SECURITIES & EXCHANGE COMMISSION EDGAR FILING

MCTC Holdings, Inc.

Form: 10-Q

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended November 30, 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: 000-27039

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 ☒ 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer (Do not check if a smaller reporting company)	☐	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 o No ý

As of November 30, 2019, and January 14, 2020, there were 14,833,128 and 15,093,128 shares of the registrant's common stock outstanding, respectively.

MCTC HOLDINGS, INC.
FORM 10-Q

For the Period Ended November 30, 2019

Table of Contents

PART I FINANCIAL INFORMATION

PART II OTHER INFORMATION

PART I — FINANCIAL INFORMATION

MCTC Holdings, Inc.
CONSOLIDATED BALANCE SHEETS

	November 30, 2019 (unaudited)	August 31 2019 (audited)
ASSETS		
Current Assets:		
Cash	$ 64,702	$ 152,082
Accounts Receivable	5,000	-
Accounts Receivable – Related Party	5,003	-
Inventory	17,931	2,299
Total Current Assets	92,636	152,082
Machinery & Equipment- Net	12,550	13,248
Other Assets		
Notes Receivable – Related Party	40,000	40,000
Rent Deposit	7,200	7,200
Stock Subscription Receivable	65,000	-
TOTAL ASSETS	$ 217,386	$ 214,829
LIABILITIES & STOCKHOLDER'S DEFICIT		
Current Liabilities:		
Accounts Payable	$ 197,635	$ 92,806
Accounts Payable - Related Party	1,139	1,139
Accrued Interest	92	-
Accrued Professional and Legal Expenses	-	5,885
Accrued Research and Development Expenses	-	6,250
Convertible Notes, Net of Debt Discount of $17,363 and $0, respectively	35,971	33,334
Derivative Liability	16,018	-
Notes Payable - Related Party	14,000	14,000
Total Current Liabilities	264,855	153,414
Total Liabilities	264,855	153,414
Stockholder's Deficit		
Preferred Stock, par value $0.0001, 10,000,000 shares Authorized, 0 shares Issued and Outstanding at November 30, 2019 and August 31, 2019	-	-
Common Stock, par value $0.001, 290,000,000 shares Authorized, 14,833,128 shares Issued and Outstanding at November 30, 2019 and 12,713,129 at August 31, 2019	1,483	1,253
Additional Paid-In Capital	1,464,060	1,184,923
Shares to be issued	26	2,840
Accumulated Deficit	(1,513,038)	(738,004)
Total Stockholder's Deficit	(47,469)	61,415
TOTAL LIABILITIES AND STOCKHOLDER'S DEFICIT	$ 217,386	$ 214,829

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

MCTC Holdings, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited

	For the Quarter Ended November, 30 2019	For the Quarter Ended November, 30 2018
Revenue:		
Product Sales	$ 5,003	$ -
Consulting Revenue – Related Party	5,000	-
Total Revenue	10,003	-
Cost of Goods Sold	2,900	-
Gross Profit	7,103	-
Operating Expenses:		
Advertising Expenses	1,432	-
Consulting Services	35,883	-
Professional Fees	148,955	12,500
General and Administrative Expenses	187,523	2,261
Total Operating Expenses	373,793	14,761
Operating Loss	(366,690)	(14,761)
Other Income (Expense)		
Interest Expense	(31,250)	(2,522)
Changes in FV of Derivative	12,503	-
Total Other Income (Expense)	(18,747)	(2,522)
Net Loss	$ (385,437)	$ (17,283)
Basic & Diluted Loss per Common Share	$ (0.03)	$ (0.00)
Weighted Average Common Shares Outstanding	12,752,506	12,257,640

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

MCTC HOLDINGS INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2019 AND 2018

	Class A Preferred Stock		Common Stock		Common Stockd		Additional n	mulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance, August 31, 2018	-	$ 1	12,257,640	$ 1,226	-	$ -	$ 601,825	$(738,004)	$(134,953)
Net loss	-	-	-	-	-	-	-	(17,283)	(17,283)
Balance, November 30, 2018	-	$ -	12,257,640	$ 1,226	$ -	$ -	$ 601,825	$(755,287)	$(152,236)
Stock based compensation	-	-	-	-	-	-	95,670	-	95,670
Proceeds from shares issued in private placement	-	-	203,333	20	-	-	74,980	-	75,000
Proceeds from shares issued in private placement- to be issued	-	-	-	-	260,000	26	64,974	-	65,000
Discount on convertible note	-	-	-	-	-	-	20,000	-	20,000
Stock split adjustment	-	-	188,822	19	-	-	(19)		
Net loss	-	-	-	-	-	-	-	(385,437)	(385,437)
Balance, November 30, 2019	-	$ -	392,155	$ 39	$ 260,000	$ 26	$ 255,605	$(385,437)	$(129,767)

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

MCTC Holdings, Inc.
CONSOLIDATED STATEMENTS OF CASHFLOWS
Unaudited

	For the Quarter Ended November 30, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (385,437)	$ (17,283)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash interest expense	31,158	-
Depreciation expense	698	-
Stock based compensation	116,553	-
Change in fair value of derivative liability	(12,503)	
Changes In:		
Account Receivable	(10,003)	-
Inventory	(15,632)	-
Accounts Payable	104,829	(1,070)
Accrued Interest	92	1,745
Accrued Interest - Related Party	-	777
Accrued Professional and Legal Expenses	(5,885)	-
Accrued R&D Expenses	(6,250)	-
Accounts Payable - Related Party	-	500
Net Cash Used in Operating Activities	(182,380)	(15,331)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Cash Provided by Investing Activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	75,000	-
Proceeds from convertible debentures	20,000	-
Proceeds from Note Payable - Related Party	-	15,356
Net Cash Provided by Financing Activities	95,000	15,356
Net (Decrease) Increase in Cash	(87,380)	25
Cash at Beginning of Period	152,082	4,652
Cash at End of Period	$ 64,702	$ 4,677
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ -	$ -
Franchise Taxes	$ -	$ -

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

Note 1. Organization and Description of Business

MCTC Holdings, Inc. is located at 520 S Grand Avenue, Suite 320, Los Angeles, California 90071. Our telephone number is (310) 986-4929 and our website is accessible at www.cannabisglobalinc.com. Our shares of Common Stock are quoted on the OTC Markets Pink, operated by OTC Markets Group, Inc., under the ticker symbol “MCTC.” We are a research and development company focused on cannabinoid research.

Our aim is to create and commercialize proprietary engineered technologies to deliver hemp extracts and cannabinoids to the human body. Additionally, we plan to develop consumer products, based on these and other proprietary technologies.

Our R&D programs included the following;

1) Development of new routes and vehicles for hemp extract and cannabinoid delivery to the human body.

2) Production of unique polymeric nanoparticles and fibers for use in oral and dermal cannabinoid delivery.

3) Research and commercialization of new methodologies to isolate and/or concentrate various cannabinoids and other substances that comprise industrial hemp oil and other extracts.

4) Establishment of new methods to increase the bioavailability of cannabinoids to the human body through utilization of proven bioenhancers, including d-α-Tocopherol polyethylene glycol 1000 succinate (TPGS), which is widely used as a water-soluble vitamin E formulation.

5) Development of other novel inventions for the delivery of cannabinoids to the human body, which at this time are considered trade secrets by the Company.

On August 9, 2019, our board of directors determined the Company no longer meets the definition of a Shell Company as defined in Item 1101(b) of Regulation AB (§ 229.1101(b) of this chapter), which defines a Shell Company as one that has: 1) No or nominal operations; and 2) Either: (i) No or nominal assets; (ii) Assets consisting solely of cash and cash equivalents; or (iii) Assets consisting of any amounts of cash and cash equivalents and nominal other assets. By way of the Company: 1) beginning business activities and operations, 2) hiring its CEO, 3) appointing a highly experienced board of directors, 4) retaining consultants, 5) signing two property leases, 6) approval of budgets and business plans for several initiatives, 7) production of product samples, 8) sales initiatives to prospective customers, and other related business activities, the board of directors believes such activities are qualified as non-nominal operations and therefore the board of directors declared its believe the Company is no longer defined by Item 1101(b) of Regulation AB (§ 229.1101(b) of this chapter).

On August 9, 2019, the Company filed a DBA in California registering the operating name Cannabis Global. On July 1, 2019, the Company acquired Action Nutraceuticals, Inc., a company owned by our current CEO, Arman Tabatabaei. The transaction value was nominal, at only One Thousand Dollars ($1,000). Therefore, the Company believes its acquisition of Action Nutraceuticals, Inc. is not an acquisition of a significant amount of assets, or a transaction defined by 17 CFR § 229.404 - (Item 404) Transactions with related persons, promoters and certain control persons, that would require specific disclosures under the section cited. Regardless, the Company will disclose the transaction pursuant to 17 CFR § 229.404 - (Item 404) “Transactions with Related Persons, Promoters and Certain Control Persons.” No intellectual property, patents or trademarks were acquired in the transaction.

On July 1, 2019, the Company entered into a 100% business acquisition with Action Nutraceuticals, Inc., a company owned by our CEO, Arman Tabatabaei. The value of the transaction value was nominal, at only One Thousand Dollars ($1,000) thus, the Company believes the business acquisition of Action Nutraceuticals, Inc. is transaction NOT defined by 17 CFR § 229.404 - (Item 404) Transactions with related persons, promoters and certain control persons that would require specific disclosure under the section cited. Regardless, of the requirements of 17 CFR § 229.404 - (Item 404) Transactions with related persons, promoters and certain control persons, the Company makes this disclosure.

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.

On May 25, 2019, Lauderdale Holdings, LLC, a Florida limited liability company, in which former Chief Executive Officer, Garry McHenry maintains a controlling interest, sold 8,666,667 common shares of MCTC Holdings, Inc., representing approximately 70.7% of the 12,257,640 issued and outstanding shares to Messrs. Robert Hymers, Edward Manolos and Dan Nguyen, all of whom were previously unaffiliated parties. Each purchased 2,888,889 common shares for $108,333.33 each or an aggregate of $325,000, utilizing personal funds. This series of transactions constitute a change in control of the Company. The assets and liabilities of MicroChannel Corp. were spun out to Lauderdale Holdings, LLC as part of the change in control.

On January 14, 2009, Octillion Corp. (Symbol: OCTL), the parent company of MicroChannel announced that it had changed its name to New Energy Technologies, Inc. (Symbol: NENE) ("New Energy"). The name change became effective on the Over-the-Counter Bulletin Board at the opening of trading on January 14, 2009. On June 24, 2008, MicroChannel announced that it initiated trading of its stocks on the OTC Bulletin Board under the stock symbol "MCTC". On August 22, 2007, by corporate action taken by MicroChannel's executive team and board members, the company amended its Articles of Incorporation to increase its authorized capital stock to 300,000,000 million shares of common stock, $0.0001 par value per share. As of September 25, 2007, there were 1,000,000 shares of common stock were issued and outstanding; there were no preferred shares issued and outstanding. The directors and sole shareholder have approved a forward split of their issued and outstanding shares of common stock on the basis of 538,646 for 1 for the purpose of effecting the distribution.

On April 4, 2005, MultiChannel changed its name to MicroChannel Technologies Corporation. The Company's original name was MultiChannel Technologies Corporation ("MultiChannel") which was incorporated on February 28, 2005 under the laws of the State of Nevada (U.S.A.) and was originally formed as a wholly-owned subsidiary of Octillion Corp. ("Octillion"). Octillion (a Canadian company was trading in the OTC Markets under the symbol "OCTL"). At the time of Octillion's existence, Octillion was a development stage technology company focused on the identificati0n, acquisition and development of emerging solar energy and solar related technologies and products.

Note 2. Going Concern Uncertainties

During recent financial reporting periods, the Company began reporting revenue and has been active in reorganizing its business operations, these revenues being generated are nominal. The Company has an accumulated deficit of $1,513,038 as of November 30, 2019, and does not have positive cash flows from operating activities. The Company expects to incur additional losses as it executes its business strategy in the cannabinoid marketplace. 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 obtain necessary funding from outside sources and through the sales of Company shares. 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 not adequate to fund operations for the next twelve months. Management of the Company is estimating approximately $1,000,000 will be required over the next twelve months to fully execute its business strategy. These can be no assurance the Company will be able to obtain such funds.

Note 3. Summary of Significant Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the amounts reported in those statements. We have made our best estimates of certain amounts contained in our consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. However, application of our accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties, and, as a result, actual results could differ materially from these estimates. Management believes that the estimates, assumptions, and judgments involved in the accounting policies described below have the most significant impact on our consolidated financial statements.

We cannot predict what future laws and regulations might be passed that could have a material effect on our results of operations. We assess the impact of significant changes in laws and regulations on a regular basis and update the assumptions and estimates used to prepare our financial statements when we deem it necessary.

Derivative Instruments
The fair value of derivative instruments is recorded and shown separately under current liabilities. Changes in the fair value of derivatives liability are recorded in the consolidated statement of operations under non-operating income (expense).

Our Company evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. For stock-based derivative financial instruments, the Company uses a weighted average Binomial option-pricing model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Consolidation
The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Action Nutraceuticals, Inc. and Aidan & Co, Inc. All intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents
We consider all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents are held in operating accounts at a major financial institution.

Inventory
Inventory is primarily comprised of work in progress. Inventory is valued at cost, based on the specific identification method, unless and until the market value for the inventory is lower than cost, in which case an allowance is established to reduce the valuation to market value. As of November 30, 2019 and November 30, 2018, market values of all of our inventory were at cost, and accordingly, no such valuation allowance was recognized.

Deposits
Deposits is comprised of advance payments made to third parties, primarily for inventory for which we have not yet taken title. When we take title to inventory for which deposits are made, the related amount is classified as inventory, then recognized as a cost of revenues upon sale (see “Costs of Revenues” below). There were no deposits as of November 30, 2019 or November 30, 2018.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets is primarily comprised of advance payments made to third parties for independent contractors' services or other general expenses. Prepaid services and general expenses are amortized over the applicable periods which approximate the life of the contract or service period.

Accounts Receivable

Accounts receivable are recorded at the net value of face amount less any allowance for doubtful accounts. On a periodic basis, we evaluate our accounts receivable and, based on a method of specific identification of any accounts receivable for which we deem the net realizable value to be less than the gross amount of accounts receivable recorded, we establish an allowance for doubtful accounts for those balances. In determining our need for an allowance for doubtful accounts, we consider historical experience, analysis of past due amounts, client creditworthiness and any other relevant available information. However, our actual experience may vary from our estimates. If the financial condition of our clients were to deteriorate, resulting in their inability or unwillingness to pay our fees, we may need to record additional allowances or write-offs in future periods. This risk is mitigated to the extent that we collect retainers from our clients prior to performing significant services.

The allowance for doubtful accounts, if any, is recorded as a reduction in revenue to the extent the provision relates to fee adjustments and other discretionary pricing adjustments. To the extent the provision relates to a client's inability to make required payments on accounts receivables, the provision is recorded in operating expenses. As of November 30, 2019 and November 30, 2018, we had $0 and $0 allowance for doubtful accounts, respectively.

Property and Equipment, net

Property and Equipment is stated at net book value, cost less depreciation. Maintenance and repairs are expensed as incurred. Depreciation of owned equipment is provided using the straight-line method over the estimated useful lives of the assets, ranging from two to seven years. Depreciation of capitalized construction in progress costs, a component of property and equipment, net, begins once the underlying asset is placed into service and is recognized over the estimated useful life. Property and equipment are reviewed for impairment as discussed below under "Accounting for the Impairment of Long-Lived Assets."

Accounting for the Impairment of Long-Lived Assets

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon such an occurrence, recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to forecasted undiscounted net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. For long-lived assets held for sale, assets are written down to fair value, less cost to sell. Fair value is determined based on discounted cash flows, appraised values or management's estimates, depending upon the nature of the assets. We have not recorded any impairment charges related to long-lived assets during the quarter ended November 30, 2019, and November 30, 2018.

Beneficial Conversion Feature

If the conversion features of conventional convertible debt provides for a rate of conversion that is below market value at issuance, this feature is characterized as a beneficial conversion feature ("BCF"). We record a BCF as a debt discount pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ACF") Topic 470-20 *Debt with Conversion and Other Options*. In those circumstances, the convertible debt is recorded net of the discount related to the BCF, and we amortize the discount to interest expense over the life of the debt using the effective interest method.

Revenue Recognition
For annual reporting periods after December 15, 2017, the Financial Accounting Standards Board ("FASB") made effective ASU 2014-09 "Revenue from Contracts with Customers" to supersede previous revenue recognition guidance under current U.S. GAAP. Revenue is now recognized in accordance with FASB ASC Topic 606, Revenue Recognition. The guidance presents a single five-step model for comprehensive revenue recognition that requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Two options are available for implementation of the standard which is either the retrospective approach or cumulative effect adjustment approach. The guidance becomes effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. We determined to implement the cumulative effect adjustment approach to our implementation of FASB ASC Topic 606, with no restatement of the comparative periods presented. We intend to apply this method to any incomplete contracts we determine are subject to FASB ASC Topic 606 prospectively. As is more fully discussed below, we are of the opinion that none of our contracts for services or products contain significant financing components that require revenue adjustment under FASB ASC Topic 606.

In accordance with FASB ASC Topic 606, Revenue Recognition, we will recognize revenue when persuasive evidence of a significant financing component exists in our consulting and product sales contracts. We examine and evaluate when our customers become liable to pay for goods and services; how much consideration is paid as compared to the cash selling price of the goods or services; and, the length of time between our performance and the receipt of payment.

Product Sales
Revenue from product sales, including delivery fees, is recognized when an order has been obtained from the customer, the price is fixed and determinable when the order is placed, the product is shipped, and collectability is reasonably assured. Generally, we drop-ship orders to our clients with shipping-point or destination terms. For any shipments with destination terms, the Company defers revenue until delivery to the customer. Given the facts that (1) our customers exercise discretion in determining the timing of when they place their product order; and, (2) the price negotiated in our product sales is fixed and determinable at the time the customer places the order, we are not of the opinion that our product sales indicate or involve any significant customer financing that would materially change the amount of revenue recognized under the sales transaction, or would otherwise contain a significant financing component for us or the customer under FASB ASC Topic 606.

Costs of Revenues
Our policy is to recognize the costs of revenue in the same manner in conjunction with revenue recognition. Costs of revenues include the costs directly attributable to revenue recognition and include compensation and fees for services, travel and other expenses for services and costs of products and equipment. Selling, general and administrative expenses are charged to expense as incurred.

Stock-Based Compensation
Restricted shares are awarded to employees and entitle the grantee to receive shares of restricted common stock at the end of the established vesting period. The fair value of the grant is based on the stock price on the date of grant. We recognize related compensation costs on a straight-line basis over the requisite vesting period of the award, which to date has been one year from the grant date. We had no stock-based compensation during the year ended November 30, 2019.

Income Taxes
We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns in accordance with applicable accounting guidance for accounting for income taxes, using currently enacted tax rates in effect for the year in which the differences are expected to reverse. We record a valuation allowance when necessary to reduce deferred tax assets to the amount expected to be realized. For the quarterly reporting periods ending November 30, 2018, and November 30, 2019, we incurred no income taxes and had no liabilities related to federal or state income taxes.

Loss Contingencies
From time to time the Company is subject to various legal proceedings and claims that arise in the ordinary course of business. On at least a quarterly basis, consistent with ASC 450-20-50-1C, if the Company determines that there is a reasonable possibility that a material loss may have been incurred, or is reasonably estimable, regardless of whether the Company accrued for such a loss (or any portion of that loss), the Company will confer with its legal counsel, consistent with ASC 450. If the material loss is determinable or reasonably estimable, the Company will record it in its accounts and as a liability on the balance sheet. If the Company determines that such an estimate cannot be made, the Company's policy is to disclose a demonstration of its attempt to estimate the loss or range of losses before concluding that an estimate cannot be made, and to disclose it in the notes to the financial statements under Contingent Liabilities.

Net Income (Loss) Per Common Share
We report net income (loss) per common share in accordance with FASB ASC 260, “Earnings per Share”. This statement requires dual presentation of basic and diluted earnings with a reconciliation of the numerator and denominator of the earnings per share computations. Basic net income (loss) per share is computed by dividing net income attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period and excludes the effects of any potentially dilutive securities. Diluted net income (loss) per share gives effect to any dilutive potential common stock outstanding during the period. The computation does not assume conversion, exercise or contingent exercise of securities that would have an anti-dilutive effect on earnings.

Note 4. Net Loss Per Share

During the financial reporting period ending November 30, 2019, the Company recorded a net loss of $385,437, which equals a loss of $0.03 on both a basic and fully diluted basis, per common share.

Note 5. Notes Receivable – Related Party

On May 25, 2019, the Company issued two notes payable to Company directors Edward Manolos and Dan Nguyen, each in the amount of $16,666,67. The notes, which do not have a defined due date, outline a 5% per annum interest rate. These notes are additionally described herein in Footnote 5- Notes Receivable, Related Party and in the footnote outlining Related Party Transactions. These notes are additionally described herein in Footnote 6- Notes to Shareholders, Related Party and in the footnote outlining Related Party Transactions. Because of Mr. Manolos' and Mr. Nguyen's associations as directors, the Company believes these transactions are defined by 17 CFR § 229.404 - (Item 404) Transactions with related persons, promoters and certain control persons, which would require specific disclosures under the section cited.

On July 9, 2019, the Company, through its Action Nutraceuticals subsidiary, loaned, Split Tee, LLC ("Split Tee"), a venture associated with Director Edward Manolos, $20,000 to engage in an exploratory research project. An additional $20,000 was supplied to Split Tee on August 23, 2019. The loans carry interest at the rate of 10% per annum and are due in one year for issuance. In addition, The Company, via Action Nutraceuticals subsidiary, invoiced Split Tee $5,000 as a consulting fee. Because of Mr. Manolos' association as a director, the Company believes these transactions are defined by 17 CFR § 229.404 - (Item 404) Transactions with related persons, promoters and certain control persons, which would require specific disclosures under the section cited.

Note 6. Note Payable to Shareholders

On May 25, 2019, the Company issued two notes payable to Company directors Edward Manolos and Dan Nguyen, each in the amount of $16,666,67. The notes, which do not have a defined due date, outline a 5% per annum interest rate. These notes are additionally described herein in Footnote 5- Notes Payable, Related Party and in the footnote outlining Related Party Transactions. Because of Mr. Manolos' and Mr. Nguyen's associations as directors, the Company believes these transactions are defined by 17 CFR § 229.404 - (Item 404) Transactions with related persons, promoters and certain control persons, which would require specific disclosures under the section cited.

Note 7. Stock Subscription Receivable

On November 26, 2019, the Company received $65,000 in advance related to the sale of 260,000 registered common shares to an accredited investor. While $65,000 was received on November 26, 2019, the agreement was not signed until December 2, 2019 and thus as of the end of the reporting period, November 30, 2019, the Company had not issued the 260,000 shares to the investors. The $65,000 was booked as a Stock Subscription Receivable. These underlying shares were issued during December of 2019 and will be reflected in the quarterly financial reporting period ending February 2020 and are listed herein in the Subsequent Events footnote.

Note 8. Related Party

In October 2017 – August 31, 2018, the Company incurred a related party debt in the amount of $10,000 to an entity related to the legal custodian of the Company for professional fees. As of August 31, 2018, this balance was forgiven and was included as part of the $168,048 Cancellation of Debt Income on the Statement of Operations.

In November 30, 2017 – August 31, 2018, the Company issued a $35,554 in multiple notes payable to an entity related to the legal custodian of the Company. The notes payable bear interest at an annual rate of 10% and is 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 were converted to common stock. The remaining principal balance was forgiven and included as Cancellation of Debt Income on the Income Statement for the year ended August 31, 2019.

In March 2018 and May 2018, a legal custodian of the Company funded the Company $600 in advances. On August 31, 2018, this amount was reclassified as a note payable, that bears interest at an annual rate of 10% and is payable upon demand.

In connection with the above notes, the Company recognized a beneficial conversion feature of $27,954, representing the intrinsic value of the conversion features at the time of issuance. This beneficial conversion feature was accreted to interest expense during the year ended August 31, 2018.

On May 25, 2019, the Company issued two notes payable to Company directors Edward Manolos and Dan Nguyen for loans made to the Company, each in the amount of $16,666,67 for a total balance of $33,334. The notes bear interest at 5% per annum and do not have a fixed payment schedule or maturity date. These notes are additionally described herein in Footnote 6 - Notes Payable.

On July 9, 2019, the Company, through its Action Nutraceuticals subsidiary, loaned, Split Tee, LLC (“Split Tee”), a venture associated with Director Edward Manolos, $20,000 to engage in an exploratory research project. An additional $20,000 was supplied to Split Tee on August 23, 2019. The loans carry interest at the rate of 10% per annum and are due in one year for issuance. In addition, The Company, via Action Nutraceuticals subsidiary, invoiced Split Tee $5,000 as a consulting fee. Because of Mr. Manolos’ association as a director, the Company believes these transactions are defined by 17 CFR § 229.404 - (Item 404) Transactions with related persons, promoters and certain control persons, which would require specific disclosures under the section cited.

During the quarterly financial period ending November 30, 2019, the Company recorded $5,000 in consulting revenue associated with a Related Party, Edward Manolos. Mr. Manolos is a Related Party by way of his position as a director of the Company and due to his partial ownership of the contracted consulting organization to which services have been offered.

Note 9. 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 August 31, 2019 and November 30, 2019, are as follows:

	November 30, 2019	August 31, 2019
Deferred tax assets:		
Net operating loss carryforwards	$ 385,437	$ 212,618
Capitalized research and development	-------	-
Research and development credit carry forward	1,963	1,963
Total deferred tax assets	387,400	214,581
Less: valuation allowance	(387,400)	(214,581)
Net deferred tax asset	$ —	$ —

The net increase in the valuation allowance for deferred tax assets was $172,819 for the three months ended November 30, 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 November 30, 2019 available to offset future federal taxable income, if any, of $1,127,601 which will fully expire by the fiscal year ended August 31, 2039. Accordingly, there is no current tax expense for the three months ended November 30, 2019. In addition, the Company has research and development tax credit carry forwards of $1,923 at November 30, 2019, which are available to offset federal income taxes and fully expire by November 30, 2039.

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 three months ended November 30, 2019 and November 30, 2018.

Note 10 – Convertible Note Payable

On November 6, 2019, the Company issued a convertible promissory note in the principal amount of $20,000 along with 26,667 three-year warrants exercisable at $3.50 per share in exchange for proceeds of $20,000. The note matures May 6, 2020 and bears interest at the rate of 7% per annum, payable at maturity. Commencing thirty (30) days following the issuance date, the noteholder shall have the right to convert all or any part of the outstanding and unpaid principal balance of the note, at any time, into shares of common stock of the Company at a conversion price equal to the lower of (i) $0.75 per share; or (ii) 80% of the average of the previous twenty (20) trading day closing prices of the Company's common stock, subject to adjustment. As a result of the issuance of the warrants as well as the beneficial conversion feature, upon issuance, the Company recognized total debt discount of $20,000, which is being amortized to interest expense over the term of the note. The Company is prohibited from effecting a conversion of the note to the extent that, as a result of such conversion, the noteholder, together with its affiliates, would beneficially own more than 4.99% of the number of shares of the Company's common stock outstanding immediately after giving effect to the issuance of shares of common stock upon conversion of the note. As of November 30, 2019, the carrying value of the note was $2,637, net of debt discount of $17,363.

NOTE 11 – DERIVATIVE LIABILITY AND FAIR VALUE MEASUREMENTS

Upon the issuance of certain convertible notes payable, the Company determined that the features associated with the embedded conversion option embedded in the notes payable should be accounted for at fair value, as a derivative liability, as the Company cannot determine if a sufficient number of shares would be available to settle all potential future conversion transactions.

At the issuance date of the convertible note payable, the Company estimated the fair value of the embedded derivatives of $28,521 using the Black-Scholes Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 398.53%, (3) weighted average risk-free interest rate of 1.60%, (4) expected life of three years and (5) estimated fair value of the Company's common stock of $1.07 per share.

On November 30, 2019, the Company estimated the fair value of the embedded derivative of $16,018 using the Black-Scholes Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 394.12%, (3) weighted average risk-free interest rate of 1.61%, (4) expected life of 2.94 years, and (5) estimated fair value of the Company's common stock of $0.55 per share.

The Company adopted the provisions of ASC 825-10, Financial Instruments ("ASC 825-10"). ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. ASC 825-10 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825-10 establishes three levels of inputs that may be used to measure fair value:

- Level 1 — Observable inputs that reflect quoted market prices (unadjusted) for identical assets and liabilities in active markets;

- Level 2 — Observable inputs, other than quoted market prices, that are either directly or indirectly observable in the marketplace for identical or similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities; and

- Level 3 — Unobservable inputs that are supported by little or no market activity that are significant to the fair value of assets or liabilities.

All items required to be recorded or measured on a recurring basis are based upon Level 3 inputs.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed and is determined based on the lowest level input that is significant to the fair value measurement.

The Company recognizes its derivative liabilities as Level 3 and values its derivatives using the methods discussed below. While the Company believes that its valuation methods are appropriate and consistent with other market participants, it recognizes that the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The primary assumptions that would significantly affect the fair values using the methods discussed are that of volatility and market price of the underlying common stock of the Company.

As of November 30, 2019, the Company did not have any derivative instruments that were designated as hedges.

Items recorded or measured at fair value on a recurring basis in the accompanying financial statements consisted of the following items as of November 30, 2019 and August 31, 2019:

	November 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative liability	$ 16,018	$ -	$ -	$ 16,018

	August 31, 2019	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Derivative liability	$ -	$ -	$ -	$ -

The following table provides a summary of changes in fair value of the Company's Level 3 financial liabilities for the three months ended November 30, 2019:

Balance, August 31, 2019	$	-
Transfers in due to issuance of convertible promissory notes		28,521
Transfers out due to conversions of convertible promissory notes		-
Mark to market to November 30, 2019		(12,503)
Balance, November 30, 2019	$	16,018
Gain on change in derivative liability for the three months ended November 30, 2019	$	12,503

Fluctuations in the Company's stock price are a primary driver for the changes in the derivative valuations during each reporting period. As the stock price increases for each of the related derivative instruments, the value to the holder of the instrument generally increases, therefore increasing the liability on the Company's balance sheet. Additionally, stock price volatility is one of the significant unobservable inputs used in the fair value measurement of each of the Company's derivative instruments. The simulated fair value of these liabilities is sensitive to changes in the Company's expected volatility. Increases in expected volatility would generally result in higher fair value measurement. A 10% change in pricing inputs and changes in volatilities and correlation factors would not result in a material change in our Level 3 fair value.

Note 12. Subsequent Events

On December 30, 2019, The Company sold a convertible note to an accredited investor. The $63,000 note calls for annualized interest of 10% and is due on December 20, 2020. The note converts in common shares at 40% discount. This note is attached as an exhibit hereto.

On December 16, 2019, the Company's board of directors by unanimous written consent caused the authorization of ten million (10,000,000) shares of preferred stock, par value $0.0001 per share, of the Company ("Preferred Stock") in one or more series, and expressly authorized the Board of Directors of the Company (the "Board"), subject to limitations prescribed by law, to provide, out of the unissued shares of Preferred Stock, for series of Preferred Stock, and, with respect to each such series, to establish and fix the number of shares to be included in any series of Preferred Stock and the designation, rights, preferences, powers, restrictions, and limitations of the shares of such series.

Additionally, the Board of Directors authorized the designation of eight million (8,000,000) preferred shares as "Series A Preferred Stock" and resolved to issue the Series A Preferred Stock to the directors of the corporation pro rata. The Series A Preferred Stock is not convertible into any other form of Securities, including common shares, of the Company. Holders of Series A Preferred Stock shall be entitled to fifty (50) votes for every Share of Series A Preferred Stock beneficially owned as of the record date for any shareholder vote or written consent. A copy of the Certificate of Designation is attached as an exhibit hereto.

On December 2, 2019, the Company signed an agreement to sell 260,000 registered common shares to an accredited investor. On November 26, 2019, the Company received $65,000 in advance of the signing agreement. The $65,000 was booked as a Stock Subscription Receivable. The underlying shares were issued during December of 2019 and will be reflected in the quarterly financial reporting period ending February 2020. See Note 7 to Financial Statements. The stock purchase agreement is attached hereto.

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 November 30, 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

Our principal executive office is located at 520 S Grand Avenue, Suite 320, Los Angeles, California 90071. Our telephone number is (310) 986-4929 and our website is accessible at www.cannabisglobalinc.com. Unless expressly noted, none of the information on our website is part of this filing or any filing supplement.

Our shares of Common Stock are quoted on the OTC Markets Pink, operated by OTC Markets Group, Inc. As of the filing date, the Company's shares trade under the symbol MCTC. On September 30, 2019 there was a one for 15 stock split.

We are a fully operational research and development company focused on cannabinoid research.

Our aim is to create and commercialize engineered technologies to deliver hemp extracts and cannabinoids to the human body. Additionally, we plan to develop consumer products, based on these and other technologies.

Our R&D programs included the following;

1) Development of new routes and vehicles for hemp extract and cannabinoid delivery to the human body.

2) Production of unique polymeric nanoparticles and fibers for use in oral and dermal cannabinoid delivery.

3) Research and commercialization of new methodologies to isolate and/or concentrate various cannabinoids and other substances that comprise industrial hemp oil and other extracts.

4) Establishment of new methods to increase the bioavailability of cannabinoids to the human body through utilization of proven bioenhancers, including d-α-Tocopherol polyethylene glycol 1000 succinate (TPGS), which is widely used as a water-soluble vitamin E formulation.

5) Development of other novel inventions for the delivery of cannabinoids to the human body, which at this time are considered trade secrets by the Company.

It is the Company's strategy to develop a growing portfolio of intellectual property relating to the processing of hemp extracts and cannabinoids into forms that are easily and efficiently delivered to the human body and to companion animals.

To achieve this goal, our research and development efforts are primarily focused on these areas: 1) polymeric cannabinoid nanoparticles, 2) polymeric cannabinoid nanofibers, 3) devices for the delivery of cannabinoids and other active ingredients and 4) unique formulations of hemp extracts and cannabinoids utilizing d-α-Tocopheryl Polyethylene Glycol 1000 Succinate (TPGS), a water soluble form of vitamin E, for oral and dermal delivery. The Company plans to continue such research efforts in order to develop technologies, methods of manufacturing and products that are novel and to possibly protect such technologies, methods of manufacturing and products via U.S. and international patents and trademarks, and other forms of intellectual property protection.

The Company has begun to file for intellectual property protection for several of its developed technologies and products.

These include:

• Provisional Patent Filing - Sub-micron and micro-sized particles combining cannabinoids and d-α-tocopheryl polyethylene glycol 1000 succinate (TPGS) produced via an electrosprayed apparatus.

• Provisional Patent Filing - Edible cannabinoid delivery and packaging technology enhanced with solid polymeric nanoparticles and d-α-tocopheryl polyethylene glycol 1000 (TPGS) succinate containing nanoparticles produced via an electrosprayed apparatus.

• Provisional Patent Filing - Edible, 4D printed thermal, moisture or environmental induced shape-changing device for delivery of cannabinoids or other active ingredients to beverages or foods.

• Provision Patent - Nanoparticles and nanofibers of cannabinoids.

• Provision Patent Filing - Powdered formations of cannabinoids.

• Trade Mark – Hemp You Can Feel™

• Trade Mark – Gummies You Can Feel™

Employees

As of November 30, 2019, we had one employee, who is our CEO. The Company relies on the services of contractors and service providers who perform various operational and financial related services for the organization.

Results of Operations

For the Three months Ended November 30, 2019 and November 30, 2018

The Company began recognizing revenues from business operations during the quarterly financial period ending November 30, 2019. Product revenues for the quarterly financial period ending November 30, 2019, were $5,003 compared to zero reported during the quarterly financial period ending November 30, 2018. The increase was attributable to the Company receiving orders from a new customer. Consulting Revenues for the quarterly financial period ending November 30, 2019, were $5,000, which was associated with a Related Party, Edward Manolos. Mr. Manolos is a Related Party by way of his position as a director of the Company and due to his partial ownership of the contracted consulting organization to which services have been offered.

Total Revenues for the quarterly financial period ending November 30, 2019, were $10,003 compared to zero revenues for the year earlier period. The increase was a result of a customer order and a Related Party consulting contract.

During the financial period ending November 30, 2019, cost of goods sold was $2,900 compared to zero for the years earlier period. The increase was attributable to the Company receiving orders from new customers.

Accounts receivable rose to $10,003 for the period ending November 30, 2019, as a result of the Company signing an initial order for products and due to an increase in consulting revenues. Of this $10,003 accounts receivable, $5,000 is a Related Party transaction. During the quarterly financial period ending November 30, 2019, the Company book $5,000 in consulting revenue associated with a Related Party, Edward Manolos. Mr. Manolos is a Related Party by way of his position as a director of the Company and due to his partial ownership of the contracted consulting organization to which services have been offered.

During the financial period ending November 30, 2019, the Company began to incur operating expense as it organized the production of new products. Advertising expense during the period was $1,423 and consulting services were $35,883. Professional fees and General and Administrative Fees were $148,955 and $187,521, respectively. Total operating expenses were $373,793. For the period ending November 30, 2018, the Company incurred only $17,283 in operating expenses. The increase in operating expenses for the period ending 2019 versus 2018 was attributable to the reorganization of the business, the hiring of consultants and preparation to accept customer orders for new products developed.

Interest expenses for the financial period ending November 30, 2019 were $31,250 compared to $2,522 for the financial period ending November 30, 2018. The decrease was attributable to notes sold during the 2019.

During the financial period ending November 30, 2019, net loss was $385,437 compared to $17,283 for the financial period ending November 30, 2018. The increase in net loss was attributable mainly to increased spending associated with the reorganization of the business, expenses relating to hiring consultants and general costs associated with the design of new product in preparation of customer orders. The net loss financial period ending November 30, 2019, results in a loss per share of $0.02, compared to a negligible loss per share ($0.00) during the year ago period.

Liquidity and Capital Resources

As of the end of the quarterly financial period ending November 30, 2019, we had an accumulated deficit of $1,513,038 and cash and cash equivalents of $64,702.

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.

Our primary internal sources of liquidity were provided by proceeds from the sale of unregistered common shares and warrants of the Company as follows:

On July 3, 2019, we sold 2,000,000 restricted shares at $0.025 a share for the amount of $50,000 to an accredited investor. The investor also received 2,000,000 warrants to purchase 2,000,000 shares at a price of $0.15 per share. The warrants expire on July 3, 2020. The sale was made pursuant to SEC Rule 506 Section 4(2), which provides exemption from registration for transactions, which are not public offerings.

On July 10, 2019, we sold 1,000,000 restricted shares at $0.025 a share for the amount of $25,000 to an accredited investor. The investor also received 1,000,000 warrants to purchase 1,000,000 shares at a price of $0.15 per share. The warrants expire on July 10, 2020. The sale was made pursuant to SEC Rule 506 Section 4(2), which provides exemption from registration for transactions, which are not public offerings.

On July 16, 2019, we sold 1,400,000 restricted shares at $0.025 a share for the amount of $35,000 to an accredited investor. The investor also received 1,400,000 warrants to purchase 1,400,000 shares at a price of $0.15 per share. The warrants expire on July 16, 2020. The sale was made pursuant to SEC Rule 506 Section 4(2), which provides exemption from registration for transactions, which are not public offerings. As of the date of this filing, these shares have not yet been issued to the purchaser.

On July 19, 2019, we sold 1,000,000 restricted shares at $0.025 a share for the amount of $25,000 to an accredited investor. The investor also received 1,000,000 warrants to purchase 1,000,000 shares at a price of $0.15 per share. The warrants expire on July 19, 2020. The sale was made pursuant to SEC Rule 506 Section 4(2), which provides exemption from registration for transactions, which are not public offerings.

On August 15, 2019, we sold 2,000,000 restricted shares at $0.025 a share for the amount of $50,000 to an accredited investor. The investor also received 2,000,000 warrants to purchase 2,000,000 shares at a price of $0.15 per share. The warrants expire on August 15, 2020. The sale was made pursuant to SEC Rule 506 Section 4(2), which provides exemption from registration for transactions, which are not public offerings. As of the date of this filing, these shares have not yet been issued to the purchaser.

On August 19, 2019, we sold 1,000,000 restricted shares at $0.025 a share for the amount of $25,000 to an accredited investor. The investor also received 1,000,000 warrants to purchase 1,000,000 shares at a price of $0.15 per share. The warrants expire on August 19, 2020. The sale was made pursuant to SEC Rule 506 Section 4(2), which provides exemption from registration for transactions, which are not public offerings. As of the date of this filing, these shares have not yet been issued to the purchaser.

On August 27, 2019, we sold 1,000,000 restricted shares at $0.025 a share for the amount of $25,000 to an accredited investor. The investor also received 1,000,000 warrants to purchase 1,000,000 shares at a price of $0.15 per share. The warrants expire on August 27, 2020. The sale was made pursuant to SEC Rule 506 Section 4(2), which provides exemption from registration for transactions, which are not public offerings. As of the date of this filing, these shares have not yet been issued to the purchaser.

On August 26, 2019, we filed Form S-1 registration for the resale of up to 13,156,667 shares from certain selling holders and for the sale 20,000,000 newly issued common stock as part of a primary offering from the Company. These shares amounts are indicated based on pre-split basis not taking into account the 1 for 15 stock split occurring on August 30, 2019. On a post-split basis these share amounts are adjusted to 877,112 for sales from certain selling shareholders and 1,333,333 newly issued common stock as part of a primary offering from the Company. The S-1 registration was declared effective by the Commission on September 16, 2019.

On November 6, 2019, we sold a convertible not to an accredited investor for $20,000. The terms of the six month note allow 7% annual interest and for the conversion into common shares at $0.75. Additionally, the investor received a warrant providing the investor the right to purchase 26,666 common shares at a price of $3.50.

On November 11, 2019, we sold 83,333 common shares registered in the direct offering under its From S-1 made effective by the SEC on September 16, 2019, to an accredited investor in exchange for $25,000.

On November 25, 2019, we sold 120,000 common shares registered in the direct offering under its From S-1 made effective by the SEC on September 16, 2019, to an accredited investor in exchange for $50,000.

We plan to use the proceeds from sales of the primary offering to partially finance our business operations. We also intend to utilize cash on hand, loans and other forms of financing such as the sale of additional equity and debt securities and other credit facilities to conduct our ongoing business, and to also conduct strategic business development and implementation of our business plans generally. We are not intending to use any off-balance sheet financing arrangements.

Other Contractual Obligations

Our Company entered into a one year during August of 2019 for a commercial food production facility located in Los Angeles, California. The one-year lease at a base rate of $3,600 per month through September of 2020.

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 3. Quantitative & Qualitative Disclosures About Market Risk

We are a smaller reporting Company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management is responsible for establishing and maintaining adequate disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Company in its Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely and reliable financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

As of the quarter ended November 30, 2019, our principal executive officer and principal financial officer completed an assessment of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e), to determine the existence of any material weaknesses or significant deficiencies under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the registrant's financial reporting.

Based on that evaluation, we concluded that our disclosure controls and procedures over financial reporting were not effective as of November 30, 2019.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended November 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

On November 22, 2019, the Company filed suit against Jeet Sidhru and Jatinder Bhogal in the District Court of Clark County Nevada, Case number A-19-805943-C. Mr. Sidhru and Mr. Bhogal were formerly directors and officers of the Company. The Company's complaint alleges that Mr. Sidhru and Mr. Bhogal breached their fiduciary duties to the Company, including their fiduciary duties of due care, good faith and loyalty, by recklessly and intentionally failing to maintain the Company's statutory corporate filings with the State of Nevada, OTC Markets and the U.S. Securities and Exchange Commission, and abandoning the Company and its shareholders. The Company's complaint also alleges that Mr. Sidhru and Mr. Bhogal engaged in conflicted transactions involving the Company, in which each were unjustly enriched. The Company served Mr. Bhogal, and received notice of representation of both defendants. The case is currently in its early phase, as neither defendant has answered the complaint.

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

On November 6, 2019, we sold a convertible note to an accredited investor for $20,000. The terms of the six month note allow 7% annual interest and for the conversion into common shares at $0.75. Additionally, the investor received a warrant providing the investor the right to purchase 26,666 common shares at a price of $3.50.

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	Convertible Note Agreement Dated November 6, 2019(1)
2.2	Stock Purchase Agreement Dated November 11, 2019(1)
2.3	Stock Purchase Agreement November 25, 2019(1)
3.1	Certificates of Designation – Series A Preferred Stock(1)
3.2	Board of Directors Resolution – Series A Preferred Stock Designation and Issuance(1)
31.1 *	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Rule 13(a)-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 *	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 USC. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*Filed herewith.

(1) Incorporated by reference to the exhibits filed as part of the report on Form 10-K filed by MCTC Holdings, Inc. on November 29, 2018.

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)

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

January 14, 2020

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 for the quarter ending November 30, 2019, 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: January 14, 2020

/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 November 30, 2019, as filed with the Securities and Exchange Commission on January 14, 2020, (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: January 14, 2020

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