SECURITIES & EXCHANGE COMMISSION EDGAR FILING

MCTC Holdings, Inc.

Form: 10-Q

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Corporate Issuer CIK: 1413488

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For quarterly period ended May 31, 2019

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

For the transition period from _____ to _____

Commission File Number: 333-146404

MCTC HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**83-1754057**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
520 S. Grand Avenue, Suite 320	
Los Angeles, CA	**90071**
(Address of principal executive offices)	(Zip Code)

(310) 986-4929
(Registrant's telephone number, including area code)

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 **x** 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 **x**

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company **x**
(Do not check if smaller reporting company)	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 183,864,600 shares of common stock, par value $0.0001, were outstanding on July 2, 2019.

MCTC HOLDINGS, INC.
FORM 10-Q

For the Period Ended May 31, 2019

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Item 1. Financial Statements (Unaudited)

PART II OTHER INFORMATION

PART I — FINANCIAL INFORMATION

MCTC Holdings, Inc.
CONSOLIDATED BALANCE SHEETS

	May 31, 2019 (Unaudited)	August 31, 2018
ASSETS		
Current Assets:		
Cash	$ -	$ 4,652
Total Current Assets	-	4,652
TOTAL ASSETS	$ -	$ 4,652
LIABILITIES & STOCKHOLDER'S DEFICIT		
Current Liabilities:		
Accounts Payable	$ -	$ 11,688
Accounts Payable - Related Party	-	6,200
Accrued Interest	33,541	28,306
Accrued Interest - Related Party	3,449	857
Notes Payable - Related Party	51,058	22,554
Note Payable to Shareholder	70,000	70,000
Total Current Liabilities	158,048	139,605
Total Liabilities	158,048	139,605
Stockholder's Deficit		
Preferred Stock, par value $0.0001, 10,000,000 shares Authorized, 0 shares Issued and Outstanding at May 31, 2019 and August 31, 2018	-	-
Common Stock, par value $0.0001, 290,000,000 shares Authorized, 183,864,600 shares Issued and Outstanding at May 31, 2019 and August 31, 2018	18,386	18,386
Additional Paid-In Capital	584,665	584,665
Accumulated Deficit	(761,099)	(738,004)
Total Stockholder's Deficit	(158,048)	(134,953)
TOTAL LIABILITIES AND STOCKHOLDER'S DEFICIT	$ -	$ 4,652

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

MCTC Holdings, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended May 31,		For the Nine Months Ended May 31,	
	2019	2018	2019	2018
Revenues:	$ -	$ -	$ -	$ -
Expenses:				
Consulting services	-	4,000	-	4,000
Professional fees	500	11,001	15,354	31,996
General and administrative expense	5,325	2,549	9,914	10,936
Total Operating Expenses	5,825	17,550	25,268	46,932
Operating Loss	(5,825)	(17,550)	(25,268)	(46,932)
Other Income (Expense)				
Interest expense	(2,644)	(29,920)	(7,827)	(33,521)
Gain on Debt Cancellation	10,000	-	10,000	-
Total Other Income (Expense)	7,356	(29,920)	2,173	(33,521)
Net Income (Loss)	$ 1,531	$ (47,470)	$ (23,095)	$ (80,453)
Basic & Diluted Loss per Common Share	$ 0.00	$ (0.01)	$ (0.00)	$ (0.00)
Weighted Average Common Shares Outstanding	183,864,600	8,634,600	183,864,600	64,816,981

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

MCTC Holdings, Inc.
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	For the Nine Months Ended May 31,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (23,095)	$ (80,453)
Adjustments to reconcile net loss to net cash used in operating activities:		
Benefical conversion feature	-	27,954
Changes In:		
Accounts Payable	(11,688)	13,106
Accounts Payable - Related Party	(6,200)	5,200
Accrued Interest	5,235	5,235
Accrued Interest - Related Party	2,592	332
Net Cash Used in Operating Activities	(33,156)	(28,626)
CASH FLOWS FROM FINANCING		
Proceeds from Advances	-	600
Proceeds from Note Payable - Related Party	28,504	27,954
Net Cash Provided by Financing Activities	28,504	28,554
Net (Decrease) Increase in Cash	(4,652)	(72)
Cash at Beginning of Period	4,652	4,832
Cash at End of Period	-	4,760
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ -	$ -
Franchise Taxes	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Gain on Debt Cancellation	$ 10,000	$ -

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

MCTC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2019
(Unaudited)

Note 1. Organization and Description of Business

MicroChannel Technologies Corporation (the “Company”) was formed as a wholly-owned subsidiary of New Energy Technologies, Inc. (“New Energy”). New Energy spun off its issued and outstanding shares to New Energy’s shareholders on December 18, 2007. The Company was incorporated under the name MultiChannel Technologies Corporation on February 28, 2005 in the State of Nevada, and changed to MicroChannel Techonolgies Corporation, on April 4, 2005.

On or about June 27, 2018 we changed domiciles from the State of Nevada to the State of Delaware and thereafter reorganized under the Delaware Holding Company Statute Delaware General Corporation Law Section 251(g). On or about July 12, 2018, two subsidiaries were formed for the purpose of effecting the reorganization. We incorporated MCTC Holdings, Inc. and MCTC Holdings Inc. incorporated MicroChannel Corp.. We then effected a merger involving the three constituents and under the terms of the merger we were merged into MicroChannel Corp., with MicroChannel Corp. surviving and our separate corporate existence ceasing. Following the merger MCTC Holdings, Inc. became the surviving publicly traded issuer and all of our assets and liabilities were merged into MCTC Holdings, Inc.’s wholly owned subsidiary MicroChannel Corp.. Our shareholders became the shareholders of MCTC Holdings, Inc. on a one for one basis.

After the current quarter in this report ended, on June 7, 2019, there was a change of control for MCTC Holdings Inc. in which the subsidiary Microchannel Corp. was spun out to the prior shareholders and is no longer part of MCTC Holdings, Inc.

The Company is not currently engaged in any business operations. It is, however, in the process of attempting to identify, locate, and if warranted, acquire new commercial opportunities.

Note 2. Going Concern Uncertainties

The Company has not generated any revenues, has an accumulated deficit of $761,099 as of May 31, 2019, and does not have positive cash flows from operating activities. The Company expects to incur additional losses as it continues to identify and develop new commercial opportunities. The Company will be subject to the risks, uncertainties, and difficulties frequently encountered by early-stage companies. The Company may not be able to successfully address any or all of these risks and uncertainties. Failure to adequately do so could cause the Company’s business, results of operations, and financial condition to suffer. These conditions raise substantial doubt about the Company’s ability to continue as a going concern for a period of one year from the issuance date of these financial statements.

The Company’s ability to continue as a going concern is an issue due to its net losses and negative cash flows from operations, and its need for additional financing to fund future operations. Management plans to identify commercial opportunities and to obtain necessary funding from outside sources. There can be no assurance that such funds, if available, can be obtained on terms reasonable to the Company. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that may result from the outcome of this uncertainty. Based on the Company’s current level of expenditures, management believes that cash on hand is adequate to fund operations for at least the next twelve months.

Note 3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim financial statements have been prepared in accordance with U.S. GAAP and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's latest Annual Report filed with the SEC on Form 10-K for the year ended August 31, 2018. 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 unaudited interim financial statements that would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year as reported in the Form 10-K have been omitted.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and expenses during the reporting period. On an on-going basis, the Company evaluates its estimates. Actual results and outcomes may differ materially from the estimates as additional information becomes known.

Cash and Cash Equivalents

Cash and cash equivalents includes highly liquid investments with original maturities of nine months or less. On occasion, the Company has amounts deposited with financial institutions in excess of federally insured limits.

Fair Value of Financial Instruments

The Company measures certain financial assets and liabilities at fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The carrying value of cash and cash equivalents and accounts payable approximate their fair value because of the short-term nature of these instruments and their liquidity. Management is of the opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

Income Taxes

Deferred income tax assets and liabilities are determined based on the estimated future tax effects of net operating loss and credit carryforwards and temporary differences between the tax basis of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. The Company records an estimated valuation allowance on its deferred income tax assets if it is not more likely than not that these deferred income tax assets will be realized.

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of the previous years ended August 31, 2018 and 2017, the Company has not recorded any unrecognized tax benefits.

Segment Reporting

The Company's business currently operates in one segment.

Net Loss per Share

The computation of basic net loss per common share is based on the weighted average number of shares that were outstanding during the year. The computation of diluted net loss per common share is based on the weighted average number of shares used in the basic net loss per share calculation plus the number of common shares that would be issued assuming the exercise of all potentially dilutive common shares outstanding using the treasury stock method. See Note 4. Net Loss Per Share.

Recently Issued Accounting Pronouncements

The Company reviews new accounting standards as issued. Although some of these accounting standards issued or effective after the end of the Company's previous fiscal year may be applicable to the Company, it has not identified any standards that it believes merit further discussion. The Company does not expect the adoption of any recently issued accounting pronouncements to have a significant impact on its financial position, results of operations, or cash flows.

Note 4. Net Loss Per Share

During the nine months ended May 31, 2019 and May 31, 2018, the Company recorded a net loss. The Company does not have any potentially dilutive securities outstanding. Therefore, basic and diluted net loss per share is the same for those periods.

Note 5. Note Payable to Shareholder

On January 9, 2014, the Company issued a $70,000 note payable to a shareholder of the Company. The note payable bears interest at an annual rate of 7%, which then increased to 10% after it was in default. Principal and accrued interest on the note payable were due on January 9, 2016, with a default annual rate of 10% interest after that date. The outstanding balance of principal and accrued interest may be prepaid without penalty. During the nine months ended May 31, 2019, the Company recorded an interest expense of $5,235 related to the note payable. As of May 31, 2019, the original principal balance of $70,000 on the note payable remained outstanding, with accrued interest of $33,541. The note payable was not repaid on January 9, 2016 and is thus in default as of the date of this filing.

Note 6. Related Party

In October 2017 – May 31, 2019, the Company incurred a related party debt in the amount of $11,000 to an entity related to the legal custodian of the Company for professional fees. The debt was non-interest bearing. As of May 31, 2019, a legal custodian of the Company paid this expense directly and $0 is owed.

In May 31, 2018 – May 31, 2019, the Company issued a $39,399 in multiple notes payable to an entity related to the legal custodian of the Company for funds loaned. The notes payable bear interest at an annual rate of 10% and are convertible to common shares of the Company at $0.0001 per share. On May 8, 2018, $13,000 of the principal balance on notes payable was converted to common stock. As of May 31, 2019, $26,399 of the principal balance remained outstanding on the notes payable and $2,550 in accrued interest.

In August 2018 – May 31, 2019, the Company issued $29,649 in multiple notes payable to a legal custodian of the Company for funds loaned. The notes bear interest at an annual rate of 10% and are payable upon demand. On May 31, 2019 a legal expense of the Company was cancelled, along with the corresponding note payable of $5,000 due to related parties, as the funds were not required. As of May 31, 2019, $24,649 of the principal balance remained outstanding on the notes payable and $899 in accrued interest.

Note7. Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets at May 31, 2019 and August 31, 2018 are as follows:

	May 31, 2019	August 31, 2018
Deferred tax assets:		
Net operating loss carryforwards	$ 136,721	$ 131,871
Capitalized research and development	-------	-
Research and development credit carry forward	1,963	1,963
Total deferred tax assets	138,684	133,834
Less: valuation allowance	(138,684)	(133,834)
Net deferred tax asset	$ —	$ —

The net decrease in the valuation allowance for deferred tax assets was $4,850 for the nine months ended May 31, 2019. The Company evaluates its valuation allowance on an annual basis based on projected future operations. When circumstances change and this causes a change in management's judgment about the realizability of deferred tax assets, the impact of the change on the valuation allowance is reflected in current operations.

For federal income tax purposes, the Company has net U.S. operating loss carry forwards at May 31, 2019 available to offset future federal taxable income, if any, of $651,050, which will fully expire by the fiscal year ended August 31, 2035. Accordingly, there is no current tax expense for the nine months ended May 31, 2019 and May 31, 2018. In addition, the Company has research and development tax credit carry forwards of $1,963 at May 31, 2019, which are available to offset federal income taxes and fully expire by August 31, 2028.

The utilization of the tax net operating loss carry forwards may be limited due to ownership changes that have occurred as a result of sales of common stock.

The effects of state income taxes were insignificant for the nine months ended May 31, 2019 and May 31, 2018.

The following is a reconciliation between expected income tax benefit and actual, using the applicable statutory income tax rate of 21% and 34%, respectively for the nine months ended May 31, 2019 and 2018:

	May 31, 2019	May 31, 2018
Income tax benefit at statutory rate	$ 4,850	$ 1,394
Change in valuation allowance	(4,850)	(1,394)
	$ -	$ -

The fiscal years 2012 through 2018 remain open to examination by federal authorities and other jurisdictions in which the Company operates.

Note 8. Subsequent Events

On June 7, 2019, there was a change of control for MCTC Holdings Inc. in which the subsidiary Microchannel Corp. was spun out to the prior shareholders and is no longer part of MCTC Holdings, Inc.

On May 25, 2019, the Company is in the formative stages of developing a direct industrial hemp cultivation operation, a program to manage the cultivation of industrial hemp and a program to manufacture and market various types of hemp infused edibles and other products. The Company plans to strictly adhere to all rules and regulations of the 2018 Farm Bill and to strictly adhere to all state and local laws and regulations.

On May 25, 2019, Mr. Arman Tabatabaei was appointed by the board of directors as the Company's President, Chief Executive Officer, Chief Financial Officer, Treasurer and Secretary. Mr. Tabatabaei is qualified to serve in these positions as a result of his extensive business experience and education and his additional experiences, as outlined below.

On May 25, 2019, the Company announced Mr. Garry McHenry, who held the positions of President, Chief Executive Officer, Chief Financial Officer and Director, resigned from the board of directors. There were no disagreements with Mr. McHenry causing this action.

On May 25, 2019, The Company announced Mr. Arman Tabatabaei (Age 37), was appointed to the board of directors and named as Chairman and CEO. Mr. Tabatabaei is a founder and Chairman of Cannabis Global, Inc. Mr. Tabatabaei has served as president of Pacific Pro Financial Services, Inc. for the last 5 years. Pacific Pro is a company that provides commercial and private lending services. With over 15 years of management and operations experience, he has earned a strong reputation for a numbers-based analytical approach to the management of organizations. An expert at data collection and analysis relative to resource management, risk forecasting and profit and loss management, he has made significant progress in revamping operations of several companies over the past five years. Most recently, Mr. Tabatabaei has consulted with Cannabis Strategic Ventures (OTCQB:NUGS) on various growth initiatives relative to both cannabis cultivation and the organization of new hemp-related retail operations. At Sugarmade, Inc., (OTCQB:SGMD) he has been instrumental in revamping various operations relative to the Company's hydroponic growth supplies initiatives.

On May 25, 2019, the Company announced Mr. Robert Hymers (Age 35), was elected to the board of directors. Mr. Hymers is a founder and Director of Cannabis Global. Inc. He has significant experience in the cannabis sector and as a financial executive and consultant. Mr. Hymers is the Managing Partner of Pinnacle Tax Services for the previous five years in Los Angeles and was previously Chief Financial Officer and Director of Marijuana Company of America, Inc. (OTC: MCOA) where he has served for the several years as well. He currently serves as a member of the Strategic Advisory Board at MassRoots, Inc., as a consultant for Cannabis Strategic Ventures, Inc. (OTC: NUGS) and Sugarmade Inc. (OTC: SGMD), with significant experience in matters concerning tax accounting, auditing, SEC reporting, mergers and acquisitions, and corporate finance. Mr. Hymers holds a Masters of Science in Taxation and a Bachelor's of Science in Accountancy, in addition to a CPA license. Robert also has specific tax audit experience by way of employment at Ernst & Young (E&Y) where he worked in the firm's core assurance practice performing audits of publicly and privately held companies, specifically in the real estate industry. Mr. Hymers subsequently transferred to the E&Y's tax practice, where he specialized in providing tax services to clients in the real estate industry. Mr. Hymers specializes in partnership taxation. In addition, He has a broad range of experience, including ASC 740 tax provision audits, FIN 48 compliance, REIT compliance, preparation of 1120, 1065, and 1120S returns, multi-state tax compliance and international tax consulting. He was also a member of E&Y's National Tax Group (FSO) for several years, which services private equity firms, hedge funds and banks. Previously he was also the VP of Finance and Accounting of Everlert's wholly owned subsidiary, Totalpost Services, Inc., located in Monrovia, California and was CFO of Global Hemp Group, Inc. (OTCQB: GBHPF).

On May 25, 2019, the Company announced Mr. Edward Manolos (Age 45), was elected to the board of directors. Mr. Manolos is one of the founders and Directors of Cannabis Global, Inc. and is an accomplished pioneer in California's Medical Marijuana industry. In 2004, he opened the very first Medical Marijuana Dispensary in Los Angeles County under the name CMCA. He has managed and operated over thirty-five dispensaries from Los Angeles to San Jose including twenty in Los Angeles Pre-ICO/Proposition D. He is also credited with starting Los Angeles' first Medical Marijuana farmers market referred to as "The California Heritage Farmer's Market," which attracted local and international media attention and was the first of its kind. He is currently a member of the board of directors of Marijuana Company of America (OTCQB: MCOA). In 2016, Mr. Manolos was appointed to the advisory board of Marijuana Company of America and Cannabis Strategic Ventures (OTCQB: NUGS) and was tasked with identifying and structuring strategic partnerships and driving product development.

On May 25, 2019, the Company announced Dan Nguyen (Age 45), was elected as a director of the Company. Mr. Nguyen has been employed for the last 5 years with Thermalfishsher Scintefic, Inc. as an equipment product specialist.

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

Forward-Looking Statements

Except for the historical information presented in this document, the matters discussed in this Form 10-Q for the quarter ended May 31, 2019, contain forward-looking statements which involve assumptions and our future plans, strategies, and expectations. These statements are generally identified by the use of words such as "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend," or "project," or the negative of these words or other variations on these words or comparable terminology. These statements are expressed in good faith and based upon a reasonable basis when made, but there can be no assurance that these expectations will be achieved or accomplished.

Such forward-looking statements include statements regarding, among other things, (a) our potential profitability and cash flows, (b) our growth strategies, (c) our future financing plans, and (d) our anticipated needs for working capital. This information may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. These statements may be found under "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as in this Form 10-Q generally. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the matters described in this Form 10-Q generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur. In addition to the information expressly required to be included in this filing, we will provide such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading.

Although forward-looking statements in this report reflect the good faith judgment of our management, forward-looking statements are inherently subject to known and unknown risks, business, economic and other risks and uncertainties that may cause actual results to be materially different from those discussed in these forward-looking statements. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We assume no obligation to update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this report, other than as may be required by applicable law or regulation. Readers are urged to carefully review and consider the various disclosures made by us in our reports filed with the Securities and Exchange Commission which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operation and cash flows. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, our actual results may vary materially from those expected or projected.

Except where the context otherwise requires and for purposes of this Form 10-Q only, "we," "us," "our," "Company," "our Company," and "MCTC" refer to "MCTC Holdings, Inc.".

Overview

The following discussion and analysis of our financial condition and results of operations ("MD&A") should be read in conjunction with our financial statements and the accompanying notes to the financial statements included in this Form 10-Q.

The MD&A is based on our financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions .

Description of Business

We were formed as a wholly-owned subsidiary of New Energy Technologies, Inc. New Energy spun off its issued and outstanding shares to New Energy's shareholders on December 18, 2007. We were incorporated under the name MultiChannel Technologies Corporation on February 28, 2005 in the State of Nevada, and changed to MicroChannel Technologies Corporation, on April 4, 2005.

On or about June 27, 2018 we changed domiciles from the State of Nevada to the State of Delaware and thereafter reorganized under the Delaware Holding Company Statute Delaware General Corporation Law Section 251(g). On or about July 12, 2018, two subsidiaries were formed for the purpose of effecting the reorganization. We incorporated MCTC Holdings, Inc. and MCTC Holdings Inc. incorporated MicroChannel Corp.. We then effected a merger involving the three constituents and under the terms of the merger we were merged into MicroChannel Corp., with MicroChannel Corp. surviving and our separate corporate existence ceasing. Following the merger MCTC Holdings, Inc. became the surviving publicly traded issuer and all of our assets and liabilities were merged into MCTC Holdings, Inc.'s wholly owned subsidiary MicroChannel Corp.. Our shareholders became the shareholders of MCTC Holdings, Inc. on a one for one basis.

After the current quarter in this report ended, on June 7, 2019, there was a change of control for MCTC Holdings Inc. in which the subsidiary Microchannel Corp. was spun out to the prior shareholders and is no longer part of MCTC Holdings, Inc.

The Company is not currently engaged in any business operations. It is, however, in the process of attempting to identify, locate, and if warranted, acquire new commercial opportunities.

Employees

As of May 31, 2019, we did not have any employees.

Results of Operations

For the Three months Ended May 31, 2019 and May 31, 2018

The Professional fees decreased by $10,501, from $11,001 for the three months ended May 31, 2018, to $500 for the three months ended May 31, 2019. The Consulting fees decreased by $4,000, from $4,000 for the three months ended May 31, 2018, to $0 for the three months ended May 31, 2019. General & Administrative expenses increased by $2,776, from $2,549 for the three months ended May 31, 2018, to $5,325 for the three months ended May 31, 2019. The decline in Operating Expenses was due to a decrease in business operations in 2019.

The interest expense was $29,920 and $2,644 for the three months ended May 31, 2018 and May 31, 2019, respectively, is related to a note payable that the Company issued on January 9, 2014 in the amount of $70,000, to a shareholder of the Company and a multiple notes payable incurred from May 31, 2018 – May 31, 2019 in the amount of $69,058, to related parties. On May 8, 2018, $13,000 of the debt due to Related Parties was converted into shares of common stock. On May 31, 2019 a legal expense of the Company was cancelled, along with the corresponding note payable due to Related Parties of $5,000, as the funds were not required. As of May 31, 2019, $51,058 is due to Related Parties and these notes bear interest at an annual rate of 10%. The outstanding balance of principal and accrued interest may be prepaid on both without penalty. As of May 31, 2019, there cumulative interest due of $3,449 related to these notes. The $70,000 note payable to a shareholder, bears interest at an annual rate of 7%, which then increased to 10% after it was in default. Principal and accrued interest on the note payable of the company were due on January 9, 2016, with a default annual rate of 10% interest after that date. As of May 31, 2019, there cumulative interest due of $33,541 related to this note.

The Company also recognized a gain of $10,000 on the cancellation of debt in the three months ended May 31, 2019.

For the Nine months Ended May 31, 2019 and May 31, 2018

The Professional fees decreased by $16,642, from $31,996 for the nine months ended May 31, 2018, to $15,354 for the nine months ended May 31, 2019. General & Administrative expenses decreased by $1,022, from $10,936 for the nine months ended May 31, 2018, to $9,914 for the nine months ended May 31, 2019. The decline in Operating Expenses was due to a decrease in business operations in 2019.

The interest expense was $33,521 and $7,827 for the nine months ended May 31, 2018 and May 31, 2019, respectively, is related to a note payable that the Company issued on January 9, 2014 in the amount of $70,000, to a shareholder of the Company and a multiple notes payable incurred from May 31, 2018 – May 31, 2019 in the amount of $69,058, to related parties. On May 8, 2018, $13,000 of the debt due to Related Parties was converted into shares of common stock. On May 31, 2019 a legal expense of the Company was cancelled, along with the corresponding note payable due to Related Parties of $5,000, as the funds were not required. As of May 31, 2019, $51,058 is due to Related Parties and these notes bear interest at an annual rate of 10%. The outstanding balance of principal and accrued interest may be prepaid on both without penalty. As of May 31, 2019, there cumulative interest due of $3,449 related to these notes. The $70,000 note payable to a shareholder, bears interest at an annual rate of 7%, which then increased to 10% after it was in default. Principal and accrued interest on the note payable of the company were due on January 9, 2016, with a default annual rate of 10% interest after that date. As of May 31, 2019, there cumulative interest due of $33,541 related to this note.

The Company also recognized a gain of $10,000 on the cancellation of debt in the nine months ended May 31, 2019.

Net cash used in operating activities was $28,626 for the prior nine months ended May 31, 2018, compared to net cash used in operating activities of $33,156 for the current nine months ended May 31, 2019. Based on our current level of expenditures, additional funding is required to cover our operations for at least the next twelve months. The company is in the process of attempting to identify, locate, and if warranted, acquire new commercial opportunities.

Liquidity and Capital Resources

As of the year ended August 31, 2018, we had an accumulated deficit of $738,004 and cash and cash equivalents of $4,652. As of the current quarter ended May 31, 2019, we had an accumulated deficit of $761,099 and cash and cash equivalents of $0.

In January 2014, we received funding by issuing a $70,000 note payable to a shareholder. The $70,000 note payable was due on January 9, 2016 and has not been repaid as of the date of this filing and is thus in default as of May 31, 2019. As of May 31, 2019, $70,000 remained outstanding.

In October 2017 – May 31, 2019, the Company incurred a related party debt in the amount of $11,000 to an entity related to the legal custodian of the Company for professional fees. The debt was non-interest bearing. As of May 31, 2019, a legal custodian of the Company paid this expense directly and $0 is owed.

In May 31, 2018 – May 31, 2019, the Company issued a $39,399 in multiple notes payable to an entity related to the legal custodian of the Company for funds loaned. The notes payable bear interest at an annual rate of 10% and are convertible to common shares of the Company at $0.0001 per share. On May 8, 2018, $13,000 of the principal balance on notes payable was converted to common stock. As of May 31, 2019, $26,399 of the principal balance remained outstanding on the notes payable and $2,550 in accrued interest.

In August 2018 – May 31, 2019, the Company issued $29,649 in multiple notes payable to a legal custodian of the Company for funds loaned. The notes bear interest at an annual rate of 10% and are payable upon demand. On May 31, 2019 a legal expense of the Company was cancelled, along with the corresponding note payable of $5,000 due to related parties, as the funds were not required. As of May 31, 2019, $24,649 of the principal balance remained outstanding on the notes payable and $899 in accrued interest.

Other Contractual Obligations

As of the nine months ended May 31, 2019, we do not have any contractual obligations other than the $70,000 note payable to a shareholder and $51,058 in notes payable to related parties, a legal custodian of the company and an entity related to the legal custodian of the Company, with related accrued interest on the notes. The $70,000 note payable was due on January 9, 2016 and has not been repaid as of this filing and is thus in default.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Recently Issued Accounting Pronouncements

We review new accounting standards as issued. Although some of these accounting standards issued or effective after the end of our previous fiscal year may be applicable to the Company, we have not identified any standards that we believe merit further discussion. We do not expect the adoption of any recently issued accounting pronouncements to have a significant impact on our financial position, results of operations, or cash flows.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, Arman Tabatabaei, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), as of the end of the period covered by this quarterly report. Based on this evaluation Arman Tabatabaei, our Chief Executive Officer and Chief Financial Officer concluded that as of June --, 2019, our disclosure controls and procedures were not effective such that the information required to be disclosed in our United States Securities and Exchange Commission (the “SEC”) reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The material weakness identified relates to the lack of proper segregation of duties. The Company believes that the lack of proper segregation of duties is due to the Company’s limited resources.

Changes in Internal Controls Over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with our evaluation of these controls as of the end of our last fiscal quarter as covered by this report on May 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

The Company's management does not expect that its disclosure controls or its internal control over financial reporting will prevent or detect all error or all fraud and is not effective. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. 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. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

None.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description of Exhibit
2.1(1)	Agreement and Plan of Merger
2.2(1)	Certificate of Merger
3.1(1)	Certificate of Incorporation of MicroChannel Technologies Corporation
3.2(1)	By Laws of MicroChannel Technologies Corporation
21.1(1)	Certificate of Incorporation of MCTC Holdings, Inc.
21.2(1)	Bylaws of MCTC Corporation
21.3(1)	Certificate of Incroporation of MicroChannel Corp.
21.4(1)	Bylaws of MicroChannel Corp.
31.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002)
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C.ss.1350 (Section 906 of the Sarbanes-Oxley Act of 2002)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MCTC Holdings, Inc.
(Registrant)

July 2, 2019

By: /s/ Arman Tabatabaei
Arman Tabatabaei
President, Chief Executive Officer,
Chief Financial Officer, and Director

Exhibit 31.1

**CERTIFICATION PURSUANT TO RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Arman Tabatabaei , certify that:

1. I have reviewed this quarterly report on Form 10-Q of MCTC Holdings, Inc. (the “registrant”);

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. As the registrant’s certifying officer 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 me 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 my 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; and

5. As the registrant's certifying officer 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: July 2, 2019

/s/ Arman Tabatabaei
Arman Tabatabaei
Chief Executive Officer and Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of MCTC Holdings, Inc. (the “Company”) on Form 10-Q for the quarter ending May 31, 2019, as filed with the Securities and Exchange Commission on July 2, 2019 (the “Report”), I, Arman Tabatabaei, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: July 2, 2019

/s/ Arman Tabatabaei
Arman Tabatabaei
Chief Executive Officer and Chief Financial Officer