UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 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 000-26108

American Cannabis Company

AMERICAN CANNABIS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	90-1116625
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5690 Logan St. Unit A Denver, Colorado	80216
(Address of principal executive offices)	(Zip Code)

(303) 974-4770
(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 ST (§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 [X] No [ ]

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 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	☒
Emerging growth company	☐		

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). ☐

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 ☐ No ☒

On June 30, 2019 and August 12, 2019, there were 52,137,772 and 52,737,772 and shares of common stock were outstanding respectively.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERICAN CANNABIS COMPANY, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS		
Current Assets		
Cash and Equivalents	$ 918,127	$ 1,086,565
Accounts Receivable, Net	236,825	58,884
Deposits	4,500	4,500
Inventory	40,396	61,005
Prepaid Expenses and Other Current Assets	61,432	56,376
Total Current Assets	**1,261,280**	**1,267,331**
Property and Equipment - Net	9,446	8,037
TOTAL ASSETS	**$ 1,270,726**	**$ 1,275,369**
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Accounts Payable	23,888	32,931
Advances from Clients	146,422	147,349
Accrued and Other Current Liabilities	72,614	89,768
Total Current Liabilities	**242,925**	**270,048**
Shareholder's Equity		
Preferred Stock, $0.01 par value, 5,000,000 shares authorized; 0 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	—	—
Common stock, $0.00001 par value; 100,000,000 shares authorized; 52,137,772 and 51,513,064 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	521	515
Additional paid-in capital	8,222,657	8,178,919
Accumulated deficit	(7,195,377)	(7,174,113)
Total Shareholder's Equity	**1,027,801**	**1,005,321**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**$ 1,270,726**	**$ 1,275,369**

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

AMERICAN CANNABIS COMPANY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Revenues				
Consulting Services	492,184	97,090	653,838	182,692
Shipping Services	13,127	3,461	23,122	30,383
Product & Equipment	225,657	77,705	464,321	241,130
Total Revenues	**730,968**	**178,256**	**$ 1,141,281**	**$ 454,205**
Cost of Revenues				
Cost of Consulting Services	79,324	24,711	113,251	81,772
Cost of Products and Equipment	150,741	53,829	343,163	140,839
Total Cost of Revenues	**230,064**	**78,540**	**$ 456,414**	**$ 222,611**
Gross Profit	**500,903**	**99,716**	**$ 684,867**	**$ 235,055**
Operating Expenses				
General and Administrative	207,182	199,794	450,265	431,039
Investor Relations	14,085	4,895	31,932	10,824
Selling and Marketing	78,399	71,711	153,738	127,079
Research and Development	—	—	196	590
Total Operating Expenses	**299,667**	**276,400**	**$ 636,130**	**$ 569,532**
Income (Loss) from Operations	**201,236**	**(176,684)**	**$ 48,737**	**$ (334,477)**
Other Income (expense)				
Interest (expense)		86	—	121
Stock Based Compensation	—	(25,242)	(43,744)	(25,242)
Bad Debt (expense)	(41,481)	(3,553)	(43,774)	(19,985)
Settlement (expense)	—	—	—	—
Warrant (expense)	—	—	—	—
Other Income	13,267	635	17,517	3,641
Total other income (expense)	(28,214)	**(28,074)**	**$ (70,001)**	**$ (41,465)**
Net Income (Loss) before taxes	**173,023**	**(204,758)**	**$ (21,264)**	**$ (375,942)**
Income Tax Expense (benefit)	—	—	$ —	$ —
NET INCOME (LOSS)	**$ 173,023**	**$ (204,758)**	**$ (21,264)**	**$ (375,942)**
Basic and diluted net loss per common share	**$ 0.00**	**$ (0.00)***	**$ (0.00)**	**$ (0.01)**
Basic and diluted weighted average common shares outstanding	**51,611,448**	**51,452,174**	**52,074,072**	**51,452,174**

*Denotes a loss of less than ($0.01)

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

AMERICAN CANNABIS COMPANY, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS PERIODS ENDING JUNE 30, 2019 AND 2018
(Unaudited)

	Common Stock		Additional Paid-In	Accumulated	Total Stockholder's
	Shares	Amount	Capital	Deficit	Equity
Balance, December 31, 2017	**51,434,050**	**$ 514**	**$ 7,004,363**	**$ (6,223,422)**	**$ 781,455**
Shares issued for services	29,014		25,242		25,242
Warrants to employees		1	895,859		895,860
Net (Loss)	—	—	—	(375,942)	(375,942
Balance, June 30, 2018	**51,463,064**	**$ 515**	**$ 7,925,464**	**$ (6,599,364)**	**$ 1,326,615**
Balance, December 31, 2018	**51,513,064**	**$ 515**	**$ 8,178,919**	**$ (7,174,113)**	**$ 1,005,321**
Shares issued for services	89,708	1	43,743		43,744
Warrants to employees	535,000	5	(5)		----
Net (Loss)	—	—	—	(21,264)	(21,264)
Balance, June 30, 2019	**52,137,772**	**$ 521**	**$ 8,222,657**	**$ (7,195,377)**	**$ 1,027,801**

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

AMERICAN CANNABIS COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR SIX MONTHS PERIODS ENDED JUNE 30, 2019 AND 2018
(Unaudited)

	Six Months Ended June 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (21,264)	$ (375,942)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:		
Bad Debt Expense	43,774	19,985
Depreciation	1,893	1,998
Stock-based compensation to service providers	43,743	25,542
Changes in operating assets and liabilities:		
Accounts receivable	(221,714)	22,826
Inventory	20,609	(58,531)
Prepaid expenses and other current assets	(5,056)	1,327
Advances from Clients	(926)	26,575
Accrued and other current liabilities	(17,153)	(5,943)
Accounts Payable	(9,043)	(6,173)
Net Cash provided by (used in) Operating Activities	(165,136)	**(348,635)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,302)	—
Net cash used in Investing Activities	**(3,302)**	**—**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common shares	—	—
Net cash Provided by Financing Activities	**—**	—
NET (DECCREASE) IN CASH	**(168,438)**	**(348,635)**
CASH AT BEGINNING OF PERIOD	1,086,565	1,648,087
CASH AT END OF PERIOD	**$ 918,127**	**$ 1,299,452**
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ —	$ —
Cash paid during the period for income taxes, net	$ —	$ —
Common stock issued for debt converted in prior year	$ —	$ —

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

AMERICAN CANNABIS COMPANY, INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Description of the Business

American Cannabis Company, Inc. and its subsidiary Company, Hollister & Blacksmith, Inc., doing business as American Cannabis Consulting ("American Cannabis Consulting"), (collectively "the "Company") are based in Denver, Colorado and operate a fully integrated business model that features end-to-end solutions for businesses operating in the regulated cannabis industry in states and countries where cannabis is regulated and/or has been decriminalized for medical use and/or legalized for recreational use. The Company provides advisory and consulting services specific to this industry, designs industry specific products and facilities, and manages a strategic group partnership that offers both exclusive and nonexclusive customer products commonly used in the industry. American Cannabis Company, Inc. is a publicly listed company quoted on the OTC Pink Tier under the symbol "AMMJ".

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures have been omitted pursuant to such rules and regulations. In the opinion of management, the accompanying consolidated financial statements include normal recurring adjustments that are necessary for a fair presentation of the results for the interim periods presented. These financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto for the fiscal year ended December 31, 2018 included in our Annual Report on Form 10-K. The results of operations for the three and six months ended June 30, 2018 are not necessarily indicative of results to be expected for the full fiscal year or any other periods.

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make a number of estimates and judgments that affect the reported amounts of assets, liabilities, expenses, and related disclosures. Actual results may differ from these estimates.

Certain balance sheet reclassifications have been made to prior period balances to reflect the current period's presentation format; such reclassifications had no impact on the Company's consolidated statements of operations or consolidated statements of cash flows and had no material impact on the Company's consolidated balance sheets.

Use of Estimates in Financial Reporting

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amount of assets and liabilities, and disclosures of contingent assets and liabilities, as of the date of the financial statements during the periods presented. Actual results could differ from these estimates. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period in which they are deemed to be necessary. Significant estimates made in the accompanying financial statements include but are not limited to following: those related to revenue recognition, allowance for doubtful accounts and unbilled services, lives and recoverability of equipment and other long-lived assets, contingencies and litigation. The Company is subject to uncertainties, such as the impact of future events, economic, environmental and political factors, and changes in the business climate; therefore, actual results may differ from those estimates. When no estimate in a given range is deemed to be better than any other when estimating contingent liabilities, the low end of the range is accrued. Accordingly, the accounting estimates used in the preparation of the Company's financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes. Changes in estimates are made when circumstances warrant. Such changes and refinements in estimation methodologies are reflected in reported results of operations; if material, the effects of changes in estimates are disclosed in the notes to the financial statements.

Unaudited Interim Financial Statements

The accompanying unaudited financial statements have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and Regulation SX. Accordingly, the financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments consisting of normal recurring entries necessary for a fair statement of the periods presented for: (a) the financial position; (b) the result of operations; and (c) cash flows, have been made in order to make the financial statements presented not misleading. The results of operations for such interim periods are not necessarily indicative of operations for a full year.

Cash and Cash Equivalents

The Company considers 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.

Accounts Receivable

Accounts receivable are recorded at the net value of face amount less an allowance for doubtful accounts. The Company evaluates its accounts receivable periodically based on specific identification of any accounts receivable for which the Company deems the net realizable value to be less than the gross amount of accounts receivable recorded; in these cases, an allowance for doubtful accounts is established for those balances. In determining its need for an allowance for doubtful accounts, the Company considers historical experience, analysis of past due amounts, client creditworthiness and any other relevant available information. However, the Company's actual experience may vary from its estimates. If the financial condition of its clients were to deteriorate, resulting in their inability or unwillingness to pay the Company's fees, it may need to record additional allowances or write-offs in future periods. This risk is mitigated to the extent that the Company receives retainers from its 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 June 30, 2019, and December 31, 2018, the Company's allowance for doubtful accounts was $43,116 and $2,635, respectively. The Company recorded bad debt expense during the six months ended June 30, 2019 of $43,774 and $19,985 during the six months ended June 30, 2018.

Deposits

Deposits is comprised of advance payments made to third parties, primarily for inventory for which the Company has not yet taken title. When the Company takes title to inventory for which deposits are made, the related amount is classified as inventory, then recognized as a cost of revenues upon sale.

Inventory

Inventory is comprised of products and equipment owned by the Company to be sold to end customers. 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 June 30, 2019, and December 31, 2018, market values of all of the Company's inventory were greater than cost, and accordingly, no such valuation allowances were recognized.

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.

Significant Clients and Customers

For the three months ended June 30, 2019, three customers individually accounted for $222,125 of the Company's total revenues equaling approximately 30.4% of the Company's total revenues for the period.

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. Costs associated with in progress construction are capitalized as incurred and depreciation is consummated once the underlying asset is placed into service. Property and equipment is reviewed for impairment as discussed below under "Accounting for the Impairment of Long-Lived Assets." The Company did not capitalize any interest as of June 30, 2019.

Accounting for the Impairment of LongLived Assets

The Company evaluates longlived 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 longlived 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. The Company had not recorded any impairment charges related to longlived assets as of June 30, 2019 or December 31, 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"). A BCF is recorded by the Company 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 the Company amortizes 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 for reporting periods after January 1, 2018. We applied 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 and equipment 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, title has transferred and collectability is reasonably assured. Generally, our suppliers' 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 contracts 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 financing that would materially change the amount of revenue recognized under the contract, or would otherwise contain a significant financing component for us or the customer under FASB ASC Topic 606. During the six months ended June 30, 2019, sales returns were $15,528 comprised of product returns and replacement.

Consulting Services
We also generate revenues from professional services consulting agreements. These arrangements are generally entered into: (1) on an hourly basis for a fixed-fee; or, (2) on a contingent fee basis. Generally, we require a complete or partial prepayment or retainer prior to performing services.

For hourly based fixed fee service contracts, we utilize and rely upon the proportional performance method, which recognizes revenue as services are performed. Under this method, in order to determine the amount of revenue to be recognized, we calculate the amount of completed work in comparison to the total services to be provided under the arrangement or deliverable. We segregate upon entry into a contract any advances or retainers received from clients for fixed fee hourly services into a separate "Advances from Clients" account, and only recognize revenues as we incur and charge billable hours, and then deposit the funds earned into our operating account. Because our hourly fees for services are fixed and determinable and are only earned and recognized as revenue upon actual performance, we are of the opinion that such arrangements are not an indicator of a vendor or customer based significant financing, that would materially change the amount of revenue we recognize under the contract or would otherwise contain a significant financing component under FASB ASC Topic 606.

Occasionally, our fixed-fee hourly engagements are recognized under the completed performance method. Some fixed fee arrangements are for completion of a final deliverable or act which is significant to the arrangement as a whole. These engagements do not generally exceed a one-year term. If the performance is for a final deliverable or act, we recognize revenue under the completed performance method, in which revenue is recognized once the final act or deliverable is performed or delivered for a fixed fee. Revenue recognition is affected by a number of factors that change the estimated amount of work required to complete the deliverable, such as changes in scope, timing, awaiting notification of license award from local government, and the level of client involvement. Losses, if any, on fixed-fee engagements are recognized in the period in which the loss first becomes probable and reasonably estimable. FASB ASC Topic 606 provides a practical expedient to disregard the effects of a financing component if the period between payment and performance is one year or less. As, our fixed fee hourly engagements do not exceed one year, no significant customer-based financing is implicated under FASB ASC Topic 606. During the six months ended June 30, 2019 and the year ended December 31, 2018, we have incurred no losses from fixed fee engagements that terminate prior to completion. We believe if an engagement terminates prior to completion, we can recover the costs incurred related to the services provided.

We occasionally enter into arrangements for which fixed and determinable revenues are contingent and agreed upon achieving a pre-determined deliverable or future outcome. Any contingent revenue for these arrangements is not recognized until the contingency is resolved and collectability is reasonably assured.

Our arrangements with clients may include terms to deliver multiple services or deliverables. These contracts specifically identify the services to be provided with the corresponding deliverable. The value for each deliverable is determined based on the prices charged when each element is sold separately or by other vendor-specific objective evidence ("VSOE") or estimates of stand-alone selling prices. Revenues are recognized in accordance with our accounting policies for the elements as described above (see Product Sales). The elements qualify for separation when the deliverables have value on a stand-alone basis and the value of the separate elements can be established by VSOE or an estimated selling price.

While assigning values and identifying separate elements requires judgment, selling prices of the separate elements are generally readily identifiable as fixed and determinable as we also sell those elements individually outside of a multiple services engagement. Contracts with multiple elements typically incorporate a fixed-fee or hourly pricing structure. Arrangements are typically terminable by either party upon sufficient notice and do not include provisions for refunds relating to services provided.

Reimbursable expenses, including those relating to travel, other out-of-pocket expenses and any third-party costs, are included as a component of revenues. Typically, an equivalent amount of reimbursable expenses is included in total direct client service costs. Reimbursable expenses related to time and materials and fixed-fee engagements are recognized as revenue in the period in which the expense is incurred and collectability is reasonably assured. Taxes collected from customers and remitted to governmental authorities are presented in the statement of operations on a net basis.

Costs of Revenues

The Company's policy is to recognize costs of revenue in the same manner in conjunction with revenue recognition. Cost of revenue includes the costs directly attributable to revenue recognition and includes 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.

Advertising and Promotion Costs

Selling and Marketing costs are included as a component of selling and marketing expense and are expensed as incurred. During the three months ended June 30, 2019 and June 30, 2018, these costs were $78,399 and $71,711, respectively.

Shipping and Handling Costs

For product and equipment sales, shipping and handling costs are included as a component of cost of revenues.

StockBased Compensation

Restricted shares are awarded to employees and entitle the grantee to receive shares of 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. The Company recognizes related compensation costs on a straightline basis over the requisite vesting period of the award. During the three months ended June 30, 2019 and June 30, 2018, the Company had stockbased compensation expense of $0 and $25,242, respectively. During six months ended June 30, 2019 and June 30, 2018, there was $43,744 and $25,242 in stock based compensation expense respectively.

Income Taxes

The Company's corporate status changed from an SCorporation, which it had been since inception, to a CCorporation during the year ended December 31, 2014. As provided in Section 1361 of the Internal Revenue Code, for income tax purposes, SCorporations are not subject to corporate income taxes; instead, the owners are taxed on their proportionate share of the SCorporation's taxable income. Accordingly, we were not subject to income taxes for the three months ended June 30, 2019. 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 three months ended June 30, 2019, due to cumulative losses since our corporate status changed, we recorded a valuation allowance against our deferred tax asset that reduced our income tax benefit for the period to zero. As of June 30, 2019, and December 31, 2018, we had no liabilities related to federal or state income taxes and the carrying value of our deferred tax asset was zero.

Related Party Transactions

The Company follows FASB ASC subtopic 850-10, *Related Party Disclosures*, for the identification of related parties and disclosure of related party transactions.

Pursuant to ASC 850-10-20, related parties include: a) affiliates of the Company; b) entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825–10– 15, to be accounted for by the equity method by the investing entity; c) trusts for the benefit of employees, such as pension and profit sharing trusts that are managed by or under the trusteeship of management; d) principal owners of the Company; e) management of the Company; f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

Net Income (Loss) Per Common Share

The Company reports 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 antidilutive effect on earnings.

Due to the Company’s net losses for the three months ended June 30, 2019, any potentially dilutive shares outstanding for these periods, respectively, were not presented in the EPS computations, as their effect would have been antidilutive.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU requires lessees to recognize a lease liability, on a discounted basis, and a right-of-use asset for substantially all leases, as well as additional disclosures regarding leasing arrangements. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842), which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented, or as permitted by ASU 2018-11, at the beginning of the period in which it is adopted.

We adopted this standard using a modified retrospective approach on January 1, 2019. The modified retrospective approach includes a number of optional practical expedients relating to the identification and classification of leases that commenced before the adoption date; initial direct costs for leases that commenced before the adoption date; and, the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset.

The Company elected the package of practical expedients permitted under ASC 842 allowing it to account for its existing operating lease that commenced before the adoption date as an operating lease under the new guidance without reassessing (i) whether the contract contains a lease; (ii) the classification of the lease; or, (iii) the accounting for indirect costs as defined in ASC 842.

In considering its qualitative disclosure obligations under ASC 842-20-50-3, the Company examined its one lease for office space that has a fixed monthly rent with no variable lease payments and no options to extend. The lease is for an office space with no right of use assets. The lease does not provide for terms and conditions granting residual value guarantees by the Company, or any restrictions or covenants imposed by the lease for dividends or incurring additional financial obligations by the Company. The Company also elected a short-term lease exception policy and an accounting policy to not separate non-lease components from lease components for our facility lease, as we determined our right of use asset to be zero.

Consistent with ASC 842-20-50-4, for the Company's June 30, 2019, quarterly financial statements, the Company calculated its total lease cost based solely on its monthly rent obligation. The Company had no cash flows arising from its lease, no finance lease cost, short term lease cost, or variable lease costs. Our office lease does not produce any sublease income, or any net gain or loss recognized from sale and leaseback transactions. As a result, the Company did not need to segregate amounts between finance and operating leases for cash paid for amounts included in the measurement of lease liabilities, segregated between operating and financing cash flows; supplemental non-cash information on lease liabilities arising from obtaining right-of-use assets; weighted-average calculations for the remaining lease term; or the weighted-average discount rate.

The adoption of this guidance resulted in no significant impact to our results of operations or cash flows.

Reclassifications

Prior year amounts have been reclassified to conform to the current year presentation.

Note 3. Accounts Receivable, net

Accounts receivable, net, was comprised of the following as of June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Gross accounts receivable	$ 279,941	$ 61,519
Less: allowance for doubtful accounts	(43,116)	(2,635)
Accounts receivable, net	$ 236,825	$ 58,884

The Company had bad debt expense during the three months ended June 30, 2019 of $41,481, whereas bad debt expense during the three months ended June 30, 2018 was $3,553.

Note 4. Inventory

Inventory as of June 30, 2019 and December 31, 2018 consisted of the following:

	June 30, 2019	December 31, 2018
Raw materials	$ 800	$ 1,646
Demo	—	—
Finished goods	39,595	59,359
Total	$ 40,396	$ 61,005

Note 5. Property and Equipment

Property and equipment, net, was comprised of the following as of June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Office equipment	$ 11,324	$ 8,482
Furniture and fixtures	7,240	7,240
Machinery and equipment	7,795	7,336
Property and equipment, gross	26,360	23,058
Less: accumulated depreciation	(16,914)	(15,020)
Property and equipment, net	$ 9,446	$ 8,037

Note 6. Deposits

Deposits were comprised of the following as of June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Deposits	$ 4,500	$ 4,500
Deposits	$ 4,500	$ 4,500

Deposits as of June 30, 2019 and December 31, 2018 reflect down payments made to vendors and service providers.

Note 7. Prepaid Expenses and Other Current Assets

Prepaid Expenses and Other Current Assets were comprised of the following as of June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Prepaid Expenses	$ 61,432	$ 56,376
Other Current Assets	$ 0	$ 0
Total	$ 61,432	$ 56,376

Note 8. Accrued and Other Current Liabilities

Accrued and other current liabilities was comprised of the following at June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Accrued payroll liabilities	10,821	10,924
Other accruals	61,793	78,884
Accrued and other current liabilities	$ 72,614	$ 89,768

Note 9. Related Party Transactions

During the six months ended June 30, 2019, the Company incurred no related party expenses.

Note 10. Stockbased Compensation

Restricted Shares

From time to time, the Company grants certain employees restricted shares of its common stock to provide further compensation in lieu of wages and to align the employee's interests with the interests of its stockholders. Because vesting is based on continued employment, these equitybased incentives are also intended to attract, retain and motivate personnel upon whose judgment, initiative and effort the Company's success is largely dependent.

During the six months ended June 30, 2019 and 2018, the Company granted 89,708 and 29,014 restricted shares, and incurred total stock based compensation expense of $43,744 and $25,242 respectively.

Warrants

As of June 30, 2019, and December 31, 2018, the Company issued fullyvested warrants to the Company's independent board member to purchase up to two hundred and fifty thousand (250,000) shares of common stock at an exercise price of sixty-three cents ($0.63) per share were outstanding, exercisable within five (5) years of the date of issuance on November 19, 2014. The grant date fair value of the warrants, as calculated based on the BlackScholes valuation model, was $0.59 per share. There were no outstanding unvested warrants or new issuances of warrants during the three months ended June 30, 2019; consequently, no stockbased compensation expense associated with warrants was recorded during the three months ended June 30, 2019.

As of June 30, 2019, and December 31, 2018, as the exercise price per share exceeded the price per share of our common shares, there was no aggregate intrinsic value of outstanding warrants. As of June 30, 2019, and December 31, 2018, the warrants had 1.4 years and 1.9 years remaining until expiration respectively. No warrants were issued or outstanding during or preceding the three months ended June 30, 2019.

As of December 31, 2018, the Company issued cashless warrants to employees to purchase an aggregate of 895,000 shares. The warrants exercisable within three (3) years of the date of issuance, expiring February 23, 2021. The grant date fair value of the warrants, as calculated based on the BlackScholes valuation model, was $0.23 per share. As of June 30, 2019, and December 31, 2018, as the exercise price per share exceeded the price per share of our common shares, there was no aggregate intrinsic value of outstanding warrants.

Stock Options

In addition to the warrants as described above, on November 19, 2014, the Company granted its independent board member, Vincent "Tripp" Keber an option to purchase three hundred thousand (300,000) shares of common stock at an exercise price of sixty-three cents ($0.63) per share. The warrants and options expire on November 19, 2019. None have been exercised.

Stock Issuable in Compensation for Professional Services

From time to time, the Company enters into agreements whereby a professional service provider will be compensated for services rendered to the Company by shares of common stock in lieu of cash. During the three months ended June 30, 2019, no common stock was issued.

Note 11. Stockholders' Equity

Preferred Stock

American Cannabis Company, Inc. is authorized to issue 5,000,000 shares of preferred stock at $0.01 par value. No shares of preferred stock were issued and outstanding during the three months ended June 30, 2019, and 2017 respectively.

Common Stock

American Cannabis Company, Inc. is authorized to issue 100,000,000 common shares at $0.00001 par value per share.

For the three months ended June 30, 2019, the Company did not issue any stock based compensation.

For the six months ended June 30, 2019, the Company issued 50,000 common shares to Tyler A. Schloesser as a signing bonus valued at $22,500 and 39,708 common shares to Gayle Barr for services rendered valued at $21,244.

Note 12. Commitments and Contingencies

The Company rents space for its corporate offices paying a monthly rent of $4,500. The monthly rent is fixed and is for office space only. Our lease provides for no other right of use assets. There is no residual value guarantee associated with the lease. There are no restrictions or covenants providing for dividends, or imposing additional financial obligations by the Company. We elected to apply a short-term lease exception and accounting policy to not separate lease and non-lease components from our office lease, as we determined our right of use asset to be zero.

Note 13. Subsequent Events

On July 9, 2019, the Terry L. Buffalo Revocable Living Trust delivered elections to exercise two cashless warrants: one for 400,000 shares and one for 100,000 shares. The Company issued a total of 500,000 common shares to the Terry L. Buffalo Revocable Living Trust.

On July 10, 2019, Tyler A. Schloesser delivered elections to exercise two cashless warrants: one for 100,000 shares and one for 102,500 shares. On July 13, 2019 the Company issued a total of 202,500 shares to Tyler A. Schloesser.

On July 13, 2019, Jon Workman delivered an election to exercise a cashless warrant for 100,000 shares. The Company issued 100,000 shares to Jon Workman on July 13, 2019.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The statements contained in this report that are not statements of historical fact, including without limitation, statements containing the words "believes," "expects," "anticipates" and similar words, constitute forwardlooking statements that are subject to a number of risks and uncertainties. From time to time we may make other forwardlooking statements. Investors are cautioned that such forwardlooking statements are subject to an inherent risk that actual results may materially differ as a result of many factors, including the risks discussed from time to time in this report, including the risks described under "Risk Factors" in any filings we have made with the SEC.

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate these estimates, including those related to useful lives of real estate assets, cost reimbursement income, bad debts, impairment, net lease intangibles, contingencies and litigation. We base our 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. There can be no assurance that actual results will not differ from those estimates.

Background

American Cannabis Company, Inc. and subsidiary company, Hollister & Blacksmith, Inc., doing business as American Cannabis Consulting ("American Cannabis Consulting"), (collectively "the "Company", "we", "us", or "our") are based in Denver, Colorado and operate a fullyintegrated business model that features endtoend solutions for businesses operating in the regulated cannabis industry in states and countries where cannabis is regulated and/or has been decriminalized for medical use and/or legalized for recreational use. The Company provides advisory and consulting services specific to this industry, manufactures proprietary industry solutions including; the Satchel™, SoHum Living Soils™, Cultivation Cube™ and the High Density Cultivation System.™ The Company also sells 3rd party industryspecific products and manages a strategic group partnership that offers both exclusive and non exclusive customer products commonly used in the industry. American Cannabis Company, Inc. is a publicly listed company quoted on the OTC Markets Pink Tier under the symbol "AMMJ".

We were incorporated in the State of Delaware on September 24, 2001 under the name Naturewell, Inc. to develop and market clinical diagnostic products using immunology and molecular biologic technologies.

On March 13, 2013, Naturewell, Inc. completed a merger transaction whereby it acquired 100% of the issued and outstanding share capital of Brazil Interactive Media, Inc. ("BIMI"), which operated as a Brazilian interactive television company and television production company through its wholly owned Brazilian subsidiary company, EsoTV Brasil Promoção Publicidade Licenciamento e Comércio Ltda. ("EsoTV"). Naturewell's Articles of Incorporation were amended to reflect a new name: Brazil Interactive Media, Inc.

On May 15, 2014, BIMI entered into a merger agreement ("the Merger Agreement") to acquire 100% of the issued and outstanding American Cannabis Consulting while simultaneously disposing of 100% of the issued share capital EsoTV ("the Separation Agreement"). Both the merger with American Cannabis Consulting and disposal of EsoTV were completed on September 29, 2014. BIMI subsequently amended its Articles of Incorporation to change its name to American Cannabis Company, Inc. On October 10, 2014, American Cannabis Company, Inc changed its stock symbol from BIMI to AMMJ.

Results of Operations

For the three months and six months ended June 30, 2019 compared to three and six months ended June 30, 2018.

Revenues

Total revenues were $730,968 for the three months ended June 30, 2019 as compared to $178,256 for the three months ended June 30, 2018, an increase of $552,712. Total revenues for the six months ended June 30, 2019 were $1,141,281 as compared to $454,205 for the six months ended June 30, 2018. Consulting service revenues were $492,184 or 67.3% of total revenues for the three months ended June 30, 2019, versus $97,090 or 54.5% of total revenues for the three months ended June 30, 2018. Consulting service revenues for the six months ended June 30, 2019 were $653,838 or 57.3% of total revenues, as comparted to $182,692 or 40.2% of total revenues for the six months ended June 30, 2018. Our product and equipment revenues for the three months ended June 30, 2019 were $225,657 or 30.9% of total revenues, versus $77,705 or 43.6% of total revenues for three months ended June 30, 2018. For the six months ended June 30, 2019, our product and equipment revenues were $464,321 or 40.7% of total revenues, as compared to $241,130, 53.1% of total revenues for the six months ended June 30, 2018. The increase in equipment revenue was attributed to increased client orders with the company experiencing spikes in product revenues during facility design and buildouts. The company increased its focus towards selling soil and equipment for the three and six months ended June 30, 2019, while two facility buildouts were inprogress during the three and six months ended June 30, 2018. The increase in our consulting service revenues for the three and six months ended June 30 2019, reflects more states enacting legislation legalizing cannabis during the period.

Costs of Revenues

Costs of revenues primarily consist of labor, travel, cost of equipment and soil sold, and other costs directly attributable to providing services or products. During the three months ended June 30, 2019, our total costs of revenues were $230,064, or 31.5% of total revenues. This compares to total costs of revenues for the three months ended June 30, 2018 of $78,540 or 44.1% of total revenues. For the six months ended June 30, 2019, total cost of revenues were $456,414 or 40.0% of total revenues, as comparted to $222,611 or 49% of total revenues for the six months ended June 30, 2018. For the three months ended June 30, 2019, consulting related costs were $79,324, or 10.9% of total revenue, as compared to costs of $24,711, or 13.9% of revenue for the three months ended June 30, 2018. For the six months ended June 30, 2019, consulting related costs were $113,251 or 9.9% of total revenues, as compared to $81,772 or 18% of total revenues for the six months ended June 30, 2018. Costs associated with products and equipment were $150,741, or 20.6% of total revenue for the three months ended June 30, 2019 as compared to $53,829, or 30.2% of total revenue for the three months ended June 30, 2018. Costs associated with products and services were $343,163 or 30.1% of total revenues for the six months ended June 30, 2019 as compared to $140,839 or 31% of total revenues for the six months ended June 30, 2018. As a percentage of revenues, the increase in costs associated with product sales during the three and six months ended June 30, 2019, was attributed to spikes in product revenues resulting from completed design and facility buildouts during the three and six months ended June 30, 2018.

Gross Profit

Total gross profit was $500,903 for the three months ended June 30, 2019, comprised of consulting services gross profit of $412,860 and products and equipment gross profit of $88,043. This compares to total gross profit of $99,716 for the three months ended June 30, 2018, comprised of consulting services gross profit of $72,379 and products and equipment gross profit of $27,337. For the six months ended June 30, 2019, gross profits were $684,867, comprised gross profits for consulting services of $540,587 and product and equipment $144,280, as compared to gross profits for the six months ended June 30, 2018 of $235,055, comprised gross profits for consulting services of $100,920 and product and equipment $134,135. Total gross profits of the six months ended June 30, 2019 as comparted to 2018 reflect an increase of $449,812. The increase in our consulting services gross profits reflects more states enacting legislation during the period legalizing cannabis, and so there is a corresponding increase in the demand for our consulting services. The increase in gross profits for products and equipment was due to the Company expanding its product sales to existing clients during the period. As a percentage of total revenues, gross profit was 68.5% and 60.0% for the three and six months ended June 30, 2019, as compared to 55.9% and 51.8% for the three and six months ended June 30, 2018.

Operating Expenses

Total operating expenses were $299,667, or 41.0% of total revenues for the three months ended June 30, 2019, and $636,130 or 55.74% for the six months ended June 30, 2019, as compared to $276,400, or 155.1% of total revenues for the three months ended June 30, 2018, and $569,532 or 125.4% for the six months ended June 30, 2018. This increase was primarily due to an increase in employees whose wages were allocated to general and administrative expenses for the relevant time periods.

Other Income (Expense)

Other income (expense) for the three months ended June 30, 2019 was expense of $28,214 as compared with expense of $28,074 for the three months ended June 30, 2018. For the six months ended June 30, 2019, other income (expense) was expense of $70,001 as compared with expense of $41,465 for the six months ended June 30, 2018. The increase in our other expense was due to an increase of bad debt expense of $23,789.

Net Income (Loss)

As a result of the factors discussed above, net income for the three months ended June 30, 2019 was $173,023 or 23.7% of total revenues for the period, as compared to a net (loss) for the three months ended June 30, 2018 of $(204,758) or (114.9%) of total revenues for the period. For the six months ended June 30, 2019, the net (loss) was ($21,264) or (1.9%) of total revenues for the period, as compared to the net (loss) was ($375,942) or (82.8%) of total revenues for the period.

Liquidity and Capital Resources

As of June 30, 2019, our primary internal sources of liquidity were our working capital, which included cash and cash equivalents of $918,127 and accounts receivable of $236,825. Additionally, considering that our fixed overhead costs are low, we have the ability to issue stock to compensate employees and management, and the level of future revenue we expect to generate from executed client contracts, we believe our liquidity and capital resources to be adequate to fund our operational and general and administrative expenses for at least the next 12 months without needing to raise additional debt or equity funding. There is no guarantee we will have the ability to raise additional capital as needed through external equity financing transactions if required.

Operating Activities

Net cash used by operating activities for the six months ended June 30, 2019 was a use of $(165,136), consisting of increases in accounts receivable costs of ($221,714), compared to net cash used by operating activities of $(348,635), consisting of increases in inventory costs of ($58,531) for the six months ended June 30, 2018.

Investing Activities

For the six months ended June 30, 2019 and 2018, investing activities were a use of cash of $3,302 and $0 respectively.

Financing Activities

For the three months ended June 30, 2019 and 2018, the net cash from financing activities was $0 and $0 respectively.

Off Balance Sheet Arrangements

As of June 30, 2019, and December 31, 2018, we did not have any offbalance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

NonGAAP Financial Measures

We use Adjusted EBITA, a nonGAAP metric, to monitor our overall business performance. We define Adjusted EBITA as net income (loss) before interest expense, net, provision for (benefit from) income taxes, stockbased compensation and certain nonrecurring expenses, which to date have been limited to costs associated with the Reverse Merger. We believe that such adjustments to arrive at Adjusted EBITA provides us with a more comparable measure for managing our business. We also believe that it is a useful measure for securities analysts, investors, and other interested parties in the evaluation of our Company.

A reconciliation of net income (loss) to Adjusted EBDITA is provided below.

	Six Months Ended June 30, 2019 (Unaudited)	Six Months Ended June 30, 2018 (Unaudited)
Adjusted EBITA reconciliation:		
Net income (loss)	(21,264)	(375,942)
Stock-based compensation to employees	—	—
Stock-based compensation to service providers	43,744	25,242
Depreciation Expense	1,893	1,998
Interest expense, net		
Adjusted EBITA	24,373	$ (348,702)

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

Management of the Company is responsible for maintaining disclosure controls and procedures that are designed to ensure that financial information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the timeframes specified in the Securities and Exchange Commission's rules and forms, consistent with Items 307 and 308 of Regulation SK.

In addition, the disclosure controls and procedures must ensure that such financial information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial and other required disclosures.

As of June 30, 2019, an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13(a)-15(e) and 15(d)-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act") was carried out under the supervision and with the participation of our Chief Executive Officer, Chief Financial Officer, and other persons carrying out similar functions for the Company. Based on the evaluation of the Company's disclosure controls and procedures, the Company concluded that during the period covered by this report, such disclosure controls and procedures were effective.

The Company continues to employ and refine a structure in which critical accounting policies, issues and estimates are identified, and together with other complex areas, are subject to multiple reviews by accounting personnel. In addition, the Company evaluates and assesses its internal controls and procedures regarding its financial reporting, utilizing standards incorporating applicable portions of the Public Company Accounting Oversight Board's 2009 Guidance for Smaller Public Companies in Auditing Internal Controls Over Financial Reporting as necessary and on an ongoing basis.

Because of its inherent limitations, internal control over financial reporting cannot provide absolute assurance of the prevention or detection of misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Controls

The Company had no reportable changes to its internal controls over financial reporting for the period covered by this report.

The Company will continually enhance and test its internal controls over financial reporting on a continuing basis. Additionally, the Company's management, under the control of its Chief Executive Officer and Chief Financial Officer, will increase its review of its disclosure controls and procedures on an ongoing basis. Finally, the Company plans to designate, in conjunction with its Chief Financial Officer, individuals responsible for identifying reportable developments and the process for resolving compliance issues related to them. The Company believes these actions will focus necessary attention and resources in its internal accounting functions.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

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 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

No transactions meeting the reporting requirements of this item occurred during the periods covered by this report.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

No senior securities were issued and outstanding during the three and nine months ended June 30, 2019 or 2017.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

This list is intended to constitute the exhibit index.

10.1 Amended and Restated Investment Agreement dated August 4, 2016 between the Company and Tangiers Global, LLC.

10.2 Amended and Restated Registration Rights Agreement dated August 4, 2016 between the Company and Tangiers Global, LLC.

31.1	Certification of Principal Executive Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the SarbanesOxley Act of 2002.
31.2	Certification of Principal Financial Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the SarbanesOxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the SarbanesOxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the SarbanesOxley Act of 2002.
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

*Pursuant to Rule 406T of Regulation ST, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities and Exchange Act of 1934, and otherwise are not subject to liability under those sections.

SIGNATURES

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

American Cannabis Company, Inc.

Date: August 13. 2019

By: /s/*Terry Buffalo*

Terry Buffalo, Chief Executive Officer

(Principal Executive Officer)

Date: August 13, 2019

By: /s/*Michael Schwanbeck*

Michael Schwanbeck, Chief Financial Officer

(Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

Pursuant to Section 302 of the SarbanesOxley Act of 2002, I, Terry Buffalo, certify that:

1. I have reviewed this report on Form 10-Q of American Cannabis Company, Inc., for the fiscal quarter ended June 30, 2019;

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. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the 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. The registrant’s other certifying officer and I have disclosed, based on our 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 reasonable 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 controls over financial reporting.

Date: August 13, 2019

/s/*Terry Buffalo*

Terry Buffalo

Chief Executive Officer, Principal Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

Pursuant to Section 302 of the SarbanesOxley Act of 2002, I, Michael Schwanbeck, certify that:

1. I have reviewed this report on Form 10-Q American Cannabis Company, Inc., for the fiscal quarter ended June 30, 2019;

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. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the 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. The registrant's other certifying officer and I have disclosed, based on our 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 reasonable 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 controls over financial reporting.

Date: August 13, 2019

/s/*Michael Schwanbeck*

Michael Schwanbeck

Chief Financial Officer, Principal Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANESOXLEY ACT OF 2002

In connection with the quarterly report of American Cannabis Company, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Terry Buffalo, Chief Executive 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, to the best of my knowledge and belief:

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 result of operations of the Company.

Date: August 13, 2019

/s/*Terry Buffalo*

Terry Buffalo

Chief Executive Officer, Principal Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANESOXLEY ACT OF 2002

In connection with the quarterly report of American Cannabis Company, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Schwanbeck, principal financial officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the SarbanesOxley Act of 2002, that, to the best of my knowledge and belief:

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 result of operations of the Company.

Date: August 13, 2019

/s/*Michael Schwanbeck*

Michael Schwanbeck

Chief Financial Officer, Principal Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.