sale of Equities
5. Explore OEM/Private Label Opportunities and Launch US Investor Outreach by Securing Merriman Team	May – Ongoing	\$5,000/Mo.

If we are unable to receive funding our plans will be dramatically and negatively impacted such that we will prioritize go to market strategies based on reduced operations and available capital.

Long Term Goals (Five Years)

The Company believes that there will be significant expansion opportunities in existing markets through new products as well as in new regions outside of the United States in a combination of market development and product licensing.

The Company believes that our limited resources may pose a challenge to our expansion goals and therefore anticipates that it may require additional capital in future years to fund expansion. There can be no assurance that our expansion strategy will be accretive to our earnings within a reasonable period of time. However, the Company believes that it can improve its operational efficiencies and reduce the need for new capital by carefully managing the business based on the following economic fundamentals within accretive margin and cost contribution modeling.

Results of Operations

From inception on November 9, 2011 through March 31, 2014, we have accumulated losses of \$3,441,741. We attribute this loss to the discontinued business operations related to the sale of skin care products, Torque energy drinks and New Zealand bottled water.

We are presently in the development phase of our new product platform for functional beverages and we can provide no assurance that we will be able to attain profitability.

From inception through March 31, 2014, we earned revenues of \$122,544 from sales of our products and incurred operating expenses in the amount of \$3,320,249. These operating expenses included the research and the preparation of our business plan in addition to general and administrative expenses. We anticipate our operating expenses will increase as we further undertake our plan of operations. The increase will be attributed to costs associated with production, storage and delivery of our products as well as research and development of new products.

We expect sales in 2014 from our new products through a combination of direct to consumer through our website portal, product awareness as well as through affiliate online stores and retailers.

Liquidity and Capital Resources

As of March 31, 2014 we had cash (operating capital) of \$796,343 and we have no long-term debt. We have not attained profitable operations since inception. We expect to spend between \$1 million - \$2 million in expenses over the next 12 months. Our current cash balance as of March 31, 2014 is not sufficient to fund our operations for the next twelve months. Therefore, the Company intends to engage in additional financing through the sale of equity securities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company and therefore are not required to provide the information for this item for Form 10-Q.

Item 4. Controls and Procedures

As of the end of the period covered by this Report, the Company's President, and principal financial officer (the "Certifying Officer"), evaluated the effectiveness of the Company's "disclosure controls and procedures," as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934. Based on that evaluation, the officer concluded that, as of the date of the evaluation, the Company's disclosure controls and procedures were not effective to provide reasonable assurance that the information required to be disclosed in the Company's periodic filings under the Securities Exchange Act of 1934 is accumulated and communicated to management to allow timely decisions regarding required disclosure.

The Certifying Officer has also indicated that there were no changes in internal controls over financial reporting during the Company's last fiscal quarter, and no significant changes in our internal controls or other factors that could significantly affect such controls subsequent to the date of their evaluation and there were no corrective actions with regard to significant deficiencies and material weaknesses.

Our management, including the Certifying Officer, does not expect that our disclosure controls or our internal controls will prevent all errors and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls 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 a 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. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any systems of controls also is based in part upon 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. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II.

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have been no changes to our risk factors from those disclosed in our Form 10-K filed on January 14, 2014.

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

There were no unregistered Sales of Equity Securities during the quarter ending March 31, 2014.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On March 17, 2014, the Company held the Annual Meeting of the Shareholders of the Corporation at 16955 Via Del Campo, San Diego, California, 92127. The shareholders unanimously approved the directors nominated as directors of the Corporation, reappointment of Malone & Bailey as external audit firm of the Corporation for the fiscal year ended September 30, 2014, and the Nuzee, Inc. 2013 Stock Incentive Plan.

Item 6. Exhibits

EXHIBIT NO.	DESCRIPTION
31.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101 Interactive Data Files**

101.INS XBRL Instance Document
 101.SCH XBRL Taxonomy Extension Schema Document
 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
 101.LAB XBRL Taxonomy Extension Label Linkbase Document
 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

* *Filed herewith*

** *Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of any registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise are not subject to liability under those sections.*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: May 15 2014

NUZEE, INC.

By: /s/ Craig Hagopian
Craig Hagopian, President, Chief Executive
Officer (Principal Executive Officer)

Date: May 15, 2014

.
By: /s/ Satoru Yukie
Satoru Yukie, Secretary, Treasurer, COO,
Chief Financial Officer (Principal Financial
Officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Craig Hagopian, certify that:

1. I have reviewed this report on Form 10-Q of NuZee, 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 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 registrant as of, and for, the periods presented in this report;
 4. I am 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 registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my 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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
 5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: May 15, 2014

NUZEE, INC.

By: /s/ Craig Hagopian
Craig Hagopian, President, Chief
Executive Officer (Principal Executive
Officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Satoru Yukie, certify that:

1. I have reviewed this report on Form 10-Q of NuZee, 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 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 registrant as of, and for, the periods presented in this report;
 4. I am 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 registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my 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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
 5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: May 15, 2014

NUZEE, INC.

By: /s/ Satoru Yukie
Satoru Yukie, Chief Financial Officer
(Principal Financial Officer)

**WRITTEN STATEMENT
PURSUANT TO
18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of NuZee, Inc. and its subsidiaries (the "Company") on Form 10-Q for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the Company's Chief Executive Officer, Craig Hagopian, certifies, 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 13a-14(b) or 15d-14(b) 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, 2014

NUZEE, INC.

By: /s/ Craig Hagopian
Craig Hagopian, Chief Executive Officer
(Principal Executive Officer)

**WRITTEN STATEMENT
PURSUANT TO
18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of NuZee, Inc. and its subsidiaries (the "Company") on Form 10-Q for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the Company's Chief Financial Officer, Satoru Yukie, certifies, 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 13a-14(b) or 15d-14(b) 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, 2014

NUZEE, INC.

By: /s/ Satoru Yukie
Satoru Yukie, Chief Financial Officer
(Principal Financial Officer)
