UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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 **March 31, 2024**

☐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.)
1004 Tejon Street Colorado Springs, Colorado	80903
(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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 March 31, 2024, and July 15, 2024, 185,800,915 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
(UNAUDITED)

	March 31, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash and equivalents	$ 10,045	$ 21,085
Accounts receivable, Net	120,730	234,330
Inventory	669,926	586,206
Prepaid expenses and other current assets	16,878	58,757
Total Current Assets	**817,579**	**900,378**
Property and equipment, net	403,567	410,344
Other Assets		
Intangible assets, net amortization	973,112	1,037,909
Right of use assets - operating leases, net	428,229	474,472
Long term deposits	6,000	6,000
Total Other Assets	1,407,341	1,518,381
TOTAL ASSETS	**$ 2,628,487**	**$ 2,829,083**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 1,070,181	$ 1,010,698
Advances from clients	49,492	162,414
Accrued and other current liabilities	506,383	467,495
Stock payable	17,021	17,021
Right of use liabilities, all current	208,464	199,891
Litigation settlement, current	2,500	10,000
Note payables, current	300,000	300,000
Total Current Liabilities	**2,154,051**	**2,167,519**
LONG TERM LIABILITIES		
LTD note payable	385,682	385,433
Right of use liabilities - LT	219,765	274,581
Total Long Term Liabilities	**605,447**	**660,014**
TOTAL LIABILITIES	**2,759,498**	**2,827,533**
Shareholders' Equity		
Preferred Stock, $0.01 par value, 5,000,000 shares authorized; 0 shares issued and outstanding at March 31, 2024 and December 31, 2023 , respectively	—	—
Common stock, $0.00001 par value; 500,000,000 shares authorized; 185,800,915 and 171,402,938 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	1,714	1,714
Additional paid-in capital	13,740,961	13,740,961
Accumulated deficit	(13,873,676)	(13,741,125)
Total Shareholders' Equity	**(131,001)**	**1,550**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,628,487**	**2,829,083**

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

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

	Three Months Ended March 31,	
	2024	**2023**
Revenues		
Consulting Services	$ 8,329	$ 160,815
Product & Equipment	17,601	363,549
Cannabis Products	229,891	188,021
Total Revenues	**255,720**	**712,385**
Cost of Revenues		
Cost of Consulting Services	—	45,000
Cost of Products and Equipment	17,262	217,567
Cost of Cannabis Products	132,764	173,309
Total Cost of Revenues	**150,026**	**435,876**
Gross Profit	**105,694**	**276,509**
Operating Expenses		
General and Administrative	232,134	652,690
Selling and Marketing	2,350	64,535
Total Operating Expenses	**234,483**	**717,225**
Loss from Operations	**(128,789)**	**(440,716)**
Other Income (Expense)		
Interest (expense)	(7,479)	(31,634)
Debt Forgiveness	—	—
Other income	3,718	9,350
Total Other (Expense) Income	(3,761)	(22,284)
Net Loss	(132,551)	(463,000)
Income Tax Expense	—	—
NET LOSS	**$ (132,551)**	**$ (522,175)**
Basic net loss per common share	**$ (0.00)**	**$ (0.01)**
Basic and diluted weighted average common shares outstanding	**85,727,938**	**85,727,938**

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

AMERICAN CANNABIS COMPANY, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

	Common Stock		Additional Paid-In	Subscription	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Receivable	Deficit	Equity
Balance, December 31, 2022	**92,152,938**	**$ 922**	**$ 11,949,409**	**$ —**	**$ (10,080,709)**	**$ 1,869,622**
Stock based compensation to employees	—	—	74,342	—	—	74,342
Subscription Received Issued	—	—	—	—	—	—
Stock issued for cash	—	—	—	—	—	—
Net Loss	—	—	—	—	(522,175)	(522,175)
Balance, March 31, 2023	**92,152,938**	**$ 922**	**$ 12,023,751**	**$ (25,165)**	**$ (10,543,709)**	**$ 1,480,964**

	Common Stock		Additional Paid-In	Subscription	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Receivable	Deficit	Equity
Balance, December 31, 2023	**171,402,938**	**$ 1,714**	**$ 13,470,961**	**$ —**	**$ (13,741,125)**	**$ 1,550**
Stock based compensation to employees	—	—	—	—	—	—
Subscription Received Issued	—	—	—	—	—	—
Stock issued for cash	—	—	—	—	—	—
Net Loss	—	—	—	—	(132,551)	(132,551)
Balance, March 31, 2024	**171,402,938**	**$ 1,714**	**$ 13,740,961**	**$ —**	**$ (13,873,676)**	**$ (131,001)**

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

AMERICAN CANNABIS COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (132,551)	$ (463,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	71,554	61,271
Stock-based compensation to employees	—	—
Changes in operating assets and liabilities:		
Accounts receivable	113,600	114,311
Inventory	(83,720)	(20,765)
Prepaid expenses and other current assets	41,879	7,743
Right of Use Lease Asset	46,243	22,912
Accounts payable	59,483	114,636
Advances from clients	(112,922)	(84,760)
Accrued and other current liabilities	38,888	124,498
Litigation settlement liability	(7,500)	(62,500)
Operating Lease Liability	(46,243)	(22,912)
Net Cash Provided by (Used In) Operating Activities	**$ (11,289)**	**$ (208,565)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	—	(39,092)
Net Cash Used in Investing Activities	**$ —**	**$ (39,092)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
LTD Note Payable	249	186,610
Net Cash Provided by Financing Activities	**$ 249**	**$ 186,610**
NET INCREASE IN CASH	**(11,040)**	**(61,048)**
CASH AT BEGINNING OF PERIOD	**21,085**	**117,547**
CASH AT END OF PERIOD	**$ 10,045**	**$ 56,497**
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for income taxes	$ —	$ —
Cash paid for interest	$ —	$ —
Common Stock issued for Stock Compensation Payable	—	—
Subscription Receivable issued for Stock	$ —	$ —

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

AMERICAN CANNABIS COMPANY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(UNAUDITED)

Note 1. Principles of Consolidation.

The unaudited condensed consolidated financial statements for the three months ended March 31, 2024, and 2023 include the accounts of American Cannabis Company, Inc. and its wholly owned subsidiary, Hollister & Blacksmith, Inc., doing business as American Cannabis Company, Inc. Intercompany accounts and transactions have been eliminated.

Note 2. Description of Business.

American Cannabis Company, Inc. and its wholly-owned subsidiary Company, Hollister & Blacksmith, Inc., doing business as American Cannabis Consulting (“American Cannabis Consulting”), (collectively “the “Company”), are based in Colorado Springs,, 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 de-criminalized for medical use and/or legalized for recreational use. We provide advisory and consulting services specific to this industry, design industry-specific products and facilities, and sell both exclusive and non-exclusive customer products commonly used in the industry. In April 2021, we expanded our operations to include a cultivation facility and 3 retail dispensaries in Colorado Springs, Colorado and entered into the growth and sale of medicinal cannabis products.

Note 3. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying unaudited 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. In the opinion of management, the accompanying unaudited condensed consolidated financial statements include normal recurring adjustments that are necessary for a fair presentation of the results for the periods presented.

Going Concern

Accounting Standards Codification (“ASC”) Topic 205-40, *Presentation of Financial Statements - Going Concern* ("ASC 205-40") requires management to assess the Company’s ability to continue as a going concern for one year after the date the financial statements are issued. Under ASC 205-40, management has the responsibility to evaluate whether conditions and/or events raise substantial doubt about our ability to meet future financial obligations as they become due within one year after the date that the financial statements are issued. As required by this standard, management’s evaluation shall initially not take into consideration the potential mitigating effects of management’s plans that have not been fully implemented as of the date the financial statements are issued.

Our assessment included preparing a detailed cash forecast that included all projected cash inflows and outflows. During 2021, we secured additional cash financing through the sales and issuances of our common stock. However, we continue to focus on growing our revenues. Accordingly, operating expenditures may exceed the revenue we expect to receive for the foreseeable future. We also have a history of operating losses, negative operating cash flows, and negative working capital, and we expect these trends to continue into the foreseeable future.

As of the date of this Quarterly Report on Form 10-Q, while we believe we have adequate capital resources to complete our near-term operations, there is no guarantee that such capital resources will be sufficient until such time we reach profitability. We may access capital markets to fund strategic acquisitions or ongoing operations on terms we believe are favorable. The timing and amount of capital that may be raised are dependent on market conditions and the terms and conditions upon which investors would be required to provide such capital. We may utilize debt or sell newly issued equity securities through public or private transactions. There can be no assurance that we will be able to obtain additional funding on satisfactory terms or at all. In addition, no assurance can be given that any such financing, if obtained, will be adequate to meet our capital needs and support our growth. If additional funding cannot be obtained on a timely basis and on satisfactory terms, our operations would be materially negatively impacted; however, we have been successful in accessing capital markets in the past, and we are confident in our ability to access capital markets again if needed.

The Company has an accumulated deficit and recurring losses and expects continuing future losses. These factors raise substantial doubt about the Company’s ability to continue as a going concern. The Company’s primary source of operating funds during the three months ended March 31, 2024, and the year ended December 31, 2023, has been funds generated from operations. The Company has experienced net losses from operations since its inception and requires additional financing to fund future operations.

The Company is dependent upon management’s ability to develop profitable operations and obtain additional funding sources. There can be no assurance that the Company’s financing efforts will result in profitable operations or enhance liquidity. The accompanying statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

The accompanying consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Use of Estimates in Financial Reporting

The preparation of unaudited consolidated financial statements in conformity with US 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 condensed consolidated 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 consolidated financial statements in the period in which they are deemed to be necessary. Significant estimates made in the accompanying consolidated 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, the allocation of the asset purchase price, 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 consolidated 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 consolidated financial statements.

Unaudited Interim Financial Statements

The accompanying unaudited consolidated 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 S-X. Accordingly, the unaudited consolidated 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. Cash balances may exceed federally insured limits. Management believes the financial risk associated with these balances is minimal and has not experienced any losses to date.

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 March 31, 2024, and December 31, 2023, the Company's allowance for doubtful accounts was $4,071 and $4,071 respectively. The Company did not record a bad debt expense in either of the three months ended March 31, 2024, and 2023.

Deposits

Deposits are comprised of advance payments made to third parties for rent, utilities, and 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 and 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. The Company's inventory as it relates to its soil products and equipment is valued at cost using the first-in, first-out, and specific identification methods, 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 net realizable value. As of March 31, 2024, and December 31, 2023, market values of all the Company's inventory were greater than cost, and accordingly, no such valuation allowance was recognized.

Inventory also consists of pre-harvested cannabis plants and related end products. Inventory is valued at the lower of cost or net realizable value. Costs of inventory purchased from third-party vendors for retail sales at dispensaries are determined using the first in, first out method. Costs are capitalized to cultivated inventory until substantially ready for sale. Costs include direct and indirect labor, consumables, materials, packaging supplies, utilities, facilities costs, quality and testing costs, production-related depreciation, and other overhead costs. The Company periodically reviews physical inventory for excess, obsolete, and potentially impaired items. The reserve estimate for excess and obsolete inventory is based on expected future use and on an assessment of market conditions. At March 31, 2024, the Company's management determined that a reserve for excess and obsolete inventory was not necessary.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets are 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

Three customers accounted for 43.4% of the company's total revenues during the three months ended March 31, 2024.

Three customers accounted for 42.5% of the company's total revenues during the three months ended March 31, 2023.

Property and Equipment, net

Property and Equipment are 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 are reviewed for impairment as discussed below under "Accounting for the Impairment of Long-Lived Assets." The Company did not capitalize any interest as of March 31, 2024, and December 31, 2023.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed. The Company accounts for goodwill under *ASC Topic 350, Intangibles-Goodwill and Other*. The Company tests goodwill for impairment annually or more frequently whenever events or circumstances indicate impairment may exist. Goodwill is stated at cost less accumulated impairment losses. The Company completes its goodwill impairment test annually in the fourth quarter. On December 31, 2023, the Company evaluated the goodwill related to the acquisition of the Naturaleaf entity acquired in 2021 and determined that a full impairment of goodwill was necessary.

The Company does not have any other indefinite-lived intangible assets.

Intangible Assets, net

Definite life intangible assets at March 31, 2024, include licenses and brand names recognized as part of the Naturaleaf Acquisition. Intangible assets are recorded at cost. Licenses and brand names represent the estimated fair value of these items at the date of acquisition, April 30, 2021. Intangible assets are amortized on a straight-line basis over their estimated useful life. Licenses are assigned a life of 15 years, and tradenames are assigned a life of 5 years. During the three months ended March 31, 2024, and 2023, the Company recognized amortization expenses of $60,115 and $46,333, respectively.

Accounting for the Impairment of Long-Lived Assets

The Company evaluates 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, the 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. The Company had not recorded any impairment charges related to long-lived assets as of March 31, 2024.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or 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 or liabilities.

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

Our financial instruments include cash, deposits, accounts receivable, accounts payable, advances from clients, accrued expenses, and other current liabilities. Due to their short maturities, their carrying values approximate their fair value.

Revenue Recognition

We have adopted the following accounting principles related to revenue recognition: (a) FASB ASU 2016-12 "*Revenue from Contracts with Customers (Topic 606).* Due to the nature of our contracts with customers, adopting the new accounting principles did not have a significant impact on our prior period results of operations, cash flows, or financial position.

Our service and product revenues arise from contracts with customers. Service revenue includes consulting revenue. Product revenue includes (a) product sales, (b) equipment sales, and, (c) Cannabis sales. The majority of our revenue is derived from distinct performance obligations, such as time spent delivering a service or the delivery of a specific product.

We may also enter into contracts with customers that identify a single or few distinct performance obligations, but that also have non-distinct, underlying performance obligations. These contracts are typically fulfilled within one to six months. Only an insignificant portion of our revenue would be assessed for allocation between distinct (contractual) performance obligations and non-distinct deliverables between reporting periods, and accordingly, we do not record a contract asset for completed, non-distinct performance obligations prior to invoicing the customer.

We recognize revenue in accordance with ASC 606 using the following 5 steps to identify revenues:

(1) Identify the contract with the Customer. Our customary practice is to obtain written evidence, typically in the form of a contract or purchase order.

(2) Identify the performance obligations in the contract. We have rights to payment when services are completed in accordance with the underlying contract, or for the sale of goods when custody is transferred to our customers either upon delivery to our customers' locations, with no right of return or further obligations.

(3) Determination of the transaction price. Prices are typically fixed, and no price protections or variables are offered.

(4) Allocation of the transaction price to the performance obligations in the contract. Transaction prices are typically allocated to the performance obligations outlined in the contract.

(5) Recognize Revenue when (or as) the entity satisfies a performance obligation. We typically require a retainer for all or a portion of the goods or services to be delivered. We recognize revenue as the performance obligations detailed in the contract are met.

Advances from Client deposits are contract liabilities with customers that represent our obligation to either transfer goods or services in the future or refund the amount received. Where possible, we obtain retainers to lessen our risk of non-payment by our customers. Advances from Client deposits are recognized as revenue as we meet specified performance obligations as detailed in the contract.

Product and Equipment 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 delivered, the title has been transferred, and collectability is reasonably assured. Generally, our suppliers drop-ship orders to our clients with destination terms. The Company realizes revenue upon 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 three months ended March 31, 2024, and 2023, sales returns were $0.

Consulting Services

We also generate revenues from professional services consulting agreements. These arrangements are generally entered: (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. We utilize and rely upon the proportional performance method for hourly-based fixed-fee service contracts, which recognize revenue as services are completed. 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 the completion of a final deliverable or act which is significant to the arrangement. 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 the 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 three months ended March 31, 2024, and 2023, we incurred no losses from fixed fee engagements that terminated prior to completion. We believe that if an engagement terminates prior to completion, we can recover the costs incurred related to the services provided.

We primarily 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 or 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 recognized as liabilities and paid to the appropriate government entities.

Cannabis Sales

Revenues consist of the retail sale of cannabis and related products. Revenue is recognized at the point of sale for retail customers. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy. Sales discounts were not material during the three months ended March 31, 2024.

Loyalty Reward Program

The Company offers a loyalty reward program to its dispensary customers that provides a discount on purchases based on the total amount at the time of purchase. Management has determined that there is no separate performance obligation to the reward program, i.e., the accumulation and redemption of points, and as such, the Company recognizes the revenue at the time of purchase.

Costs of Revenues

The Company's policy is to recognize costs of revenue in the same manner as 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 expenses as incurred.

Advertising and Promotion Costs

Advertising and Promotion costs are included as a component of selling and marketing expenses and are expensed as incurred. During the three months ended March 31, 2024, and 2023, these expenses were $2,448 and $30,991, respectively.

Shipping and Handling Costs

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

Stock-Based 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 the 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. During the three months ended March 31, 2024, and 2023, stock-based compensation expenses for restricted shares for Company employees were $0 and $9,086, respectively.

Research and Development

As a component of our equipment and supplies offerings, from time to time, we design and develop our own proprietary products to meet demand in markets where current offerings are insufficient. These products include but are not limited to The Satchel™, Cultivation Cube™, So-Hum Living Soils™, and HDCS™. Costs associated with the development of new products are expensed as incurred as research and development operating expenses. During the three months ended March 31, 2024, and 2023, our research and development costs were de minimis.

Income Taxes

The Company's corporate status changed from an S Corporation, which it had been since its inception, to a C Corporation during the year ended December 31, 2014. As provided in Section 1361 of the Internal Revenue Code, for income tax purposes, S Corporations are not subject to corporate income taxes. Instead, the owners are taxed on their proportionate share of the S Corporation's taxable income. We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated 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 year ended December 31, 2022, 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 March 31, 2024, and December 31, 2023, we had no liabilities related to federal or state income taxes, and the carrying value of our deferred tax asset was zero.

Due to its cannabis operations, the Company is subject to the limitations of Internal Revenue Code ("**IRC**") Section 280E, under which the Company is only allowed to deduct expenses directly related to product sales. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

Net Loss Per Common Share

The Company reports net loss per common share in accordance with FASB ASC 260, "Earnings per Share." This statement requires a dual presentation of basic and diluted earnings with a reconciliation of the numerator and denominator of the earnings per share computations. Basic net loss per share is computed by dividing net loss 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 earnings per share are equal to basic earnings per share because there are no potential dilatable instruments that would have an anti-dilutive effect on earnings. Diluted net 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 since that would have an anti-dilutive effect on earnings.

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.

Impact of COVID-19 Pandemic

On March 11, 2020*,* the World Health Organization declared the current coronavirus ("COVID-*19"*) outbreak to be a global pandemic. In response to this declaration and the rapid spread of COVID-*19* within the United States, federal, state, and local governments throughout the country have imposed varying degrees of restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the illness. These measures had a significant adverse impact on many sectors of the economy, including retail commerce.

In response to state and local measures and for the protection of both employees, the Company made required changes to operations, which did not have a material impact on operations or the Company's financial condition.

While the state and local governments have eased restrictions on restrictions and activities, it is possible that a resurgence in COVID-*19* cases could prompt a return to or new tighter restrictions to be instituted in the future. The Company is not aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities as of the date of issuance of these unaudited condensed consolidated financial statements.

Recent Accounting Pronouncements

The Company does not believe that any recently issued effective pronouncements, or pronouncements issued but not yet effective if adopted, would have a material effect on the accompanying unaudited condensed consolidated financial statements.

Note 4. Naturaleaf Asset Acquisition

On April 30, 2021, the Company closed its acquisition of the assets of Medihemp, LLC ("Medihemp"), and its wholly-owned subsidiary SLAM Enterprises, LLC ("SLAM"), and Medical Cannabis Caregivers, Inc. ("Medical Cannabis"), each an entity organized and operating under the laws of the State of Colorado, and all doing business as “Naturaleaf” operating in the medicinal cannabis industry in Colorado.

Medihemp and SLAM, respectively, own fixed assets and operate two retail Medical Marijuana Centers located in Colorado Springs, Colorado. Medical Cannabis owns fixed assets and operates a retail Medical Marijuana Center located in Colorado Springs, Colorado. Medical Cannabis also owns and operates a Medical Marijuana Optional Premises Cultivation license and a Medical Marijuana-Infused Product Manufacturer license.

Naturaleaf agreed to sell or assign to the Company, and the Company purchased and was the assignee of the following assets:

1. Three Medical Marijuana (MMC) Store Licenses;

2. One Marijuana Infused Product Licenses (MIPS); and,

3. One Option Premises Cultivation License (OPC); and,

4. Related real property assets, goodwill, and related business assets.

As a result, the Company has expanded its business model to include the cultivation and retail sale of cannabis in the medicinal cannabis industry.

The aggregate consideration paid for the Assets was $2,912,000, which consisted of (i) a cash payment of $1,100,000, (ii) the issuance of a promissory note to the owner of Naturaleaf in the principal amount of $1,100,000 (the “Seller Note”), and (iii) the issuance of 3,000,000 shares of the Company’s restricted common stock valued at $0.23 per share or $690,000, and (iv) the assumption of $22,000 in current payables.

On April 29, 2022, the Company and the previous owners of Naturaleaf agreed to an amendment of the note. The Company paid $550,000 of the principal, combined with accrued interest of $110,000, in exchange for a new note with a principal balance of $550,000, interest per annum of 12%, and a maturity date of April 29, 2023.

On April 29, 2022, the Company and Naturaleaf amended the promissory note to restructure the payment schedule ("First Amendment"). The parties agreed that in consideration of the Company's payment of $550,000 and outstanding interest of $110,000, a new promissory note with a maturity date of April 29, 2023, in the principal amount of $550,000 and 12% interest accruing annually, would resolve all Company payments of the purchase price. The parties entered into the First Amendment, and the Company paid the consideration of $550,000 in principal and $110,000 in interest.

On June 8, 2023, the Company and Naturaleaf amended the promissory note ("Second Amendment") to restructure the remaining payments due to be made by the Company under the amended Note, totaling principal and interest of $651,162.50 ("Second Amendment"). Pursuant to the Second Amendment, the Company agreed to pay $150,000 by June 30, 2023; $100,000 by July 31, 2023; and the balance by May 1, 2024. The Company made both 2023 payments and granted Naturaleaf a first-priority lien and security interest on the assets of the Registrant, securing the payment and performance of the payment schedule. The balance due has yet to be paid and is in default. The Company and Naturaleaf are currently in good faith negotiations to resolve the outstanding balance due.

On May 31, 2023, the Company sold Colorado State License No. 402-01065 (Medical Marijuana Store) and City of Colorado Springs License No. 0850714L in exchange for $100,000. As of May 31, 2023, the Company discontinued its associated operations at Palmer Park Boulevard, Ste. A, Colorado Springs, CO, and as of June 30, 2023, its lease obligation terminated without penalty, interest, or other liquidated damages.

Note 5. Accounts Receivable and Advance from Clients

	March 31, 2024	December 31, 2023
Accounts Receivable – Trade	$ 124,800	$ 234,330
Less: Allowance for Doubtful Accounts	(4,071)	(4,071)
Accounts Receivable, net	$ 120,730	$ 230,259

The Company had bad debt expenses during the three months ended March 31, 2024, and 2023 of $0, respectively.

Our Advances from Clients had the following activity:

	March 31, 2024	December 31, 2023
Beginning Balance	$ 162,414	$ 280,705
Additional deposits received	0	659,790
Less: Deposits recognized as revenue	(112,922)	(778,801)
Ending Balance	**$ 49,492**	**$ 162,414**

Note 6. Inventory

Inventory consisted of the following:

	March 31, 2024	December 31, 2023
Raw Materials - Soil	$ 0	$ 75,300
Work In Process - Cultivation	626,729	444,532
Finished Goods - Soil	0	0
Finished Goods - Cannabis Retail	43,197	66,374
Total Inventory	$ 669,926	$ 586,206

Note 7. Property and Equipment, net

Property and equipment, net, was comprised of the following:

	March 31, 2024	December 31, 2023
Office equipment	$ 54,406	$ 47,380
Software	13,204	13,204
Furniture and Fixtures	2,328	2,328
Machinery and Equipment	517,510	517,510
Property and equipment, gross	$ 587,448	$ 580,422
Less: Accumulated Depreciation	(183,881)	(170,099)
Property and equipment, net	$ 403,567	$ 410,344

Note 8. Intangibles Assets, Net

A significant amount of the Company's current identified intangible assets were assumed upon consummation of the Naturaleaf acquisition on April 30, 2021. The Company has incurred capitalizable costs in connection with patent applications that it started work on. Identified intangible assets consisted of the following at the dates indicated below:

	March 31, 2024			
	Gross carrying amount	Accumulated amortization	Carrying value	Estimated useful life
Licenses	$ 800,000	$ (201,219)	$ 598,781	15 years
Brand	$ 660,000	$ (285,669)	$ 374,331	5 years
Patent Applications	$ —	—	$ —	—
Total intangible assets, net	$ 1,460,000	$ (486,888)	$ 973,112	

	December 31, 2023			
	Gross carrying amount	Accumulated amortization	Carrying value	Estimated useful life
Licenses	$ 800,000	$ (187,866)	$ 612,114	15 years
Brand	$ 660,000	$ (252,699)	$ 407,311	5 years
Patent Applications	$ 18,464	—	$ 18,464	—
Total intangible assets, net	$ 1,478,464	$ (440,555)	$ 1,037,909	

The weighted-average amortization period for intangible assets we acquired during the year ended December 31, 2023 was approximately 11.47 years. There were no intangible assets acquired during the three months ended March 31, 2024, or 2023.

Amortization expense for intangible assets was $60,115 and $46,333 for the three months ended March 31, 2024 and 2023, respectively. The total estimated amortization expense for our intangible assets for the years 2023 through 2027 is as follows:

Year Ended December 31,	
2023	$ 186,000
2024	$ 186,000
2025	$ 186,000
2026	$ 145,997
2027	$ 54,000
	$ 757,997

Note 9. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following:

	March 31, 2024	December 31, 2023
Accrued Interest	$ 142,693	$ 135,213
Accrued Payroll	26,649	11,711
Sales Tax Payable	18,289	8,319
Other Accrued Expenses & Payables	318,752	312,252
Accrued and other current liabilities	**$ 506,383**	**$ 467,495**

Note 10. Stock Payable

The following summarizes the changes in common stock payable:

	Amount
December 31, 2023	$ 17,021
Additional Expenses Incurred	
Payments Upon Issuance of Shares	—
March 31, 2024	**$ 17,021**

Note 11. Operating Lease Right-of-Use Asset/Operating Lease Liability

Our headquarters are located at 1004 Tejon Street, Colorado Springs, CO.

The Company leases property under various operating leases. Property leases include office, retail and cultivation space with fixed rent payments and lease terms ranging from one to two years. The Company is obligated to pay the lessor for maintenance, real estate taxes, insurance, and other operating expenses on certain property leases. These expenses are variable and are not included in the measurement of the lease asset or lease liability. These expenses are recognized as variable rent expenses when incurred.

The Company's lease portfolio consists of the following.

- 1004 S. Tejon Street, Colorado Springs, CO 80903; The Company assumed a lease originally entered into on February 12, 2016, which was the subject of a extension agreement dated April 5, 2022. The term of the lease was extended from May 1, 2022 until April 30, 2027. The Company's monthly rental payments from January 1, 2022 to May 1, 2022 was $3,700. From May 1, 2022 through the year ended December 31, 2022, monthly rent was $3,875. Remaining rental payments due for the extended period are: May 1, 2022 to April 30, 2023 $3,875 May 1, 2023 to April 30, 2024 $4,050 May 1, 2024 to April 30, 2025 $4,225 May 1, 2025 to April 30, 2026 $4,400 May 1, 2026 to April 30, 2027 $4,575

- 2727 Palmer Park Blvd. Suite A, Colorado Springs, CO 80909. As of May 31, 2023, the Company discontinued its associated operations at Palmer Park Boulevard, Ste. A, Colorado Springs, CO, and at year-end, its lease obligation terminated without the Company incurring penalties, interest or liquidated damages.

- 5870 Lehman Drive Suite 200, Colorado Springs, CO 80918 The Company and landlord previously entered into a lease in 2017 which expired December 31, 2022. At December 31, 2022, the Company's monthly rent was $2,732. On April 26, 2022, the Company and landlord entered into an extension agreement which extended the tenancy from January 1, 2023 through January 1, 2027. Rental payments due for the extended period are: January 1, 2023 $2,898 January 1, 2024 $2,985 January 1, 2025 $3,075 January 1, 2026 $3,167 January 1, 2027 $3,262

- 2611 Durango Drive, CO Springs, CO. The Company and landlord entered into a lease on March 10, 2021, which terminated on May 31, 2022. On June 23, 2021, the Company and landlord entered into an extension of the lease for a term of thirty-six months, beginning June 1, 2022 and terminating June 1, 2024. At December 31, 2022, monthly rent was $11,000. Rental payments due for the extended period are: June 1, 2022 to June 1, 2023 $11,000 June 1, 2023 to June 1, 2024 $11,880 June 1, 2025 to June 1, 2025 $12,830

On May 1, 2020, as part of the Naturaleaf Acquisition, the Company entered into leases for grow facilities and dispensaries. These leases were determined to be operating leases under ASC 842, and such leases were capitalized. It was determined that the Tejon lease, due to its short-term nature, met the criteria of ASC 842-20-25-2, and as such, it was not necessary to capitalize the lease; rent would be recognized on a straight-line basis.

The Company records the lease asset and lease liability at the present value of lease payments over the lease term. The leases typically do not provide an implicit rate; therefore, the Company uses its estimated incremental borrowing rate at the time of lease commencement to discount the present value of lease payments. The Company's discount rate for operating leases at March 31, 2024 was 12.5%. Leases often include rental escalation clauses, renewal options and/or termination options that are factored into the determination of lease payments when appropriate. Lease expense is recognized on a straight-line basis over the lease term to the extent that collection is considered probable. As a result, the Company has been recognizing rents as they become payable.

As of March 31, 2024, the aggregate remaining annual lease payments of operating lease liabilities are as follows:

	Operating Leases
2023	428,229
Total	428,229
Less: amount representing interest	—
Present value of future minimum lease payments	428,229
Less: current obligations under leases	208,464
Long-term lease obligations	$ (219,765)

Note 12. Loans Payable

Amendment to Naturaleaf Seller Note

On April 29, 2022, the Company and Medihemp, LLC, and its wholly owned subsidiary, SLAM Enterprises, LLC, and Medical Cannabis Caregivers, Inc., all collectively doing business as "Naturaleaf," (hereafter, "Naturaleaf") entered into an amendment to the previously disclosed material definitive agreement dated March 11, 2021.

The aggregate consideration paid for the Assets was $2,912,000, which consisted of (i) a cash payment of $1,100,000, (ii) the issuance of a promissory note to the owner of Naturaleaf in the principal amount of $1,100,000 (the “Seller Note”), and (iii) the issuance of 3,000,000 shares of the Company’s restricted common stock valued at $0.23 per share or $690,000, and (iv) the assumption of $22,000 in current payables.

On April 29, 2022, the Company and the previous owners of Naturaleaf agreed to an amendment of the note. The Company paid $550,000 of the principal, combined with accrued interest of $110,000, in exchange for a new note with a principal balance of $550,000, interest per annum of 12%, and a maturity date of April 29, 2023.

On April 29, 2022, the Company and Naturaleaf amended the promissory note to restructure the payment schedule ("First Amendment"). The parties agreed that in consideration of the Company's payment of $550,000 and outstanding interest of $110,000, a new promissory note with a maturity date of April 29, 2023, in the principal amount of $550,000 and 12% interest accruing annually, would resolve all Company payments of the purchase price. The parties entered into the First Amendment, and the Company paid the consideration of $550,000 in principal and $110,000 in interest.

On June 8, 2023, the Company and Naturaleaf amended the promissory note ("Second Amendment") to restructure the remaining payments due to be made by the Company under the amended Note, totaling principal and interest of $651,162.50 ("Second Amendment"). Pursuant to the Second Amendment, the Company agreed to pay $150,000 by June 30, 2023; $100,000 by July 31, 2023; and the balance by May 1, 2024. The Company made both 2023 payments and granted Naturaleaf a first-priority lien and security interest on the assets of the Registrant, securing the payment and performance of the payment schedule. The balance due has yet to be paid and is in default. The Company and Naturaleaf are currently in good faith negotiations to resolve the outstanding balance due.

Note 13. Related Party Transactions

On February 14, 2023, the Company issued a second promissory note in exchange for $100,000 to its CEO and CFO Ellis Smith. The note is not convertible and matures on August 14, 2023. The note carries 15% interest per annum.

Note 14. Stock-Based Compensation

Restricted Shares Compensation

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 equity-based incentives are also intended to attract, retain and motivate personnel upon whose judgment, initiative, and effort the Company's success is largely dependent.

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 the 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. During the three months ended March 31, 2024, and 2023, stock-based compensation expenses for restricted shares for Company employees were $0 and $9,086, respectively.

Note 15. Shareholders' 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 at March 31, 2024, and December 31, 2023, respectively.

Common Stock

On March 6, 2024, the Company issued 2,017,125 shares of common stock in conversion of a note.

On January 17, 2024, the Company issued 4,319,628 shares of common stock in conversion of a note.

On January 11, 2024, the Company issued 5,000,000 shares of common stock in conversion of a note.

On January 8, 2024, the Company issued 3,061,224 shares of common stock in conversion of a note.

On January 11, 2023, the Company issued a total of 2,175,000 shares of restricted common stock to directors and officers under contract during 2022.

On August 24, 2023, the Company issued 41,000,000 shares of registered common stock to consultants under contract.

On August 24, 2023, the Company issued a total of 12,250,000 shares of restricted common stock to directors and officers under contract.

On August 29, 2023, the Company issued 25 million shares of restricted common stock to consultants under contract.

On August 30, 2023, the Company issued 1 million restricted shares to a service provider to settle an outstanding amount due under contract.

The fair value of common stock issued is determined based on the closing price of the Company's common stock on the date granted.

Net Loss Per Share

Basic net loss per share is computed by dividing net loss by the weighted-average number of common shares outstanding during the reporting period. Diluted net loss per share is computed similarly to basic loss per share, except that it includes the potential dilution that could occur if dilutive securities are exercised.

Outstanding stock options and common stock warrants are considered anti-dilutive because we are in a net loss position. Accordingly, the number of weighted average shares outstanding for basic and fully diluted net loss per share are the same. At March 31, 2024, the Company did not have any warrants or options issued and outstanding.

Note 16. Commitments and Contingencies

On June 8, 2025, the Company and Naturaleaf entered into a Second Amendment to the promissory note initially issued in connection with the Company's acquisition of Naturaleaf (See Note 12). This amendment was aimed at restructuring the remaining payments due under the original agreement. The total principal and interest due under this amended Note amounted to $651,162.50.

As per the terms of the Second Amendment, the Company was obligated to make the following payments:

- $150,000 by June 30, 2023
- $100,000 by July 31, 2023

The Company successfully made both the 2023 payments. Additionally, to secure the payment schedule and performance, the Company granted Naturaleaf a lien and security interest on the Registrant's assets.

However, the Company has yet to make the final payment due by May 1, 2024, resulting in a default situation. The Company and Naturaleaf are currently engaged in good faith negotiations to resolve this outstanding balance. As of the date of this report, the amount in default constitutes a material unasserted claim, which could have significant financial implications if not resolved favorably. As of the date of this filing, no legal action is pending against the Company, and the note holder has not provided any indication or suggestion that such legal action is imminent.

Note 17. Subsequent Events

In accordance with ASC 855-10, the Company analyzed its operations after unaudited consolidated financial statements for the three months ended March 31, 2024, were available.

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 forward-looking statements that are subject to several risks and uncertainties. From time to time, we may make other forward-looking statements. Investors are cautioned that such forward-looking statements are subject to an inherent risk that actual results may materially differ because 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.

Government Regulation

Currently, there are thirty-eight states plus the District of Columbia that have laws and/or regulations that recognize in one form or other legitimate medical uses for cannabis in connection with medical treatment. There are currently twenty-four states and the District of Columbia that allow recreational use of cannabis. As of March 31, 2024, the policy and regulations of the Federal Government and its agencies are that cannabis has no medical benefit and a range of activities, including cultivation and use of cannabis for personal use is prohibited on the basis of federal law and may or may not be permitted on the basis of state law. Active enforcement of the current federal regulatory position on cannabis on a regional or national basis may directly and adversely affect the willingness of customers of the Company's medicinal cannabis products to invest in or buy products. Active enforcement of the current federal regulatory position on cannabis may thus indirectly and adversely affect the revenues and profits of the Company.

Our discussion and analysis of our financial condition and results of operations are based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these unaudited condensed consolidated 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 the useful lives of real estate assets, 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 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 and manufactures proprietary industry solutions, including; the Satchel™, SoHum Living Soils™, Cultivation Cube™, and the High-Density Cultivation System.™ The Company also sells 3rd party industry-specific products 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 OTCQB Tier under the symbol "AMMJ".

Naturaleaf Acquisition

On April 30, 2021, the Company closed its acquisition of the assets of Medihemp, LLC ("Medihemp"), and its wholly-owned subsidiary SLAM Enterprises, LLC ("SLAM"), and Medical Cannabis Caregivers, Inc. ("Medical Cannabis"), each an entity organized and operating under the laws of the State of Colorado, and all doing business as "Naturaleaf" operating in the medicinal cannabis industry in Colorado.

Medihemp and SLAM, respectively, own fixed assets and operate two retail Medical Marijuana Centers located in Colorado Springs, Colorado. Medical Cannabis owns fixed assets and operates a retail Medical Marijuana Center located in Colorado Springs, Colorado. Medical Cannabis also owns and operates a Medical Marijuana Optional Premises Cultivation license and a Medical Marijuana-Infused Product Manufacturer license.

Naturaleaf agreed to sell or assign to the Company, and the Company purchased and was the assignee of the following assets:

1. Three Medical Marijuana (MMC) Store Licenses;

2. One Marijuana Infused Product Licenses (MIPS); and,

3. One Option Premises Cultivation License (OPC); and,

4. Related real property assets, goodwill, and related business assets.

As a result, the Company has expanded its business model to include the cultivation and retail sale of cannabis in the medicinal cannabis industry.

The aggregate consideration paid for the Assets was $2,912,000, which consisted of (i) a cash payment of $1,100,000, (ii) the issuance of a promissory note to the owner of Naturaleaf in the principal amount of $1,100,000 (the “Seller Note”), and (iii) the issuance of 3,000,000 shares of the Company’s restricted common stock valued at $0.23 per share or $690,000, and (iv) the assumption of $22,000 in current payables.

On April 29, 2022, the Company and the previous owners of Naturaleaf agreed to an amendment of the note. The Company paid $550,000 of the principal, combined with accrued interest of $110,000, in exchange for a new note with a principal balance of $550,000, interest per annum of 12%, and a maturity date of April 29, 2023.

On April 29, 2022, the Company and Naturaleaf amended the promissory note to restructure the payment schedule ("First Amendment"). The parties agreed that in consideration of the Company's payment of $550,000 and outstanding interest of $110,000, a new promissory note with a maturity date of April 29, 2023, in the principal amount of $550,000 and 12% interest accruing annually, would resolve all Company payments of the purchase price. The parties entered into the First Amendment, and the Company paid the consideration of $550,000 in principal and $110,000 in interest.

On June 8, 2023, the Company and Naturaleaf amended the promissory note ("Second Amendment") to restructure the remaining payments due to be made by the Company under the amended Note, totaling principal and interest of $651,162.50 ("Second Amendment"). Pursuant to the Second Amendment, the Company agreed to pay $150,000 by June 30, 2023; $100,000 by July 31, 2023; and the balance by May 1, 2024. The Company made both 2023 payments and granted Naturaleaf a first-priority lien and security interest on the assets of the Registrant, securing the payment and performance of the payment schedule. The balance due has yet to be paid and is in default. The Company and Naturaleaf are currently in good faith negotiations to resolve the outstanding balance due (see Note 16).

On May 31, 2023, the Company sold Colorado State License No. 402-01065 (Medical Marijuana Store) and City of Colorado Springs License No. 0850714L in exchange for $100,000. As of May 31, 2023, the Company discontinued its associated operations at Palmer Park Boulevard, Ste. A, Colorado Springs, CO, and as of June 30, 2023, its lease obligation terminated without penalty, interest, or other liquidated damages.

RESULTS OF OPERATIONS

AMERICAN CANNABIS COMPANY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Period Ended March 31, 2024	For the Period Ended March 31, 2023	Increase (Decrease)
Revenues			
Consulting Services	$ 8,329	$ 160,815	(152,486)
Product & Equipment	17,601	363,549	(345,948)
Cannabis Products	229,791	188,021	41,770
Total Revenues	**255,720**	**712,385**	456,665
Cost of Revenues			
Cost of Consulting Services	—	45,000	45,000
Cost of Products and Equipment	17,262	217,567	(200,305)
Cost of Cannabis Products	132,764	173,309	(40,545)
Total Cost of Revenues	**150,026**	**435,876**	(285,850)
Gross Profit	**105,694**	**276,509**	(170,815)
Operating Expenses			
General and Administrative	232,134	643,604	(411,470)
Selling and Marketing	2,350	64,535	(62,185)
Stock Based Compensation Expense	—	9,086	9,086
Total Operating Expenses	**234,483**	**717,225**	(482,742)
Loss from Operations	**(128,789)**	**(440,716)**	(311,927)
Other Income (Expense)			
Interest (expense)	(7,479)	(31,634)	(24,155)
Debt Forgiveness	—	—	—
Other income	3,718	9,350	(5,632)
Total Other (Expense) Income	(3,761)	(22,284)	(18,523)
Net Loss	(132,551)	(463,000)	(330,449)
Income Tax Expense	—	—	—
NET LOSS	**$ (132,551)**	**$ (463,000)**	(330,449)

Revenues

Total revenues were $255,720 for the three months ended March 31, 2024, as compared to $712,385 for the three months ended March 31, 2023, a decrease of $456,665. The decreases were caused by reduced consulting revenues and product and equipment revenues of $152,486 and $345,948, respectively, resulting from market saturation, increased competition, and reduced demand for products and consulting.

Costs of Revenues

For the three months ended March 31, 2024, our total costs of revenues were $150,026 compared to $435,876 for the three months ended March 31, 2023. This represents a significant reduction of $285,850. The decrease in the cost of revenues was a direct result of several key factors, including reduced costs related to equipment sales attributable to lower sales volume, improved efficiencies in the cultivation process, lower costs for supplies in response to demand, and streamlined operations which have had the effect of increasing operational efficiencies and reducing costs.

Consulting Services

Consulting service revenues during the three months ended March 31, 2024, were $8,329 versus $160,815 for the three months ended March 31, 2023. The decrease is due to the unpredictable demand for cannabis consulting services, driven by evolving and uncertain regulations, the uncertain adoption of new cannabis initiatives by states, and the highly competitive and oversaturated market for cannabis services, resulting in an overall decline in the demand for consulting services.

Costs of Consulting Services

Consulting service costs were $0 and $45,000 compared to the three months ended March 31, 2024, and 2023, respectively. Costs associated with consulting services decreased due to market saturation, increased competition, and reduced demand for products and consulting.

Soil Product and Equipment Revenues

Our product and equipment revenues for the three months ended March 31, 2024, were $17,601, compared to $363,549 for the three months ended March 31, 2023, a decrease of $345,948 from the three months ended March 31, 2023. This decrease was due to our lack of soil sales and a reduction in the number of consulting engagements requiring the ordering of related equipment.

Costs of Products and Equipment were $17,262 and $217,567 during the three months ended March 31, 2024, and 2023, respectively. Costs associated with products and equipment decreased as a result of our lack of soil sales and a reduction in the number of consulting engagements requiring the ordering of related equipment.

Cannabis Product Revenues

Cannabis product revenues for the three months ended March 31, 2024, were $229,791, compared to $188,021 for the three months ended March 31, 2023. The increase of $41,770 represents an increase in the retail cannabis market in 2024 compared to 2023.

Costs associated with cannabis products consist of those incurred in cultivating the plants and selling them retail. For the three months ended March 31, 2024, such costs were $132,764, compared to $173,309 for the three months ended March 31, 2023, a reduction of $40,545 reflecting a reduction in general and administrative costs.

Gross Profit

Total gross profit for the three months ended March 31, 2024, was $105,694, down from $276,509 in the same period in 2023. The 2024 gross profit included $8,329 from consulting services, $17,601 from products and equipment, and $229,791 from cannabis products. In comparison, the 2023 gross profit included $115,815 from consulting services, $145,982 from products and equipment, and $14,712 from cannabis products. The decrease in gross profit is primarily attributed to the reduction in consulting services revenue and products and equipment sales.

Operating Expenses

Total operating expenses for the three months ended March 31, 2024, were $234,483, compared to $717,225 for the same period in 2023. The decrease is mainly due to decreased general and administrative costs and selling and marketing costs.

Other Income (Expense)

Other expenses for the three months ended March 31, 2024, were ($3,761) compared to ($22,284) for the three months ended March 31, 2023. The increase is a direct result of decreases in interest expenses.

Net Loss

Net loss for the three months ended March 31, 2024 was $132,551, as compared to a net loss of $463,000 for the three months ended March 31, 2023.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2024, our primary internal sources of liquidity were our working capital, which included cash and cash equivalents of $10,045 and accounts receivable of $120,730. Management has instigated and continues to investigate opportunities for financing to support operations and growth. Management believes this strategy will adequately provide the necessary liquidity and capital resources to fund our operational general, and administrative expenses for at least the next 12 months.

Operating Activities

Net cash used in operating activities for the three months ended March 31, 2024, was $11,288, as compared to $208,565 for the three months ended March 31, 2023. Decreases in cash used were a result of the decreases in accrued liabilities and accounts payable.

Investing Activities

For the three months ended March 31, 2024, and 2023, investing activities resulted in net cash used of $0 and $39,092, respectively.

Financing Activities

During the three months ended March 31, 2024, and 2023, proceeds provided by financing activities were $249 and $186,610, respectively.

Off-Balance Sheet Arrangements

As of March 31, 2024, and December 31, 2023, we did not have any off-balance 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.

Non-GAAP Financial Measures

We use Adjusted EBITDA, a Non-GAAP metric, to monitor our overall business performance. We define Adjusted EBITDA as net income (loss) before interest expense, net, provision for (benefit from) income taxes, stock-based 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 EBITDA 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 EBITDA is provided below:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Adjusted EBITDA reconciliation:		
Net loss	$ (132,551)	$ (463,000)
Depreciation and Amortization	60,115	61,280
Interest Expense	7,479	31,634
Stock-based compensation to employees	0	9,086
Stock issued for services	0	—
Adjusted EBITDA	**$ (64,957)**	**$ (361,000)**

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

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer/Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

We carried out an evaluation under the supervision and with the participation of management, including our Chief Executive Officer/Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2024, the end of the period covered by this Report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weaknesses discussed below.

Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive officer and principal financial officer and effected by the Board, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

● pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets,

● provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that our receipts and expenditures of are being made only in accordance with authorizations of our management and directors; and

● provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of our inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management identified the following material weaknesses:

● we do not have an Audit Committee – While not being legally obligated to have an Audit Committee, it is the management’s view that such a committee, including a financial expert board member, is an utmost important entity-level control of the Company’s financial statements. Currently, the Board of Directors acts in the capacity of the Audit Committee and does not include a member that is considered to be independent of management to provide the necessary oversight over management’s activities.

● we have not performed a risk assessment and mapped our processes to control objectives.

● we have not implemented comprehensive entity-level internal controls.

● we have not implemented adequate system and manual controls; and

● we do not have sufficient segregation of duties.

Our management assessed the effectiveness of internal control over financial reporting as of March 31,2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organization of the Treadway Commission (“COSO”) in Internal Control–Integrated Framework (2013). Based on management’s assessment, management concluded that the above material weaknesses have not been remediated and, accordingly, our internal control over financial reporting is not effective as of March 31, 2024.

Remediation of Material Weaknesses

We have designed and plan to implement, or in some cases have already implemented, the specific remediation initiatives described below:

● We intend to allocate resources to perform a risk assessment and map processes to control objectives and, where necessary, implement and document internal controls in accordance with COSO.
● Our entity-level controls are, generally, informal and we intend to evaluate current processes, supplement where necessary, and document requirements.
● While we have implemented procedures to identify, evaluate and record significant transactions, we need to formally document these procedures and evidence the performance of the related controls.
● We plan to evaluate system and manual controls, identify specific weaknesses, and implement a comprehensive system of internal controls.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

During the three months ended March 31, 2024, the Company issued the following unregistered securities in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933 for conversion of an outstanding note payable:

On March 6, 2024, the Company issued 2,017,125 shares of common stock in conversion of a note.

On January 17, 2024, the Company issued 4,319,628 shares of common stock in conversion of a note.

On January 11, 2024, the Company issued 5,000,000 shares of common stock in conversion of a note.

On January 8, 2024, the Company issued 3,061,224 shares of common stock in conversion of a note.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

No senior securities were issued and outstanding during the three months ended March 31, 2024, and 2023.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

This list is intended to constitute the exhibit index.

31.1	Certification of Principal Executive & Financial Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive & Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes0Oxley 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 S-T, 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: July 15, 2024

By: /s/ Ellis Smith

Ellis Smith,
Chief Executive Officer & Chief Financial Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE & CHIEF FINANCIAL OFFICER

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, I, Ellis Smith, certify that:

1. I have reviewed this report on Form 10-Q of American Cannabis Company, Inc., for the fiscal quarter ended March 31, 2024;

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. 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 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: July 15, 2024

/s/ *Ellis Smith*

Ellis Smith

Chief Executive Officer
& Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Cannabis Company, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ellis Smith, Chief Executive Officer & 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, 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: July 15, 2024

/s/*Ellis Smith*

Ellis Smith

Chief Executive Officer &
Chief 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.