

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-K**

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

For the fiscal year ended **December 31, 2022**

OR

☐ 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: **000-56151**



**ONE WORLD PRODUCTS, INC.**

(Exact name of registrant as specified in its charter)

**NEVADA**

(State or other jurisdiction of  
incorporation or organization)

**61-1744826**

(I.R.S. Employer  
Identification No.)

**One World Products, Inc.**

**6605 Grand Montecito Pkwy., Suite 100**

**Las Vegas, Nevada 89149**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(800) 605-3210**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes ☐ No ☒

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

☐

Accelerated filer

☐

Non-accelerated filer

☒

Smaller reporting company

☒

Emerging growth company

☒

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant based upon the closing price of \$0.169 per share as of June 30, 2022 was approximately \$8,651,657.

As of May 10, 2023, there were 70,202,907 shares of registrant's common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE: None**

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## PART I

### Forward Looking Statements

This Form 10-K contains “forward-looking” statements including statements regarding our expectations of our future operations. For this purpose, any statements contained in this Form 10-K that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as “may,” “will,” “expect,” “believe,” “anticipate,” “estimate,” or “continue” or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within our control.

These risks and uncertainties include our limited operating history; changes in cannabis laws, regulations and guidelines; our reliance on Colombian licenses, our ability to obtain authorizations and quotas; regulatory compliance risks; competition in our industry; our ability to establish and maintain bank accounts; our ability to comply with foreign trade policies; the continued demand for cannabis and derivate products; our ability to retain and acquire skilled personnel; and the risks involved in conducting operations in Colombia, as well as other factors set forth under the caption “Risk Factors” in this Form 10-K. Although the forward-looking statements in this report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by them. In light of these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Except as required by law, we undertake no obligation to announce publicly revisions we make to these forward-looking statements to reflect the effect of events or circumstances that may arise after the date of this report. All written and oral forward-looking statements made subsequent to the date of this report and attributable to us or persons acting on our behalf are expressly qualified in their entirety by this section.

### ITEM 1. BUSINESS

#### *Overview*

On February 21, 2019, we entered into an Agreement and Plan of Merger (“Merger Agreement”) with OWP Merger Subsidiary, Inc. (“OWP Merger Sub”), our wholly-owned subsidiary, and OWP Ventures, Inc. (“OWP Ventures”). Under the Merger Agreement, the acquisition of OWP Ventures by us was effected by the merger of OWP Merger Sub with and into OWP Ventures, with OWP Ventures being the surviving entity as our wholly-owned subsidiary (the “Merger”). The closing (the “Closing”) of the Merger occurred on February 21, 2019.

Immediately prior to the Closing, we were a public “shell” company with nominal assets. As of the Closing, we are no longer a public shell. As a result of the Merger, we are engaged in OWP Ventures’ business, including the business of its wholly-owned subsidiary, One World Pharma, S.A.S., a Colombian company (“OWP Colombia”). On November 23, 2021, we changed our name from One World Pharma, Inc. to One World Products, Inc. through the merger of One World Products, Inc., a recently formed Nevada corporation wholly-owned by us, with and into us. This merger was effected solely to effect the change of our name, and had no effect on our officers, directors, operations, assets or liabilities. In this Form 10-K, the terms “we,” “us,” “our” and “our company” refers to One World Products, Inc. and its wholly-owned direct and indirect subsidiaries, OWP Ventures and OWP Colombia.

On June 3, 2020, Isiah L. Thomas III was appointed to serve as our Chief Executive Officer and Vice Chairman. Mr. Thomas was a 12-time NBA All Star, two-time NBA champion, and is an accomplished international business executive. In 2021, through ISIAH International, LLC, of which he is the sole member, Mr. Thomas purchased \$3,000,000 of our Series B Preferred Stock in installments over a period of time ending in July 2021.

We plan to be a producer of raw cannabis and hemp plant ingredients for both medical and industrial uses across the globe. We have received licenses from Colombian regulators to cultivate, produce and distribute the raw ingredients of the cannabis and hemp plant for medicinal, scientific and industrial purposes. Specifically, we are one of the first companies in Colombia to receive licenses for seed, cultivation, extraction and export from the Colombian government (the “Licenses”).

We planted our first crop of cannabis in Popayan, Colombia in 2018, and began initial harvesting in the first quarter of 2019 for the purpose of further research and development activities and quality control testing of the cannabis we have produced. We commenced limited shipping of non-psychoactive products to customers in May of 2020. Although we hold the four Colombian Licenses, we will need to obtain additional approvals from Colombian regulators before we can fully execute our business plan, particularly with respect to the sale psychoactive products. As described further under “Regulation” below,

- We will need to obtain quota approvals from the Colombian authorities before we can commence commercial sale of our psychoactive products under our Cannabis Manufacturing License and Psychoactive Cultivation License;
- We have successfully registered three non-psychoactive distinct cannabis strains and have received the certification required by Colombia’s National Registrar as of April 2020; and

- We have been issued the sanitary registrations needed to sell our products intended for human consumption; and
- We have successfully registered eight psychoactive distinct cannabis strains and have received the certifications required by Columbia's National Registrar as of December 2020; and
- We obtained quota approvals on December 30, 2022 for thirteen strains of THC.

Our first cultivation site is located in Popayan, Colombia and our extraction facility will be located in the outskirts of Bogota, Colombia, in the town of Mosquera. Our cultivation facility encompasses approximately 30 acres and includes a covered greenhouse built specifically to cultivate high-grade cannabis and hemp. In addition, we have entered into agreements with local farming co-operatives that include small farmers and indigenous tribe members, under which they will cultivate cannabis on up to approximately 140 acres of land using our seeds and propagation techniques, and sell their harvested products to us on an exclusive basis.

We employ modern propagation and cultivation techniques drawn from U.S. practices that allow us to rapidly multiply the cells of a specific plant strain to produce large numbers of genetically consistent progeny plants using our own plant tissue culture method. We believe this technique allows us to cultivate plants which are stable, robust and able to produce genetically superior cannabis and hemp derived products. We intend to have our processes and products certified as compliant with international standards, including Good Agricultural Practices ("GAP"), Good Manufacturing Practice ("GMP") and the standards set forth in EU Pharmacopoeia, a publication that sets forth quality standards applicable to the European pharmaceutical industry.

We currently have 120,000 square feet of covered greenhouse capacity, which we intend to increase to 160,000 square feet. We are building out our extraction and production facility and expect it to be operational before the end of the third quarter of 2023. During the first quarter of 2022, we made payments of approximately \$1,400,000 for a state of the art distillation machine that was installed during the first quarter of 2023, which we expect to be placed in service during the second quarter of 2023 within our vertically integrated extraction facility in which we entered into a five-year lease on October 1, 2022, where we have combined our office and extraction facilities into the same building. This facility is approximately half the cost of the former, and already contains the necessary electrical and epoxy floors, which will significantly reduce our tenant improvement costs. Once the equipment is placed in service, we will be one of the only companies in Colombia to both hold licenses and possess the capability to extract high-quality CBD and THC oils. In addition, we have a contractual relationship with a local co-operative under which they agree to assist us in cultivation at our facility.

We have received full registrations from the Instituto Colombiano Agropecuario (the "ICA") for the full registration of 3 non-psychoactive high CBD strains and 13 proprietary high THC cannabis strains. Only registered strains may be sold under Colombian law. We are now able to start the quota process, which is required in order to commercialize THC products. We received a supplementary quota on December 30, 2022 that will allow us to sell THC products, based on the thirteen strains that were approved.

We recently added premium coffee certified by the Colombian National Coffee Federation infused CBD, teas infused with CBD and a series of wellness products, including sports CBD energy drinks for optimum performance, CBD facial and body creams for anti-inflammatory and anti-aging use to our product pipeline. We expect to start exporting our product pipeline in 2023, including CBD flower and distillate oil, while developing our white label commercial agreements with Europe, USA, and Latin America, while we continue to stream our process and procedures in a re-organization, following lean best practices in our operations and management to become the preferred just-in-time supplier of cannabinoids based premium products and raw ingredients with attractive pricing.

We believe there is a large and growing market for cannabis and hemp products around the world. The market for CBD has shown particular demand and growth. We will pursue sales into this market using a direct sales force to establish direct customer relationships and distributor relationships. We will seek out customers who have large and recurring needs and demands. Countries that we intend to focus on include EU countries, the UK, Poland, Israel, and Canada.

### ***History and Background***

One World Pharma S.A.S., is a Colombian company ("OWP Colombia"), incorporated on July 14, 2017 with the goal of procuring the following Colombian Licenses.

On December 20, 2017, the Colombian Ministry of Health, by means of resolution No. 5251 of 2017, granted OWP Colombia its license for the production of cannabis derivatives for domestic use and export, allowing OWP Colombia to extract high tetrahydrocannabinol ("THC") compounds ("Cannabis Manufacturing License"). This license was renewed in 2023 for a ten-year term.

On December 26, 2017, the Colombian Ministry of Justice, by means of resolution No. 1087 of 2017, granted OWP Colombia its license to use seeds for sowing for sale or delivery of seeds and/or for scientific research purposes, allowing for genetic and seed bank registration (“Cannabis Seed Possession License”). This license was also renewed in 2023 for a ten-year term.

On December 26, 2017, the Colombian Ministry of Justice, by means of resolution No. 1088 of 2017, granted OWP Colombia its license to grow non-psychoactive cannabis plants (less than 1.0% THC). Under this license, OWP Colombia can produce seeds for planting, deliver and make sales of the cannabis crop in order to produce cannabis derivatives and deliver and make sales of the cannabis crop for industrial purposes (“Cannabis Non-Psychoactive Cultivation License”). This license was also renewed in 2023 for a ten-year term.

On January 4, 2018, the Colombian Ministry of Justice, by means of resolution No. 0015 of 2018, granted OWP Colombia its license to grow psychoactive cannabis plants (greater than 1.0% THC) (“Psychoactive Cultivation License”). Under this license, OWP Colombia can produce seeds for planting, and deliver and make sales of the cannabis crop in order to produce cannabis derivatives. This license was also renewed in 2023 for a ten-year term.

Six months prior to the expiration of each of the Licenses, we can apply for successive renewals for additional ten-year periods. In each renewal application, the corresponding Ministry will assess compliance with all the relevant requirements in determining whether or not to renew the License.

On March 27, 2018, OWP Ventures, Inc. was formed as a Delaware corporation for the purpose of acquiring OWP Colombia.

On May 30, 2018, OWP Ventures entered into a Stock Purchase Agreement with the shareholders of OWP Colombia whereby the shareholders of OWP Colombia transferred their shares in OWP Colombia to OWP Ventures in exchange for 10,200,000 shares of common stock of OWP Ventures.

## **Products**

We are focused on cultivating, processing and supplying crude cannabis oil, distillate and isolate to customers’ specification. We plan to sell as a wholesaler to industrial companies making cannabis related products. We also plan on supplying the hemp plant bio-mass remaining after our extraction process to industry participants that utilize hemp in the manufacture of their products. Hemp is used to make a variety of commercial and industrial products, including rope, textiles, clothing, shoes, food, paper, bioplastics, insulation and biofuel.

We are currently in the process of cultivating medicinal cannabis at our facility in Popayan, Colombia for a variety of medical conditions. We have registered 25 varieties or strains of cannabis with the Colombian Ministry of Health. See “Strains of Cannabis” below. The development of these strains enables us to select mother plants and identify the concentrations of cannabinoids required for the products which we intend to distribute. The cannabis will be produced in accordance with GMP Standards. We are committed to developing final products consistent with medicinal cannabis industry standards and pharmaceutical procedures. Our products will include a variety of cannabinoids and terpenes designed to address specific medical conditions. The composition of the strains will include a wide range of THC and CBD ratios.

## **Industry**

Medicinal cannabis refers to the use of cannabis and its constituent cannabinoids and terpenes to treat disease or ameliorate symptoms such as pain, muscle spasticity, nausea and other indications. Cannabinoid is a blanket term covering a family of complex chemicals, both natural and man-made, that bind with cannabinoid receptors (protein molecules on the surface of cells) and effect a wide number of responses. Cannabinoid receptors in the human body are part of a system called the endocannabinoid system. This system produces chemicals called endocannabinoids, which also bind with cannabinoid receptors. Cannabinoid receptors are found in the brain and throughout the body. Scientists have found that cannabinoid receptors in the endocannabinoid system are involved in a vast array of functions in our bodies, including helping to modulate brain and nerve activity (including memory and pain), energy metabolism, heart function, the immune system and even reproduction. While there are a large number of active cannabinoids found in cannabis, the two most common currently used for medical purposes are tetrahydrocannabinol and cannabidiol. Although no clinical trials have been completed in the United States to validate the effectiveness of tetrahydrocannabinol or cannabidiol in managing disease and improving symptoms, scientific studies have identified that they, alone and/or in combination, may potentially provide treatment benefits for a large number of medical conditions. For example, tetrahydrocannabinol, a psychotropic cannabinoid, has been shown to activate pathways in the central nervous system which work to block pain signals and has shown potential to assist patients with Post Traumatic Stress Disorder (PTSD) and stimulate appetite in patients following chemotherapy. Cannabidiol, on the other hand, is non-psychoactive and has shown potential to relieve convulsion and inflammation, and is the active ingredient in Epidolex, which in June 2018 was approved by the FDA for the treatment of two rare and severe forms of epilepsy.

## **Regulation**

Our active business operations are currently conducted solely within Colombia, and as such, the discussion below is limited to Colombian laws and regulations applicable to our business, which require us to hold the relevant licenses, quotas and other permits, as described below. Our activities in the United States consist solely of corporate administrative activities at our Las Vegas headquarters, including accounting, finance and SEC compliance functions. We believe that our current activities in the United States will not subject us to regulation under the U.S. Controlled Substances Act or other applicable U.S. federal or state laws with respect to our proposed business plans. All export activities will be conducted from Colombia, and we do not intend to export any of our products to jurisdictions where such sales are not legal under local law. We intend to export Hemp oil to the USA, in accordance with The Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334, H. Rept. 115-1072).

## **Regulatory Authorities**

Several authorities interact in the Colombian cannabis industry. The Ministry of Health is in charge of granting the Cannabis Manufacturing and Distribution License and exercises administrative control over the production of cannabis derivatives. The Ministry of Justice, through the subsection for the Control and Supervision of Chemical Substances and Narcotic Drugs, is the competent authority for issuing the Cannabis Seeds Possession License, the Cannabis Psychoactive Cultivation License and the Cannabis Non-Psychoactive Cultivation License and for exercising administrative control over cannabis operations and cultivation. The National Narcotics Fund (“FNE”) exercises administrative and operational control over activities related to the management of psychoactive and non-psychoactive cannabis and its derivatives. The National Food and Drug Surveillance Institute (“INVIMA”) is in charge of issuing and monitoring compliance under the health and phytosanitary registrations that may be applicable to products containing cannabis derivatives. The Colombian Agricultural Institute (“ICA”) is responsible for maintaining the registry of the Genetic Pool or “Fuente Semillera” and the registration of cannabis seeds and strains under the “Registro Nacional de Cultivares Comerciales”.

In exercising the administrative and operational control activities discussed above the Ministry of Justice, Ministry of Health, ICA and FNE are required to coordinate their activities to the extent necessary, according to their competencies, with the Ministry of Agriculture and Rural Development through ICA, as well as with the National Police.

## **Licenses**

Under Colombian law, there are four types of cannabis licenses that authorize different activities concerning the various stages of the production line of the medical cannabis industry: (i) the Cannabis Seeds Possession License; which is required for the domestic sale and delivery of seeds (but not export) and for scientific research purposes; (ii) the Cannabis Psychoactive Cultivation License, which is required for the production of seeds for sowing; for grain production; production of cannabis derivatives; for scientific research purposes, for storage, and for final disposal; (iii) the Cannabis Non-Psychoactive Cultivation License, which is required for the production of grain and seeds for sowing; production of cannabis derivatives; for industrial purposes; for scientific research purposes; for storage; and for final disposal; and (iv) the Cannabis Manufacturing and Distribution License, which is required for the production of cannabis derivatives for domestic use; production of cannabis derivatives for scientific research purposes; and production of cannabis derivatives for exportation. OWP Colombia holds all of these licenses.

The legal framework currently in force in Colombia regarding medical cannabis is established in Law 1787 of 2016 (the “Law”) and the Decree 613 of 2017 (the “Decree”). Cannabis licenses must be issued by the Ministry of Health or the Ministry of Justice in an estimated time of 60 days, however, in practice, this process can take between four and six months. In accordance with Colombia’s international obligations, there is a limit in the amount of Cannabis allowed for fabrication or cultivation assigned by the Colombian Government (specific crop or manufacturing quotas) that must be requested by each licensee when applying for a Cannabis Psychoactive Cultivation License or a Cannabis Manufacturing License. The activities of cultivation and manufacturing can only be started once the specific quotas have been granted to the licensee.

## **Duration of Licenses**

The Cannabis Seeds Possession License, the Cannabis Psychoactive Cultivation License, the Cannabis Non-Psychoactive License, and the Cannabis Manufacturing and Distribution License are granted by the Ministry of Justice and/or the Ministry of Health (as applicable), when the applicant fulfills the general criteria described in Article 2.8.11.2.1.5 of the Decree, and the specific requirements for each type of license. Each of these licenses is valid for up to five years. The Ministry of Justice and the Ministry of Health (as applicable) maintain the right to monitor the activities performed by the corresponding licensee, and in the event of a breach by the licensee of the obligations and duties set forth in the Decree, the licenses may be revoked. The relevant Ministry may renew these licenses for additional and successive five-year periods. In each renewal application, the Ministry will assess compliance with all the relevant requirements in determining whether or not to renew the license.

## Quotas

As described above, regulations of cannabis in Colombia provides an additional requirement applicable to the Cannabis Psychoactive Cultivation License and Cannabis Manufacturing License, which require the grant of crop and manufacturing quotas (the “Quotas”). According to Article 2.8.11.2.6.2 of the Decree, the assignment of Quotas is collectively made by the Ministry of Health, the Ministry of Justice, the ICA, the INVIMA, and the FNE.

According to Article 2.8.11.2.6.5 of the Decree, there are two types of Quotas: (i) crop quotas for psychoactive cannabis (for holders of the Cannabis Psychoactive Cultivation License) which are granted by the Ministry of Justice; and (ii) the manufacturing quotas for psychoactive cannabis (for holders of the Cannabis Manufacturing License) which are granted by the Ministry of Health.

These Quotas are requested by the licensees no later than the last calendar day of April of each year, and, if they are granted by the corresponding authority, they can only be used by the licensees during the next calendar year (for instance, if a licensee requests a specific crop Quota in March, 2018, and this Quota is granted by the Ministry of Justice, the licensee will be allowed to use the Quota from January 1, 2019 to December 31, 2019). In extraordinary events, the licensees can request a supplementary Quota that will apply to the calendar year requested (the issuance of these Quotas depends on the special circumstances defined by the Colombian governmental authorities).

On December 3, 2018, by means of resolution 1256 of 2018, Colombia’s Ministry of Justice granted OWP Colombia a supplementary Quota for growing psychoactive mother plants; six for each of 13 varieties, for a total of 78 “mother” plants. However, before we commence the commercial sale of our psychoactive products (greater than 1% THC content), we will need to obtain Quotas from the Ministry of Health. This will require us to conduct successful agricultural characterization tests approved by and registered with the ICA/Ministry of Agriculture and Rural Development, and stabilized extracts characterization tests approved by INVIMA/Ministry of Health, of product samples grown by us under Quotas obtained from the Ministry of Justice. We have already requested from the Ministry of Health and Justice our annual Quotas for the export sale of psychoactive ingredients in 2022, and are awaiting the issuance of such Quotas in order to start our production process.

## Strains of Cannabis

Strains of cannabis are registered in Colombia in two manners:

- **Registration of the Genetic Pool or “Fuente Semillera”:** Under Article 2.8.11.11.1 of the Decree, licensed producers of cannabis had until December 31, 2018 to register the genetics of strains of cannabis with the ICA. Under this transitory article, the government allowed a limited period for licensed producers of cannabis to source genetics currently available in Colombia and register these as their “fuente semillera”. We registered 25 varieties under this article. This registration enables us to grow our own strains of cannabis as opposed to having to purchase registered strains from other licensed producers.
- **Registration Under the “Registro Nacional de Cultivares Comerciales”:** Licensed producers of cannabis have to be granted a breeding/research license to be able to develop, select and trial stabilized cannabis cultivars. This registration allows licensed producers to register unique and stable varieties of cannabis for commercial production within Colombia. We were granted such license in the first quarter of 2018. Licensed producers can then request from ICA a registration trial, which is a field flowering trial with the supervision of ICA officials. The data collected in these trials can lead to registration of the cultivar in the National Registrar. Only registered varieties will be allowed to be produced commercially. We have received full registration for 3 non-psychoactive high CBD strains which have been approved for sale. We have also received permission to take 13 psychoactive THC strains through this process and anticipate the completion of such by year end 2021.

## Sanitary Registration

The commercialization of cannabis-based finished products intended for human consumption requires the issuance of sanitary registrations by the INVIMA, and in the case of products intended for animal consumption, by the ICA.

## ***Environmental***

Under Colombian law, general principles of environmental law are set out in Law 99 of 1993 and Article 9 of the National Code of Natural Resources and Protection of the Environment. These laws establish principles governing the use of natural resources, including that use must occur without causing harm to the interests of the community or of third parties. Parties that cause environmental damage while acting under the authority of a permit are responsible for incurring the costs to rectify the damage. The imposition of environmental sanctions is in addition to civil and criminal penalties that may be imposed. Environmental damage caused while a party is acting without a license constitutes a breach of Law 99 of 1993 and may lead to the imposition of sanctions, in addition to civil or criminal proceedings that may result. Parties that cause environmental damage, in addition to sanctions or penalties that apply, will also be required to carry out studies to assess the characteristics of the damage. Under Colombian law, liability for environmental damage creates a presumption of liability in case of a: (i) breach of environmental laws; (ii) environmental damage; and (iii) breach of environmental license or any other administrative act from the environmental authorities. The Environmental Authorities may investigate potential claims, authorize preventative measures, or impose sanctions on parties breaching environmental law.



## ***Competition***

The market for medicinal cannabis is characterized by unsatisfied patient demand, with few authorized producers. Although competition in the market is growing and Colombia offers an open process to apply for the licenses, we believe we are competitively positioned to satisfy the demand for medicinal cannabis given our early entry into the market, the management team's expertise in medical product branding, marketing, quality control and domestic market relationships. In addition, the Colombian government has published for comment a draft decree that requires any applicant for any of the four Licenses to furnish evidence that it has completed the seed registration process before the ICA and obtained the corresponding technical sheet for the cannabis plants and varieties. If enacted, this new regulation will result in stricter requirements on potential competitors seeking a Colombian License.

Cultivation in Colombia has natural cost advantages. However, management believes the more sustainable competitive advantage is to create patient loyalty and brand preference, as opposed to the distribution of more homogeneous products. Domestically our competition consists of PharmaCielo, CannaVida, Empresa Colombiana de Cannabis, Khiron Life Sciences Corp., MedCan, Canopy Growth Corporation, Clever Leaves and Flora Growth.

## ***Intellectual Property***

Our success depends, at least in part, on our ability to protect our core technology and intellectual property. To accomplish this, we rely on trade secrets, including know-how, employee and third-party nondisclosure agreements and other contractual rights to establish and protect our proprietary rights in our technology.

## ***Seasonality***

Colombia and its vertical offering of microclimates is the ideal country for year-round growing and processing of all possible varieties of cannabis in a natural, environmentally friendly manner.

## ***Principal Executive Offices***

Our principal executive offices are located at 6605 Grand Montecito Pkwy., Suite 100, Las Vegas, NV 89149. Our telephone number is (800) 605-3210. We believe our facilities are adequate to meet our current and near-term needs.

## ***Employees***

As of May 10, 2022, we had 14 full-time employees. Our employees are not represented by labor unions. We consider our relationship with our employees to be positive.

## **ITEM 1A. RISK FACTORS**

*The following important factors, and the important factors described elsewhere in this report or in our other filings with the SEC, could affect (and in some cases have affected) our results and could cause our results to be materially different from estimates or expectations. Other risks and uncertainties may also affect our results or operations adversely. The following and these other risks could materially and adversely affect our business, operations, results or financial condition.*

### **Risks Relating to our Business**

#### ***Limited Operating History***

We are an early stage company that has generated minimal revenues and, we have a limited operating history upon which our business and future prospects may be evaluated. To date, we have suffered recurring losses from operations and have an accumulated deficit of approximately \$22,976,365 as of December 31, 2022. We are subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that we will not achieve our operating goals. In order for us to meet future operating requirements, we will need to successfully grow, harvest and sell our cannabis products. Until such time as we are able to fund our business from operations, we will be required to raise funds through various sources, including the sale of equity and debt securities. Failure to generate cash from operations and to reach profitability may adversely affect our success.

### ***Change of Cannabis Laws, Regulations and Guidelines***

Cannabis laws and regulations are dynamic and subject to evolving interpretations which could require us to incur substantial costs associated with compliance or alter certain aspects of our business plan. Regulations may be enacted in the future that will be directly applicable to certain aspects of our businesses. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business. Management expects that the legislative and regulatory environment in the cannabis industry in Colombia and internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the foreseeable future. Compliance with any such legislation may have a material adverse effect on our business, financial condition and results of operations.

Public opinion can also exert a significant influence over the regulation of the cannabis industry. A negative shift in the public's perception of the cannabis industry could affect future legislation or regulation in different jurisdictions.

### ***Reliance on Colombian Licenses, Authorizations and Quotas***

Our ability to import seeds, grow, store and sell cannabis and hemp in Colombia or internationally is dependent on our ability to sustain and/or obtain the necessary licenses and authorizations by certain authorities in Colombia and/or the importing jurisdiction. The licenses and authorizations are subject to ongoing compliance and reporting requirements and our ability to obtain, sustain or renew any such licenses and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Failure to comply with the requirements of the licenses or authorizations or any failure to maintain the licenses or authorizations would have a material adverse impact on our business, financial condition and operating results. In addition, Colombian regulators limit the cultivation and sale of psychoactive cannabis by Quotas issued on an annual basis to licensed producers.

Although we believe that we will meet the requirements to obtain, sustain or renew the necessary licenses and authorizations, there can be no guarantee that the applicable authorities will issue these licenses or authorizations. In addition, to date we have not been issued Quotas that would allow us to commence the commercial sale of psychoactive cannabis products. Should the authorities fail to issue the necessary licenses or authorizations, including required Quotas, we may be curtailed or prohibited from the production and/or distribution of cannabis and hemp or from proceeding with the development of our operations as currently proposed and our business, financial condition and results of the operation may be materially adversely affected.

### ***Regulatory Compliance Risks***

Achievement of our business objectives is contingent, in part, upon compliance with regulatory requirements enacted by applicable governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of our products in Colombia and other jurisdictions where we intend to distribute and sell our products. We will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Civil or criminal fines or penalties may be imposed on us for violations of applicable laws or regulations. Vigorous enforcement of these laws could require extensive changes to our operations, increase our compliance costs or give rise to material liabilities, which could have a material adverse effect on our business, results of operations and financial condition.

### ***Competition***

There are many companies engaged in the cannabis business who we will compete with, including larger and more established companies with substantially greater marketing, financial, human and other resources than we have. These companies include PharmaCielo, CannaVida, Empresa Colombiana de Cannabis, Khiron Life Sciences Corp., MedCan, Canopy Growth Corporation, Clever Leaves and Flora Growth. Although we believe we are competitively positioned to be a leader in the medicinal cannabis industry given our early entry into the market, the management team's expertise in medical product branding, marketing, quality control, and market relationships, competition in the medical cannabis industry is growing quickly. As more competitors enter the market, prices may be reduced. We believe our approach in creating brand loyalty will allow us to effectively compete in the market but there is no assurance that will be the case, and our competitors may adopt a similar or identical approach. To date, we have obtained four licenses in Colombia that authorize us to engage in cannabis activities, and there are currently few authorized producers there. However, Colombia offers an open process to apply for licenses and there are no significant barriers to entry. As a result, our ability to generate revenues and earnings may be reduced as competition intensifies, thereby causing a material adverse effect on our business and financial condition.

### ***Ability to Establish and Maintain Bank Accounts***

Many banking institutions in countries where we or our prospective customers operate will not accept payments related to the cannabis industry, whether owing to domestic laws and regulations or pressure exerted by the United States on banks with laws subject to the laws of the United States (including, the Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act)). Failure to conduct our business through normal banking channels may impede our ability to make payments for goods and services and transact business in the ordinary course. Failure to operate in normal banking channels may also increase our cost of doing business and negatively affect our business. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that we may be required to seek alternative payment solutions. If the industry was to move towards alternative payment solutions we would have to adopt policies and protocols to manage our volatility and exchange rate risk exposures. Our inability to manage such risks may adversely affect our operations and financial performance.

### ***Anti-money Laundering Laws and Regulations***

We are subject to a variety of laws and regulations within Colombia and internationally that involve money laundering, financial recordkeeping and proceeds of crime. In the event that any of our investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments are found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under applicable legislation. Money laundering laws could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently cause the repatriation of such funds back to the United States or to any shareholders' jurisdiction of residence. Furthermore, while we have no current intention to declare or pay dividends on our common stock in the foreseeable future, in the event that a determination was made that the revenues from our cannabis operations could reasonably be shown to constitute proceeds of crime, we may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

### ***Foreign Trade Policies***

Our prospective international operations are subject to inherent risks, including changes in the regulations governing the flow of cannabis products between countries, fluctuations in currency values, discriminatory fiscal policies, unexpected changes in local regulations and laws and the uncertainty of enforcement of remedies in foreign jurisdictions. In addition, foreign jurisdictions could impose tariffs, quotas, trade barriers and other similar restrictions on our international sales and subsidize competing cannabis products. All of these risks could result in increased costs or decreased revenues.

### ***United States Regulation***

Although we do not believe that our limited U.S. activity will subject us to regulation under U.S. federal or state laws applicable to the sale of cannabis and marijuana, we cannot assure you that current or future U.S. laws and regulations will not detrimentally affect our business. Local, state and federal cannabis laws and regulations in the United States are constantly changing and they are subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or to alter one or more of our product or service offerings. In addition, violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our revenues, profitability, and financial condition. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

### ***Liability, Enforcement, Complaints, etc.***

Our participation in the cannabis and hemp industries may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by third parties, other companies and/or various governmental authorities against us. Litigation, complaints, and enforcement actions involving us could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on our future cash flows, earnings, results of operations and financial condition.

## ***Legal Proceedings***

From time to time, we may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom we do business and other proceedings arising in the ordinary course of business. We will evaluate our exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on our financial results.

## ***Environmental Regulations***

We are subject to Colombian environmental laws governing the use of natural resources, which prohibit such use that causes harm to the interests of the community or of third parties. Parties that cause environmental damage while acting under the authority of a permit are responsible for incurring the costs to rectify the damage. The imposition of environmental sanctions is in addition to civil and criminal penalties that may be imposed. Environmental damage caused while a party is acting without a license may lead to the imposition of sanctions, in addition to civil or criminal proceedings. Parties that cause environmental damage, in addition to sanctions or penalties that apply, are also required to carry out studies to assess the characteristics of the damage. Colombian environmental authorities may investigate potential claims, authorize preventative measures, or impose sanctions on parties breaching environmental law. Any such measures imposed on us could have a material adverse effect on our business.

## ***Demand for Cannabis and Derivate Products***

The global sale of cannabis and hemp products is a new industry as a result of recent legal and regulatory changes. Although we expect the demand for licensed cannabis to be in excess of the supply being produced by the licensed producers, there is a risk that such demand does not develop as anticipated. Further, there is a risk that the adoption rate by pharmacies to sell medical cannabis is lower than expected or that such adoption rate may take longer than anticipated. There is also a risk that the international export market for medicinal cannabis and extracts, such as CBD, CBG and CBC, will not materialize as projected or not be commercially viable. Should any of such events materialize, they may have a material adverse effect on our business, results of operations and financial condition.

## ***Weather, Climate Change and Risks Inherent in an Agricultural Business***

Our business involves growing cannabis, which is an agricultural product. Although our medical cannabis is intended to be grown in greenhouses, hemp used as feedstock for medicinal extracts and derivatives will be grown both outdoors and in greenhouses. Further, our prospective Colombian medicinal cannabis operations will initially focus on outdoor production. The occurrence of severe adverse weather conditions, especially droughts, hail, floods or frost, is unpredictable and may have a potentially devastating impact on agricultural production and may otherwise adversely affect the supply of cannabis and hemp. Adverse weather conditions may be exacerbated by the effects of climate change and may result in the introduction and increased frequency of pests and diseases. The effects of severe adverse weather conditions may reduce our yields or require us to increase our level of investment to maintain yields. Additionally, higher than average temperatures and rainfall can contribute to an increased presence of insects and pests, which could negatively affect cannabis crops. Future droughts could reduce the yield and quality of our cannabis production, which could materially and adversely affect our business, financial condition and results of operations.

The occurrence and effects of plant disease, insects and pests can be unpredictable and devastating to agriculture, potentially rendering all or a substantial portion of the affected harvests unsuitable for sale. Even when only a portion of the production is damaged, our results of operations could be adversely affected because all or a substantial portion of the production costs may have been incurred. Although some plant diseases are treatable, the cost of treatment can be high and such events could adversely affect our operating results and financial condition. Furthermore, if we fail to control a given plant disease and the production is threatened, we may be unable to supply our customers, which could adversely affect our business, financial condition and results of operations. There can be no assurance that natural elements will not have a material adverse effect on any such production.

## ***Product Liability***

As a manufacturer and distributor of products designed to be ingested or inhaled by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused damages, loss or injury. In addition, the sale of our products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of our products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that our products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs, could adversely affect our reputation with our clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition. There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all.

### ***Energy Prices and Supply***

We require substantial amounts of diesel and electric energy and other resources for our harvest activities and to transport cannabis and hemp. We rely upon third parties for our supply of energy resources used in our operations. The prices for and availability of energy resources may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, interruptions in production by suppliers, imposition of restrictions on energy supply by government, worldwide price levels and market conditions. If our energy supply is cut for an extended period of time and we are unable to find replacement sources at comparable prices, or at all, our business, financial condition and results of operations would be materially and adversely affected.

### ***Retention and Acquisition of Skilled Personnel***

We will be required to attract and retain top quality talent to compete in the marketplace. We believe our future growth and success will depend in part on our abilities to attract and retain highly skilled managerial, product development, sales and marketing, and finance personnel. There can be no assurance of success in attracting and retaining such personnel. Shortages in qualified personnel could limit our ability to be successful. At present and for the near future, we will depend upon a relatively small number of employees primarily in Colombia to develop, manufacture, market, sell and distribute our products. As the size of our business increases, we will seek to hire additional employees in other jurisdictions. Expansion of marketing and distribution of our products will require us to find, hire and retain additional capable employees who can understand, explain, market and sell our products and/or our ability to enter into satisfactory logistic arrangements to sell our products. There is intense competition for capable personnel in all of these areas and we may not be successful in attracting, training, integrating, motivating, or retaining new personnel or subcontractors for these required functions.

### ***Emerging Market Risks***

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

Colombia's legal and regulatory requirements in connection with companies conducting agricultural activities, banking system and controls as well as local business culture and practices are different from those in the United States. Our officers and directors must rely, to a great extent, on our local legal counsel and local consultants retained by us in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect our business operations, and to assist us with our governmental relations. We must rely, to some extent, on the members of management who have previous experience working and conducting business in Colombia to enhance our understanding of and appreciation for the local business culture and practices in such countries. We also rely on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing and tax matters. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond our control and may adversely affect our business.

We also bear the risk that changes can occur to the Government in Colombia and a new government may void or change the laws and regulations that we are relying upon. Currently, there are no restrictions on the repatriation from Colombia of earnings to foreign entities and Colombia has never imposed such restrictions. However, there can be no assurance that restrictions on repatriation of earnings will not be imposed in the future. Exchange control regulations for Colombia require that any proceeds in foreign currency originated on exports of goods from Colombia be repatriated to Colombia. However, purchase of foreign currency is allowed through Colombian authorized financial entities for purposes of payments to foreign suppliers, repayment of foreign debt, payment of dividends to foreign stockholders and other foreign expenses.

Due to our location in Colombia, our business, financial position and results of operations may be affected by the general conditions of the Colombian economy, price instabilities, currency fluctuations, inflation, interest rates, regulatory changes, taxation changes, social instabilities, political unrest and other developments in or affecting Colombia, over which we do not have control.

### ***Risks Related to Conducting Operations in Colombia***

We recently were granted medicinal cannabis licenses in Colombia. Over the past 10 to 15 years, the Government of Colombia has made strides in improving the social, political, economic, legal and fiscal regimes. However, operations in Colombia will still be subject to risk due to the potential for social, political, economic, legal and fiscal instability. The Government of Colombia faces ongoing problems including, but not limited to, unemployment and inequitable income distribution and unstable neighboring countries. The instability in neighboring countries could result in an influx of immigrants resulting in a humanitarian crisis and/or increased illegal activities. Colombia is also home to a number of insurgency groups and large swaths of the countryside are under guerrilla influence. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping, extortion and thefts and civil unrest in certain areas of the country. Such instability may require us to suspend operations on our properties.

Other risks exist relating to the conduct of business in Colombia. These risks include the future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls. Other risks of doing business in Colombia include our ability to enforce our contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in our operations, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies, or other matters.

The Government of Colombia recently reached a peace accord with the country's largest guerrilla group. The Government of Colombia also entered into and dissolved formal discussions with the country's second largest guerrilla group due to their unwillingness to cease criminal and violent crimes. There is no certainty that the agreements will be adhered to by all of the members of the guerrilla groups or that a peace agreement will be ultimately reached with the country's second largest guerrilla group. There is a risk that any peace agreement might contain new laws or change existing laws that could have a material adverse effect on us. Furthermore, the achievement of peace with the country's guerrilla groups could create additional social or political instability in the immediate aftermath, which could have a material adverse effect on our operations.

### ***Global Economy***

Financial and commodity markets in Colombia are influenced by the economic and market conditions in other countries, including other South American and emerging market countries and other global markets. Although economic conditions in these countries may differ significantly from economic conditions in Colombia, investors' reactions to developments in these other countries, such as the recent developments in the global financial markets, may substantially affect the capital flows into, and the market value of securities of issuers with operations in Colombia.

### ***Insurance Coverage***

Our production is, in general, subject to different risks and hazards, including adverse weather conditions, fires, plant diseases and pest infestations, other natural phenomena, industrial accidents, labor disputes, changes in the legal and regulatory framework applicable to us, and environmental contingencies. We will endeavor to obtain appropriate insurance covering these risks in amounts sufficient to support a downturn in the sale of our products due to these potential production risks. The cost of such insurance may be high and we may not be able to obtain sufficient amount of insurance to cover these risks.

### ***Operations in Spanish***

As a result of our conducting most of our operations in Colombia, our regulatory licenses and books and records, including key documents such as material contracts and financial documentation, are principally negotiated and entered into in the Spanish language and English translations may not exist or be readily available.

### **General Business Risks**

#### ***Inability to Manage Growth***

We may not be able to effectively manage our growth. Our strategy envisions growing our business. We plan to expand our production and manufacturing capability and create a distribution network on a global basis. Any growth in or expansion of our business is likely to continue to place a strain on our management and administrative resources, infrastructure and systems. As with other growing businesses, we expect that we will need to further refine and expand our business development capabilities, our systems and processes and our access to financing sources. We also will need to hire, train, supervise and manage new employees. These processes are time consuming and expensive, will increase management responsibilities and will divert management attention. We cannot assure you that we will be able to:

- expand our systems effectively or efficiently or in a timely manner;

- create a distribution network
- allocate our human resources optimally;
- meet our capital needs;
- identify and hire qualified employees or retain valued employees; or
- obtain and maintain necessary licenses in relevant jurisdictions

Our inability or failure to manage our growth and expansion effectively could harm our business and materially and adversely affect our operating results and financial condition.

#### ***Speculative Forecasts***

Any forecasts we provide will be highly speculative in nature and we cannot predict results in a development stage company with a high degree of accuracy. Any financial projections, especially those based on ventures with minimal operating history, are inherently subject to a high degree of uncertainty, and their ultimate achievement depends on the timing and occurrence of a complex series of future events, both internal and external to the enterprise. There can be no assurance that potential revenues or expenses we project will be accurate.

#### ***Limited Management Team***

Our limited senior management team size may hamper our ability to effectively manage a publicly traded company while operating our business. Our management team has experience in the management of publicly traded companies and complying with federal securities laws, including compliance with recently adopted disclosure requirements on a timely basis. They realize it will take significant resources to meet these requirements while simultaneously working on cultivating, developing and distributing our products. Our management will be required to design and implement appropriate programs and policies in responding to increased legal, regulatory compliance and reporting requirements, and any failure to do so could lead to the imposition of fines and penalties and harm our business.

#### **Risks Related to our Common Stock**

##### ***Limited Trading***

Although prices for shares of our common stock are quoted on the OTC Markets, there is little current trading and no assurance can be given that an active public trading market will develop or, if developed, that it will be sustained. The OTC Markets is generally regarded as a less efficient and less prestigious trading market than other national markets. There is no assurance if or when our common stock will be quoted on another more prestigious exchange or market. The market price of our common stock is likely to be highly volatile because for some time there will likely be a thin trading market for the stock, which causes trades of small blocks of stock to have a significant impact on the stock price.

### ***Penny Stock Risk***

Because our common stock is a “penny stock,” trading therein will be subject to regulatory restrictions. Our common stock is currently, and in the near future will likely continue to be, considered a “penny stock.” The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks generally are equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the Nasdaq system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document prepared by the SEC, which specifies information about penny stocks and the nature and significance of risks of the penny stock market. The broker-dealer also must provide the customer with bid and offer quotations for the penny stock, the compensation of the broker-dealer and any salesperson in the transaction, and monthly account statements indicating the market value of each penny stock held in the customer’s account. In addition, the penny stock rules require that, prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written agreement to the transaction. These disclosure and other requirements may adversely affect the trading activity in the secondary market for our common stock.

### ***No Dividend Payments***

We have not paid dividends in the past and we do not expect to pay dividends to holders of our common stock for the foreseeable future, and any return on investment may be limited to potential future appreciation on the value of our common stock. Our payment of any future dividends will be at the discretion of our board of directors after taking into account various factors, including without limitation, our financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that we may be a party to at the time. To the extent we do not pay dividends, our stock may be less valuable because a return on investment will only occur if and to the extent the stock price appreciates, which may never occur. In addition, shareholders must generally rely on sales of the shares they own after price appreciation as the only way to realize their investment, and if the price of our common stock does not appreciate, then there will be no return on investment.

### ***Control of Common Stock will Influence Decision Making***

Our officers, directors and principal stockholders are able to exert significant influence over us and may make decisions that are not in the best interests of all stockholders. Our officers, directors and principal stockholders (greater than 5% stockholders) collectively own approximately 45.9% of our fully-diluted common stock. As a result of such ownership, these stockholders are able to affect the outcome of, or exert significant influence over, all matters requiring stockholder approval, including the election and removal of directors and any change in control. In particular, this concentration of ownership of our common stock could have the effect of delaying or preventing a change of control of our company or otherwise discouraging or preventing a potential acquirer from attempting to obtain control of our company. This, in turn, could have a negative effect on the market price of our common stock. It could also prevent our stockholders from realizing a premium over the market prices for their shares of our common stock.

### ***We are an Emerging Growth Company Within the Meaning of the Securities Act.***

We are an “emerging growth company” within the meaning of the Securities Act, as modified by the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, our stockholders may not have access to certain information they may deem important. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our common stock held by non-affiliates exceeds \$700 million as of the end of any second quarter of a fiscal year, in which case we would no longer be an emerging growth company as of the end of such fiscal year. We cannot predict whether investors will find our securities less attractive because we will rely on these exemptions. If some investors find our securities less attractive as a result of our reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accountant standards used.



### ***Antitakeover Protections***

Anti-takeover provisions may limit the ability of another party to acquire us, which could cause our stock price to decline. Our articles of incorporation, as amended, bylaws and Nevada law contain provisions that could discourage, delay or prevent a third party from acquiring us, even if doing so may be beneficial to our stockholders. In addition, these provisions could limit the price investors would be willing to pay in the future for shares of our common stock.

### ***Increased Compliance Costs***

The requirements of being a public company, including compliance with the reporting requirements of the Securities Exchange Act of 1934, as amended, and the requirements of the Sarbanes-Oxley Act of 2002, may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner. As a public company, we need to comply with laws, regulations and requirements, certain corporate governance provisions of the Sarbanes-Oxley Act of 2002, related regulations of the SEC, and requirements of the principal trading market upon which our common stock may trade, with which we are not required to comply as a private company. As a result, the combined business will incur significant legal, accounting and other expenses that a private company would not incur. Complying with these statutes, regulations and requirements will occupy a significant amount of the time of our board of directors and management, will require us to have additional finance and accounting staff, may make it more difficult to attract and retain qualified officers and members of our board of directors, particularly to serve on the audit committee, and may make some activities more difficult, time consuming and costly. We will need to:

- institute a more comprehensive compliance function;
- establish new internal policies, such as those relating to disclosure controls and procedures and insider trading;
- design, establish, evaluate and maintain a system of internal control over financial reporting in compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC and the Public Company Accounting Oversight Board;
- prepare and distribute periodic reports in compliance with its obligations under the federal securities laws including the Securities Exchange Act of 1934, as amended, or Exchange Act;
- involve and retain to a greater degree outside counsel and accountants in the above activities; and
- establish an investor relations function.

If we are unable to accomplish these objectives in a timely and effective fashion for our business, our ability to comply with financial reporting requirements and other rules that apply to reporting companies could be impaired. If our finance and accounting personnel insufficiently support our business in fulfilling these public-company compliance obligations, or if we are unable to hire adequate finance and accounting personnel, we could face significant legal liability, which could have a material adverse effect on our financial condition and results of operations. Furthermore, if we identify any issues in complying with those requirements (for example, if our company or the independent registered public accountants identified a material weakness or significant deficiency in our company's internal control over financial reporting), we could incur additional costs rectifying those issues, and the existence of those issues could adversely affect, our reputation or investor perceptions of our company.

### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not Applicable.

## ITEM 2. PROPERTIES

Our principal executive offices are located at 6605 Grand Montecito Pkwy., Suite 100, Las Vegas, NV 89149, Telephone No.: (800) 605-3210. Our leased premises are shared and are utilized for corporate business offices. Our Nevada premises are subject to a month-to-month lease agreement. In addition, OWP Colombia leases a home in Bogota under leases expiring in less than a year. On October 1, 2022, OWP Colombia commenced a five-year lease for combined office and warehouse space. The leased premise is 16,415 square feet and will be used for our extraction facility. Our anticipated future lease commitments on a calendar year basis in US dollars, excluding common area maintenance fees, under non-cancelable operating leases are as follows:

Year Ending December 31,	Minimum Lease Commitments
2023	\$ 112,508
2024	107,632
2025	99,186
2026	102,162
2027	78,336
Total future minimum lease liabilities	<u>\$ 499,824</u>

We believe that our current facilities are adequate for our current needs. We intend to secure new facilities or expand existing facilities as necessary to support future growth. We believe that suitable additional space will be available on commercially reasonable terms as needed to accommodate our operations.

## ITEM 3. LEGAL PROCEEDINGS

In April 2023, one of our employees filed a claim for unpaid wages against us with the Office of the Labor Commissioner of the State of Nevada, seeking unpaid wages in the amount of \$28,125 plus additional penalties in the amount of \$18,751. We believe the claim is without merit, and on April 27, 2023, we formally advised the Office of the Labor Commissioner that we dispute the claim on multiple grounds. The claim currently remains pending with the Office of the Labor Commissioner.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

There is a limited public market for our common stock. Shares of our common stock trade on the over-the-counter market and are quoted on the OTCQB tier of the OTC Markets under the symbol "OWPC". As of May 10, 2023, the closing price of our common stock was \$0.07.

The following table sets forth, for the fiscal quarters indicated, the high and low bid information for our common stock, as reported on the OTC Markets. The following quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

	High		Low	
Fiscal Year Ended December 31, 2022				
First Quarter	\$	0.14	\$	0.08
Second Quarter	\$	0.24	\$	0.07
Third Quarter	\$	0.19	\$	0.09
Fourth Quarter	\$	0.13	\$	0.07
Fiscal Year Ended December 31, 2021				
First Quarter	\$	1.00	\$	0.10
Second Quarter	\$	0.32	\$	0.27
Third Quarter	\$	0.30	\$	0.10
Fourth Quarter	\$	0.14	\$	0.07

As of May 10, 2023, there were approximately 77 shareholders of record of our common stock. Such number does not include any shareholders holding shares in nominee or "street name". As of May 10, 2023, there were 70,202,907 shares of common stock outstanding on record.

#### Dividends

We have not declared or paid any dividends on our common stock since our inception and do not anticipate paying dividends for the foreseeable future. The payment of dividends is subject to the discretion of our board of directors and depends, among other things, upon our earnings, our capital requirements, our financial condition, and other relevant factors. We intend to reinvest any earnings in the development and expansion of our business. Any cash dividends in the future to common shareholders will be payable when, as and if declared by our board of directors, based upon the board's assessment of our financial condition and performance, earnings, need for funds, capital requirements, prior claims of preferred stock to the extent issued and outstanding, and other factors, including income tax consequences, restrictions and applicable laws. There can be no assurance, therefore, that any dividends on our common stock will ever be paid.

## Equity Compensation Plan Information

This following table provides information about shares our common stock that may be issued under our options outstanding at December 31, 2022. Other than individual options outstanding reflected in the table below, we did not have any shares authorized for issuance under equity plans at December 31, 2022.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	4,742,000	\$ 0.17	5,258,000
Equity compensation plans not approved by security holders <sup>(1)</sup>	17,011,650	0.24	N/A
<b>Total</b>	<b>21,753,650</b>	<b>\$ 0.23</b>	<b>5,258,000</b>

<sup>(1)</sup> Represents options to purchase 5,500,000 shares of common stock at a per share exercise price of \$0.13 issued outside of our option plan to our CEO, Isiah Thomas, III, and warrants to purchase a total of 9,511,650 and 2,000,000 shares of common stock at \$0.25 and \$0.50 per share, respectively.

On February 12, 2020, the Company's stockholders approved our 2019 Stock Incentive Plan (the "2019 Plan"), which had been adopted by the Company's Board of Directors (the "Board") as of December 10, 2019. The 2019 Plan provides for the issuance of up to 10,000,000 shares of common stock to the Company and its subsidiaries' employees, officers, directors, consultants and advisors, stock options (non-statutory and incentive), restricted stock awards, stock appreciation rights ("SARs"), restricted stock units ("RSUs") and other performance stock awards. Options granted under the 2019 Plan may either be intended to qualify as incentive stock options under the Internal Revenue Code of 1986, or may be non-qualified options, and are exercisable over periods not exceeding ten years from date of grant. Unless sooner terminated in accordance with its terms, the Stock Plan will terminate on December 10, 2029.

## Recent Sales of Unregistered Securities

### Series A Preferred Stock Sales

On December 21, 2022, the Company issued 2,500 shares of series A preferred stock, restricted in accordance with Rule 144, to an accredited investor for proceeds of \$25,000.

On December 20, 2022, the Company issued 2,500 shares of series A preferred stock, restricted in accordance with Rule 144, to an accredited investor for proceeds of \$25,000.

### Series B Preferred Stock Sales

On October 12, 2022, the Company issued 10,000 shares of series B preferred stock, restricted in accordance with Rule 144, to Tysadco Partners, LLC for proceeds of \$150,000.

In connection with the above security issuances, we did not pay any underwriting discounts or commissions. None of the sales of securities described or referred to above was registered under the Securities Act. In making the sales without registration under the Securities Act, we relied upon one or more of the exemptions from registration contained in Section 4(2) of the Securities Act, and in Regulation D promulgated under the Securities Act. No general solicitation or advertising was used in connection with the sales.

## ITEM 6. SELECTED FINANCIAL DATA

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This discussion summarizes the significant factors affecting the operating results, financial condition, liquidity and cash flows of the Company for the fiscal years ended December 31, 2022 and 2021. The discussion and analysis that follows should be read together with the section entitled "Forward Looking Statements" and our financial statements and the notes to the financial statements included elsewhere in this annual report on Form 10-K.*

*Except for historical information, the matters discussed in this section are forward looking statements that involve risks and uncertainties and are based upon judgments concerning various factors that are beyond the Company's control. Consequently, and because forward-looking statements are inherently subject to risks and uncertainties, the actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in this report.*

### Overview

On February 21, 2019, we entered into the Merger Agreement with OWP Merger Sub, our wholly-owned subsidiary, and OWP Ventures. Under the Merger Agreement, the acquisition of OWP Ventures by us was effected by the merger of OWP Merger Sub with and into OWP Ventures, with OWP Ventures being the surviving entity as our wholly-owned subsidiary. The Closing of the Merger occurred on February 21, 2019. As a result of the Merger (a) holders of the outstanding capital stock of OWP Ventures received an aggregate of 39,475,398 shares of our common stock; (b) options to purchase 825,000 shares of common stock of OWP Ventures at an exercise price of \$0.50 automatically converted into options to purchase 825,000 shares of our common stock at an exercise price of \$0.50; (c) the outstanding principal and interest under a \$300,000 convertible note issued by OWP Ventures became convertible, at the option of the holder, into shares of our common stock at a conversion price equal to the lesser of \$0.424 per share or 80% of the price we sell our common stock in a future "Qualified Offering"; (d) 875,000 shares of our common stock owned by OWP Ventures prior to the Merger were cancelled; and (e) OWP Ventures' chief operating officer became our chief operating officer and two of OWP Ventures' directors became members of our board of directors.

Through our wholly-owned subsidiary, One World Pharma S.A.S, a licensed cannabis cultivation, production and distribution (export) company located in Popayán, Colombia (nearest major city is Cali). We plan to be a producer of raw cannabis and hemp plant ingredients for both medical and industrial uses across the globe. We have received licenses to cultivate, produce and distribute the raw ingredients of the cannabis and hemp plant for medicinal, scientific and industrial purposes. Specifically, we are one of the only companies in Colombia to receive seed, cultivation, extraction and export licenses from the Colombian government. Currently, we own approximately 30 acres and have a covered greenhouse built specifically to cultivate high-grade cannabis and hemp. In addition, we have entered into agreements with local farming co-operatives that include small farmers and indigenous tribe members, under which they will cultivate cannabis on up to approximately 140 acres of land using our seeds and propagation techniques, and sell their harvested products to us on an exclusive basis. We planted our first crop of cannabis in 2018, which we began harvesting in the first quarter of 2019 for the purpose of further research and development activities and quality control testing of the cannabis we have produced. We have been generating revenue from the sale of our seeds since the second quarter of 2020. From August 2021 through March 2022, we made payments of approximately \$1,400,000 for the purchase of a state of the art distillation machine that we expect to be placed in service within our vertically integrated extraction facility during the second quarter of 2023. Once the equipment is placed in service, we will be one of the only companies in Colombia to both hold licenses and possess the capability to extract high-quality CBD and THC oils. We terminated our lease on September 30, 2022, and during the fourth quarter of 2022, have begun to install the equipment at a new extraction facility. We entered into a 5-year lease at this new location on October 1, 2022, where we have combined our office and extraction facilities into the same building. The new facility is approximately half the cost of the former, and already contained the necessary electrical and epoxy floors, which has significantly reduce our tenant improvement costs.

We recently added premium coffee certified by the Colombian National Coffee Federation infused CBD, teas infused with CBD and a series of wellness products, including sports CBD energy drinks for optimum performance, CBD facial and body creams for anti-inflammatory and anti-aging use to our product pipeline. We expect to start exporting our product pipeline in 2023, including CBD flower and distillate oil, while developing our white label commercial agreements with Europe, USA, and Latin America, while we continue to stream our process and procedures in a re-organization, following lean best practices in our operations and management to become the preferred just-in-time supplier of cannabinoids based premium products and raw ingredients with attractive pricing.

### Critical Accounting Policies

The establishment and consistent application of accounting policies is a vital component of accurately and fairly presenting our financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"), as well as ensuring compliance with applicable laws and regulations governing financial reporting. While there are rarely alternative methods or rules from which to select in establishing accounting and financial reporting policies, proper application often involves significant judgment regarding a given set of facts and circumstances and a complex series of decisions.

### Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission (“SEC”). All references to Generally Accepted Accounting Principles (“GAAP”) are in accordance with The FASB Accounting Standards Codification (“ASC”) and the Hierarchy of Generally Accepted Accounting Principles.

These statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein.

### Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the following entities, all of which were under common control and ownership at December 31, 2022:

Name of Entity	State of Incorporation	Relationship
One World Products, Inc. <sup>(1)</sup>	Nevada	Parent
OWP Ventures, Inc. <sup>(2)</sup>	Delaware	Subsidiary
One World Pharma S.A.S. <sup>(3)</sup>	Colombia	Subsidiary
Colombian Hope, S.A.S. <sup>(4)</sup>	Colombia	Subsidiary
Agrobase, S.A.S. <sup>(5)</sup>	Colombia	Subsidiary

<sup>(1)</sup>Holding company in the form of a corporation.

<sup>(2)</sup>Holding company in the form of a corporation and wholly-owned subsidiary of One World Products, Inc.

<sup>(3)</sup>Wholly-owned subsidiary of OWP Ventures, Inc. since May 30, 2018, located in Colombia and legally constituted as a simplified stock company registered in the Chamber of Commerce of Bogotá on July 18, 2017. Its headquarters are located in Bogotá.

<sup>(4)</sup>Wholly-owned subsidiary of OWP Ventures, Inc., acquired on November 19, 2019, located in Colombia and legally constituted as a simplified stock company. This company has yet to incur any substantive income or expenses.

<sup>(5)</sup>Wholly-owned subsidiary of OWP Ventures, Inc., formed on September 12, 2019, located in Colombia and legally constituted as a simplified stock company. This company has yet to incur any substantive income or expenses.

The consolidated financial statements herein contain the operations of the wholly-owned subsidiaries listed above. The Company’s headquarters are located in Las Vegas, Nevada and substantially all of its production efforts are within Popayán, Colombia.

### Foreign Currency Translation

The functional currency of the Company is Colombian Peso (“COP”). The Company has maintained its financial statements using the functional currency, and translated those financial statements to the US Dollar throughout this report. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at rates of exchange prevailing at the balance sheet dates. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Exchange gains or losses arising from foreign currency transactions are included in the determination of net income (loss) for the respective periods.

### Comprehensive Income

The Company has adopted ASC 220, Reporting Comprehensive Income, which establishes standards for reporting and displaying comprehensive income, its components, and accumulated balances in a full-set of general-purpose financial statements. Accumulated other comprehensive income represents the accumulated balance of foreign currency translation adjustments.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

## Segment Reporting

ASC Topic 280, “Segment Reporting,” requires use of the “management approach” model for segment reporting. The management approach model is based on the way a company’s management organizes segments within the company for making operating decisions and assessing performance. The Company operates as a single segment and will evaluate additional segment disclosure requirements as it expands its operations.

## Fair Value of Financial Instruments

The Company adopted ASC 820, Fair Value Measurements and Disclosures (ASC 820). ASC 820 defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs to valuation methodology are unobservable and significant to the fair measurement.

The carrying value of cash, accounts receivable, accounts payables and accrued expenses are estimated by management to approximate fair value primarily due to the short-term nature of the instruments.

## Cash in Excess of FDIC Insured Limits

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, under current regulations. The Company did not have any cash in excess of FDIC insured limits at December 31, 2022, and has not experienced any losses in such accounts.

## Inventory

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a standard cost basis that approximates the first-in, first-out (FIFO) method. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value. Our cannabis products consist of cannabis flower grown in-house, along with produced extracts.

## Fixed Assets

Fixed assets are stated at the lower of cost or estimated net recoverable amount. The cost of property, plant and equipment is depreciated using the straight-line method based on the lesser of the estimated useful lives of the assets or the lease term based on the following life expectancy:

Buildings	15 years
Office equipment	5 years
Furniture and fixtures	7 years
Equipment and machinery	7 years
Leasehold improvements	Term of lease

Repairs and maintenance expenditures are charged to operations as incurred. Major improvements and replacements, which have extended the useful life of an asset, are capitalized and depreciated over the remaining estimated useful life of the asset. When assets are retired or sold, the cost and related accumulated depreciation and amortization are eliminated and any resulting gain or loss is reflected in operations.

## Revenue Recognition

Effective January 1, 2018, the Company adopted ASC 606 — Revenue from Contracts with Customers. Under ASC 606, the Company recognizes revenue from the commercial sales of products, licensing agreements and contracts to perform pilot studies by applying the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied. For the comparative periods, revenue has not been adjusted and continues to be reported under ASC 605 — Revenue Recognition. Under ASC 605, revenue is recognized when the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) the performance of service has been rendered to a customer or delivery has occurred; (3) the amount of fee to be paid by a customer is fixed and determinable; and (4) the collectability of the fee is reasonably assured.

There was no impact on the Company’s financial statements from ASC 606 for the years ended December 31, 2022 or 2021.

### Advertising Costs

The Company expenses the cost of advertising and promotions as incurred. Advertising and promotions expense was \$80,498 and \$137,915 for the years ended December 31, 2022 and 2021, respectively.

### Basic and Diluted Loss Per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an “as if converted” basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For the years ended December 31, 2022 and 2021, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

### Stock-Based Compensation

The Company accounts for equity instruments issued to employees and non-employees in accordance with the provisions of ASC 718 Stock Compensation (ASC 718). All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the earlier of the date on which the counterparty’s performance is complete or the date at which a commitment for performance by the counterparty to earn the equity instruments is reached because of sufficiently large disincentives for nonperformance.

### Income Taxes

The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

### Uncertain Tax Positions

In accordance with ASC 740, “Income Taxes” (“ASC 740”), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities periodically audit the Company’s income tax returns. These audits include questions regarding the Company’s tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company’s tax position relies on the judgment of management to estimate the exposures associated with the Company’s various filing positions.

Various taxing authorities periodically audit the Company’s income tax returns. These audits include questions regarding the Company’s tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.



## Results of Operations for the Years ended December 31, 2022 and 2021

The following table summarizes selected items from the statement of operations for the years ended December 31, 2022 and 2021.

	For the Years Ended December 31,		Increase / (Decrease)
	2022	2021	
Revenues	\$ 125,662	\$ 38,264	\$ 87,398
Cost of goods sold	300,757	19,744	281,013
Gross profit (loss)	(175,095)	18,520	281,013
Operating expenses:			
General and administrative	1,587,017	2,924,284	(707,267)
Professional fees	431,737	915,217	(483,480)
Depreciation expense	42,287	40,321	1,966
Total operating expenses:	2,061,041	3,249,822	(1,188,781)
Operating loss	(2,236,136)	(3,231,302)	(995,166)
Total other expense	(823,341)	(553,260)	270,081
Net loss	\$ (3,059,477)	\$ (3,784,562)	\$ (725,085)

### Revenues

Revenues for the year ended December 31, 2022 were \$125,662, compared to \$38,264 during the year ended December 31, 2021, an increase of \$87,398, or 228%. Revenues increased as we continued to shift our focus toward producing and selling CBD and THC oils.

### Cost of Goods Sold

Cost of goods sold for the year ended December 31, 2022 were \$300,757, compared to \$19,744 during the year ended December 31, 2021, an increase of \$281,013, or 1,423%. Cost of goods sold consists primarily of write offs of obsolete inventory, labor, depreciation and maintenance on cultivation and production equipment, and supplies consumed in our operations. Our gross margins were approximately negative 139% for the year ended December 31, 2022, compared to 48% during the year ended December 31, 2021. Our current year gross margins were less than the prior year due primarily to a significant write down of obsolete inventory, compared to the prior year.

### General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2022 were \$1,587,017, compared to \$2,924,284 for the year ended December 31, 2021, a decrease of \$707,267, or 31%. General and administrative expenses decreased primarily due to decreased stock-based compensation. The expenses for the current period consisted primarily of compensation expenses, office rent, and travel costs, including \$117,388 of stock-based compensation, which consisted entirely of expense related to stock options that were issued to our officers. The expenses for the prior period included \$638,036 of stock-based compensation, of which \$55,234, consisting of 673,582 shares, were issued as compensation payment in lieu of cash to our former CFO, and \$582,802 of expense related to stock options that were issued to our officers. Stock-based compensation decrease by \$520,648, or 82%, for the year ended December 31, 2022, compared to the year ended December 31, 2021.

### Professional Fees

Professional fees for the year ended December 31, 2022 were \$431,737, compared to \$915,217 during the year ended 2021, a decrease of \$483,480, or 53%. Professional fees included non-cash stock-based compensation of \$47,232, consisting entirely of stock options expense, during the year ended December 31, 2022, compared to \$496,553, consisting of \$78,521 on issuances of common stock expense and \$418,032 of stock options expense, during the year ended December 31, 2021, a decrease of \$449,321, or 90%. Professional fees decreased primarily due to decreased stock-based compensation during the current period.

## Depreciation Expense

We had \$42,287 of depreciation expense for the year ended December 31, 2022, compared to \$40,321 of depreciation expense for the year ended December 31, 2021, an increase of \$1,966, or 5%. Depreciation expense increased during the current period as additional assets have been placed in service.

## Other Income (Expense)

Other expenses, on a net basis, for the year ended December 31, 2022 were \$823,341, compared to other expenses, on a net basis, of \$553,260 for the year ended December 31, 2021. Other expense during the year ended December 31, 2022 consisted of a loss on disposal of fixed assets of \$9,041, and \$956,858 of interest expense, including \$339,133 on shares of series B preferred stock and common stock issued as commitment fees to Tysadco Partners on debt financing arrangements, as partially offset by \$1,000 of sublease income, a gain on early extinguishment of leases of \$20,148, a gain on forgiveness of PPP loan of \$121,372 and \$38 of interest income. Other expenses for the year ended December 31, 2021 consisted of a loss on disposal of fixed assets of \$71,487 and \$511,131 of interest expense, as partially offset by \$27,000 of sublease income and \$2,358 of interest income.

## Net Loss

Net loss for the year ended December 31, 2022 was \$3,059,477, or \$0.05 per share, compared to \$3,784,562, or \$0.06 per share, during the year ended December 31, 2021, a decrease of \$725,085, or 19%. The net loss for the year ended December 31, 2022 included non-cash expenses consisting of \$42,287 of depreciation, a \$9,041 loss on disposal of fixed assets, \$503,753 of stock-based compensation, and \$956,858 of interest expense, including \$412,673 on the amortization of debt discounts and \$339,133 on shares of series B preferred stock and common stock issued as commitment fees to Tysadco Partners on debt financing arrangements. The net loss for the year ended December 31, 2021 included non-cash expenses consisting of \$40,321 of depreciation, a \$71,487 loss on disposal of fixed assets, \$1,134,589 of stock-based compensation, and \$511,131 of interest expense, including \$456,656 on the amortization of debt discounts.

## Liquidity and Capital Resources

As of December 31, 2022, the Company had current assets of \$123,467, consisting of cash of \$11,016, accounts receivable of \$12,355, inventory of \$54,153 and other current assets of \$45,943. The Company's current liabilities as of December 31, 2022 were \$2,977,435, consisting of \$798,067 of accounts payable, \$948,458 of accrued expenses, \$11,808 of deferred revenue, \$137,843 of dividends payable, \$86,235 of lease liabilities and \$995,024 of debts.

The following table summarizes our total current assets, liabilities and working capital at December 31, 2022 and 2021.

	December 31,	
	2022	2021
Current Assets	\$ 123,467	\$ 496,989
Current Liabilities	\$ 2,977,435	\$ 1,523,593
Working Capital	\$ (2,853,968)	\$ (1,026,604)

The following table summarizes our cash flows during the years ended December 31, 2022 and 2021, respectively.

	For the Year Ended December 31,	
	2022	2021
Net cash used in operating activities	\$ (1,380,483)	\$ (3,728,702)
Net cash used in investing activities	(36,851)	(388,001)
Net cash provided by financing activities	1,317,581	4,218,938
Effect of exchange rate changes on cash	(8,909)	(11,477)
Net change in cash	\$ (108,662)	\$ 90,758

The decrease in funds used in operating activities for the year ended December 31, 2022, compared to the year ended December 31, 2021, was primarily due to decreased operations in the current year as capital resources tightened.

The decrease in funds used in investing activities for the year ended December 31, 2022, compared to the year ended December 31, 2021, was due primarily to decreased purchases of fixed assets in the year ended December 31, 2022.

The decrease in funds provided by financing activities for the year ended December 31, 2022, compared to the year ended December 31, 2021, was due primarily to \$3,227,505 of decreased proceeds received from the sale of our securities, as partially offset by \$326,148 of increased net debt financing proceeds received during the year ended December 31, 2022.

#### **Satisfaction of our Cash Obligations for the Next 12 Months**

As of December 31, 2022, we had \$119,678 of cash on hand and negative working capital of \$2,853,968. We do not currently have sufficient funds to fund our operations at their current levels for the next twelve months. As we implement our cannabis cultivation business and attempt to expand operational activities, we expect to continue to experience net negative cash flows from operations in amounts not now determinable, and will be required to obtain additional financing to fund operations. Our ability to continue as a going concern is dependent upon our ability to raise additional capital and to achieve sustainable revenues and profitable operations. Since inception, we have raised funds primarily through the sale of equity securities. We will need, and are currently seeking, additional funds to operate our business. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to us. Even if we are able to obtain additional financing, it may contain undue restrictions on our operations or cause substantial dilution for our stockholders. If we are unable to obtain additional funds, our ability to carry out and implement our planned business objectives and strategies will be significantly delayed, limited or may not occur. We cannot guarantee that we will become profitable. Even if we achieve profitability, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability and our failure to do so would adversely affect our business, including our ability to raise additional funds.

The accompanying consolidated financial statements appearing in this 10-K have been prepared assuming that we will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

#### **Off-Balance Sheet Arrangements**

We have no outstanding off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. We do not engage in trading activities involving non-exchange traded contracts.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ONE WORLD PRODUCTS, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and  
Stockholders of One World Products, Inc. and subsidiaries

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of One World Products, Inc. and subsidiaries (the Company) as of December 31, 2022 and 2021, and the related consolidated statements of operations and comprehensive loss, consolidated stockholders' equity (deficit) and consolidated cash flows for each of the years in the two-year period ended December 31, 2022, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

**Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company suffered a net loss from operations and has a net capital deficiency, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

**Convertible Preferred Stock**

As discussed in Note 17, the Company has complex financial instruments due to the issued and outstanding preferred stock, resulting in the classification of the financial instruments outside of permanent equity due to the terms of the instruments. Given the factors, the related audit effort in evaluating management's judgments in determining the appropriate classification was extensive and required a high degree of auditor judgment.

We tested the Company's classification of the financial instruments by examining and evaluating the agreements along with management's evaluation of the key terms and management's disclosure of the transactions.

/s/ **M&K CPAS, PLLC**

We have served as the Company's auditor since 2018.  
Houston, TX  
May 15, 2023

**ONE WORLD PRODUCTS, INC.  
CONSOLIDATED BALANCE SHEETS**

	December 31, 2022	December 31, 2021
<b>Assets</b>		
Current assets:		
Cash	\$ 11,016	\$ 119,678
Accounts receivable	12,355	19,880
Inventory	54,153	198,595
Other current assets	45,943	158,836
Total current assets	123,467	496,989
Other assets	179,927	147,194
Right-of-use assets	425,969	-
Security deposits	1,449,808	1,255,988
Fixed assets, net	988,536	1,003,013
Total Assets	<u>\$ 3,167,707</u>	<u>\$ 2,903,184</u>
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
Current liabilities:		
Accounts payable	\$ 798,067	\$ 480,146
Accrued expenses	948,458	457,762
Deferred revenues	11,808	30,164
Dividends payable	137,843	98,920
Current portion of lease liabilities	86,235	-
Convertible notes payable, net of \$-0- and \$412,673 of debt discounts at December 31, 2022 and 2021, respectively	750,000	337,327
Notes payable, current maturities	145,524	119,274
Notes payable, related parties, current maturities	99,500	-
Total current liabilities	2,977,435	1,523,593
Long-term lease liability	341,680	-
Notes payable, long-term portion	700,000	-
Notes payable, related parties, long-term portion	200,000	200,000
Total Liabilities	4,219,115	1,723,593
Series A convertible preferred stock, \$0.001 par value, 500,000 shares authorized; 70,233 and 65,233 shares issued and outstanding at December 31, 2022 and 2021, respectively	702,330	652,330
Series B convertible preferred stock, \$0.001 par value, 300,000 shares authorized; 272,168 and 238,501 shares issued and outstanding at December 31, 2022 and 2021, respectively	4,082,520	3,577,515
Stockholders' Equity (Deficit):		
Preferred stock, \$0.001 par value, 9,200,000 shares authorized; no shares issued and outstanding at December 31, 2022 and 2021, respectively	-	-
Common stock, \$0.001 par value, 300,000,000 shares authorized; 67,202,907 and 65,599,565 shares issued and outstanding at December 31, 2022 and 2021, respectively	67,203	65,600
Additional paid-in capital	17,123,603	16,843,656
Subscriptions payable, consisting of -0- and 262,066 shares at December 31, 2022 and 2021, respectively	-	21,725
Accumulated other comprehensive loss	(50,699)	(64,347)
Accumulated (deficit)	(22,976,365)	(19,916,888)
Total Stockholders' Equity (Deficit)	(5,836,258)	(3,050,254)
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 3,167,707</u>	<u>\$ 2,903,184</u>

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

**ONE WORLD PRODUCTS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

	<b>For the Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Revenues	\$ 125,662	\$ 38,264
Cost of goods sold	300,757	19,744
Gross profit (loss)	<u>(175,095)</u>	<u>18,520</u>
Operating expenses:		
General and administrative	1,587,017	2,294,284
Professional fees	431,737	915,217
Depreciation expense	42,287	40,321
Total operating expenses	<u>2,061,041</u>	<u>3,249,822</u>
Operating loss	<u>(2,236,136)</u>	<u>(3,231,302)</u>
Other income (expense):		
Sublease income	1,000	27,000
Loss on disposal of fixed assets	(9,041)	(71,487)
Gain on early extinguishment of lease	20,148	-
Gain on forgiveness of PPP loan	121,372	-
Interest income	38	2,358
Interest expense	(956,858)	(511,131)
Total other expense	<u>(823,341)</u>	<u>(553,260)</u>
Net loss	\$ (3,059,477)	\$ (3,784,562)
Other comprehensive loss:		
Gain (loss) on foreign currency translation	\$ 13,648	\$ (11,477)
Net other comprehensive loss	\$ (3,045,829)	\$ (3,796,039)
Series A convertible preferred stock declared (\$0.60 per share)	(38,923)	(61,684)
Net loss attributable to common shareholders	<u>\$ (3,084,752)</u>	<u>\$ (3,857,723)</u>
Weighted average number of common shares outstanding - basic and diluted	<u>66,191,644</u>	<u>60,600,548</u>
Net loss per share - basic and diluted	<u>\$ (0.05)</u>	<u>\$ (0.06)</u>
Dividends declared per share of common stock	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

**ONE WORLD PRODUCTS, INC.**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)**

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional	Subscriptions	Accumulated Other Comprehensive	Accumulated	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-In Capital	Payable	Income (Loss)	Deficit	(Deficit)
Balance, December 31, 2020	150,233	\$ 1,502,330	-	\$ -	53,085,305	\$ 53,085	\$ 14,103,672	\$ 75,000	\$ (52,870)	\$(16,132,326)	\$ (1,953,439)
Series B convertible preferred stock sold for cash to our CEO	-	-	203,334	3,050,010	-	-	-	-	-	-	-
Series B convertible preferred stock sold for cash	-	-	35,167	527,505	-	-	(10)	-	-	-	(10)
Common stock sold for cash	-	-	-	-	750,000	750	74,250	(75,000)	-	-	-
Conversion of series A convertible preferred stock	(85,000)	(850,000)	-	-	8,500,000	8,500	841,500	-	-	-	850,000
Common stock issued for services	-	-	-	-	954,260	955	111,075	21,725	-	-	133,755
Commitment shares issued pursuant to promissory note	-	-	-	-	2,250,000	2,250	416,062	-	-	-	418,312
Exercise of cashless options	-	-	-	-	60,000	60	(60)	-	-	-	-
Warrants issued as a debt discount	-	-	-	-	-	-	358,017	-	-	-	358,017
Amortization of common stock options issued for services	-	-	-	-	-	-	1,000,834	-	-	-	1,000,834
Series A convertible preferred stock dividend declared (\$0.60 per share)	-	-	-	-	-	-	(61,684)	-	-	-	(61,684)
Loss on foreign currency translation	-	-	-	-	-	-	-	-	(11,477)	-	(11,477)
Net loss	-	-	-	-	-	-	-	-	-	(3,784,562)	(3,784,562)
Balance, December 31, 2021	65,233	\$ 652,330	238,501	\$ 3,577,515	65,599,565	\$ 65,600	\$ 16,843,656	\$ 21,725	\$ (64,347)	\$(19,916,888)	\$ (3,050,254)
Series A convertible preferred stock sold for cash	5,000	50,000	-	-	-	-	-	-	-	-	-
Series B convertible preferred stock sold for cash	-	-	20,000	300,000	-	-	-	-	-	-	-
Series B convertible preferred stock issued as commitment fee on ELOC	-	-	13,667	205,005	-	-	-	-	-	-	-
Common stock issued for services	-	-	-	-	1,603,342	1,603	154,250	(21,725)	-	-	134,128
Amortization of common stock options issued for services	-	-	-	-	-	-	164,620	-	-	-	164,620



Series A convertible preferred stock dividends declared (\$0.60 per share)	-	-	-	-	-	-	(38,923)	-	-	-	(38,923)
Loss on foreign currency translation	-	-	-	-	-	-	-	-	13,648	-	13,648
Net loss	-	-	-	-	-	-	-	-	-	(3,059,477)	(3,059,477)
Balance, December 31, 2022	<u>70,233</u>	<u>\$ 702,330</u>	<u>272,168</u>	<u>\$4,082,520</u>	<u>67,202,907</u>	<u>\$67,203</u>	<u>\$17,123,603</u>	<u>\$ -</u>	<u>\$ (50,699)</u>	<u>\$(22,976,365)</u>	<u>\$ (5,836,258)</u>

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

**ONE WORLD PRODUCTS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For the Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Net loss	\$ (3,059,477)	\$ (3,784,562)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debts expense	-	2,062
Depreciation and amortization expense	42,287	40,321
Loss on disposal of fixed assets	9,041	71,487
Gain on early extinguishment of lease	(20,148)	-
Gain on forgiveness of PPP loan	(121,372)	-
Amortization of debt discounts	412,673	456,656
Stock-based compensation	339,133	133,755
Amortization of options issued for services	164,620	1,000,834
Decrease (increase) in assets:		
Accounts receivable	7,525	(16,306)
Inventory	144,442	68,557
Other current assets	112,893	(187,119)
Other assets	(32,733)	-
Right-of-use assets	118,347	195,029
Security deposits	(193,820)	(1,190,874)
Increase (decrease) in liabilities:		
Accounts payable	317,921	(254,408)
Accrued expenses	492,794	(92,773)
Deferred revenues	(18,356)	30,164
Lease liability	(96,253)	(201,525)
Net cash used in operating activities	<u>(1,380,483)</u>	<u>(3,728,702)</u>
<b>Cash flows from investing activities</b>		
Proceeds received on disposal of fixed assets	6,350	5,125
Purchase of fixed assets	(43,201)	(393,126)
Net cash used in investing activities	<u>(36,851)</u>	<u>(388,001)</u>
<b>Cash flows from financing activities</b>		
Proceeds from convertible note payable	750,000	-
Repayment of convertible note payable	(750,000)	-
Proceeds from notes payable	868,081	1,147,000
Repayment of notes payable	-	(505,567)
Proceeds from notes payable, related parties	99,500	-
Proceeds from sale of preferred and common stock	350,000	3,577,505
Net cash provided by financing activities	<u>1,317,581</u>	<u>4,218,938</u>
Effect of exchange rate changes on cash	(8,909)	(11,477)
Net increase (decrease) in cash	(108,662)	90,758
Cash - beginning	119,678	28,920
Cash - ending	<u>\$ 11,016</u>	<u>\$ 119,678</u>
<b>Supplemental disclosures:</b>		
Interest paid	<u>\$ 117,112</u>	<u>\$ 48,252</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
<b>Non-cash investing and financing transactions:</b>		
Initial recognition of right-of-use assets and lease liabilities	<u>\$ 1,962,998</u>	<u>\$ -</u>
Cost of preferred shares exchanged for conversion to common stock	<u>\$ -</u>	<u>\$ 850,000</u>
Value of commitment shares issued as a debt discount	<u>\$ -</u>	<u>\$ 418,312</u>
Value of warrants issued as a debt discount	<u>\$ -</u>	<u>\$ 358,017</u>
Dividends payable	<u>\$ 38,923</u>	<u>\$ 61,684</u>
Par value of cashless exercise of common stock options	<u>\$ -</u>	<u>\$ 60</u>

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

**ONE WORLD PRODUCTS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 – Nature of Business and Significant Accounting Policies**

Nature of Business

One World Products, Inc. (the “Company,” “we,” “our” or “us”) was incorporated in Nevada on September 2, 2014. On February 21, 2019, One World Pharma, Inc. (“One World Pharma”) entered into an Agreement and Plan of Merger with OWP Merger Subsidiary, Inc., our wholly-owned subsidiary, and OWP Ventures, Inc. (“OWP Ventures”), which is the parent company of One World Pharma SAS, a Colombian company (“OWP Colombia”). Pursuant to the Merger Agreement, we acquired OWP Ventures (and indirectly, OWP Colombia) by the merger of OWP Merger Subsidiary with and into OWP Ventures, with OWP Ventures being the surviving entity as our wholly-owned subsidiary (the “Merger”). As a result of the Merger (a) holders of the outstanding capital stock of OWP Ventures received an aggregate of 39,475,398 shares of our common stock; (b) options to purchase 825,000 shares of common stock of OWP Ventures at an exercise price of \$0.50 automatically converted into options to purchase 825,000 shares of our common stock at an exercise price of \$0.50; (c) the outstanding principal and interest under a \$300,000 convertible note issued by OWP Ventures became convertible, at the option of the holder, into shares of our common stock at a conversion price equal to the lesser of \$0.424 per share or 80% of the price we sell our common stock in a future “Qualified Offering”; (d) 875,000 shares of our common stock owned by OWP Ventures prior to the Merger were cancelled; and (e) OWP Ventures’ chief operating officer became our chief operating officer and two of OWP Ventures’ directors became members of our board of directors. The Company’s headquarters are located in Las Vegas, Nevada, and all of its customers are expected to be outside of the United States. On January 10, 2019, the Company changed its name from Punto Group, Corp. to One World Pharma, Inc., and on November 23, 2021, the Company changed its name to One World Products, Inc. through the merger of One World Products, Inc., a recently formed Nevada corporation wholly-owned by the Company, with and into the Company (the “Name Change Merger”) pursuant to the applicable provisions of the Nevada Revised Statutes (“NRS”). As permitted by the NRS, the articles of merger filed with the Secretary of State of the state of Nevada to effect the Name Change Merger amended Article I of the Company’s Articles of Incorporation to change the Company’s name to “One World Products, Inc.” The Name Change Merger was effected solely to effect the change of the Company’s name, and had no effect on the Company’s officers, directors, operations, assets or liabilities.

OWP Ventures is a holding company formed in Delaware on March 27, 2018 to enter and support the cannabis industry, and on May 30, 2018, it acquired OWP Colombia. OWP Colombia is a licensed cannabis cultivation, production and distribution (export) company located in Popayán, Colombia (nearest major city is Cali). We plan to be a producer of raw cannabis and hemp plant ingredients for both medical and industrial uses across the globe. We have received licenses to cultivate, produce and distribute the raw ingredients of the cannabis and hemp plant for medicinal, scientific and industrial purposes. Specifically, we are one of the few companies in Colombia to receive all four licenses, including seed use, cultivation of non-psychoactive cannabis, cultivation of psychoactive cannabis, and manufacturing allowing for extraction and export. Currently, we own approximately 30 acres and have a covered greenhouse built specifically to cultivate high-grade cannabis and hemp. In addition, we have entered into agreements with local farming co-operatives that include small farmers and indigenous tribe members, under which they will cultivate cannabis on up to approximately 140 acres of land using our seeds and propagation techniques, and sell their harvested products to us on an exclusive basis. We began harvesting cannabis in the first quarter of 2019 for the purpose of further research and development activities, quality control testing and extraction. We have been generating revenue from the sale of our seeds since the second quarter of 2020. During the first quarter of 2022, we made payments of approximately \$1,400,000 for a state of the art distillation machine that we expect to be placed in service during the second quarter of 2023 within our vertically integrated extraction facility in which we entered into a 5-year lease on October 1, 2022, where we have combined our office and extraction facilities into the same building.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission (“SEC”). All references to Generally Accepted Accounting Principles (“GAAP”) are in accordance with The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) and the Hierarchy of Generally Accepted Accounting Principles.

These statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein.

**ONE WORLD PRODUCTS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the following entities, all of which were under common control and ownership at December 31, 2022:

Name of Entity	State of Incorporation	Relationship
One World Products, Inc. <sup>(1)</sup>	Nevada	Parent
OWP Ventures, Inc. <sup>(2)</sup>	Delaware	Subsidiary
One World Pharma S.A.S. <sup>(3)</sup>	Colombia	Subsidiary
Colombian Hope, S.A.S. <sup>(4)</sup>	Colombia	Subsidiary
Agrobase, S.A.S. <sup>(5)</sup>	Colombia	Subsidiary

(1) Holding company in the form of a corporation.

(2) Holding company in the form of a corporation and wholly-owned subsidiary of One World Products, Inc.

(3) Wholly-owned subsidiary of OWP Ventures, Inc. since May 30, 2018, located in Colombia and legally constituted as a simplified stock company registered in the Chamber of Commerce of Bogotá on July 18, 2017. Its headquarters are located in Bogotá.

(4) Wholly-owned subsidiary of OWP Ventures, Inc., acquired on November 19, 2019, located in Colombia and legally constituted as a simplified stock company. This company has yet to incur any substantive income or expenses.

(5) Wholly-owned subsidiary of OWP Ventures, Inc., formed on September 12, 2019, located in Colombia and legally constituted as a simplified stock company. This company has yet to incur any substantive income or expenses.

The consolidated financial statements herein contain the operations of the wholly-owned subsidiaries listed above. The Company's headquarters are located in Las Vegas, Nevada and substantially all of its production efforts are within Popayán, Colombia.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

Foreign Currency Translation

The functional currency of the Company is Columbian Peso (COP). The Company has maintained its financial statements using the functional currency, and translated those financial statements to the US Dollar throughout this report. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at rates of exchange prevailing at the balance sheet dates. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Exchange gains or losses arising from foreign currency transactions are included in the determination of net income (loss) for the respective periods.

Comprehensive Income

The Company has adopted ASC 220, Reporting Comprehensive Income, which establishes standards for reporting and displaying comprehensive income, its components, and accumulated balances in a full-set of general-purpose financial statements. Accumulated other comprehensive income represents the accumulated balance of foreign currency translation adjustments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Segment Reporting

ASC Topic 280, "Segment Reporting," requires use of the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. The Company operates as a single segment and will evaluate additional segment disclosure requirements as it expands its operations.

**ONE WORLD PRODUCTS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Fair Value of Financial Instruments

The Company discloses the fair value of certain assets and liabilities in accordance with ASC 820, Fair Value Measurements and Disclosures (ASC 820). ASC 820 defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs to valuation methodology are unobservable and significant to the fair measurement.

The carrying value of cash, accounts receivable, accounts payables and accrued expenses are estimated by management to approximate fair value primarily due to the short-term nature of the instruments.

Cash in Excess of FDIC Insured Limits

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, under current regulations. The Company did not have any cash in excess of FDIC insured limits at December 31, 2022, and has not experienced any losses in such accounts.

Inventory

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a standard cost basis that approximates the first-in, first-out (FIFO) method. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value. Our cannabis products consist of cannabis flower grown in-house, along with produced extracts.

Fixed Assets

Fixed assets are stated at the lower of cost or estimated net recoverable amount. The cost of property, plant and equipment is depreciated using the straight-line method based on the lesser of the estimated useful lives of the assets or the lease term based on the following life expectancy:

Buildings	15 years
Office equipment	5 years
Furniture and fixtures	7 years
Equipment and machinery	7 years
Leasehold improvements	Term of lease

Repairs and maintenance expenditures are charged to operations as incurred. Major improvements and replacements, which have extended the useful life of an asset, are capitalized and depreciated over the remaining estimated useful life of the asset. When assets are retired or sold, the cost and related accumulated depreciation and amortization are eliminated and any resulting gain or loss is reflected in operations.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 — Revenue from Contracts with Customers. Under ASC 606, the Company recognizes revenue from the commercial sales of products, licensing agreements and contracts to perform pilot studies by applying the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied. The Company's sales to date have primarily consisted of the sale of seeds. These sales include multi-element arrangements whereby the Company collects 50% of the sale upon delivery of the sales, and the remaining 50% upon the completion of the harvest, whether the seeds result in a successful crop, or not. In addition, the Company has a right of first refusal to purchase products resulting from the harvest. At December 31, 2022, the Company had \$11,808 of deferred revenues and \$6,655 of deferred cost of goods sold, as included in other current assets on the balance sheet, that are expected to be recognized upon the customers' completion of their harvests in 2023.

Advertising Costs

The Company expenses the cost of advertising and promotions as incurred. Advertising and promotions expense was \$80,498 and \$137,915 for the years ended December 31, 2022 and 2021, respectively.

**ONE WORLD PRODUCTS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Basic and Diluted Loss Per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an “as if converted” basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For the years ended December 31, 2022 and 2021, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

Stock-Based Compensation

The Company accounts for equity instruments issued to employees and non-employees in accordance with the provisions of ASC 718 Stock Compensation (ASC 718). All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the earlier of the date on which the counterparty’s performance is complete or the date at which a commitment for performance by the counterparty to earn the equity instruments is reached because of sufficiently large disincentives for nonperformance.

Income Taxes

The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Uncertain Tax Positions

In accordance with ASC 740, “Income Taxes” (“ASC 740”), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities periodically audit the Company’s income tax returns. These audits include questions regarding the Company’s tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company’s tax position relies on the judgment of management to estimate the exposures associated with the Company’s various filing positions.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB that are adopted by the Company as of the specified effective date. If not discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company’s financial statements upon adoption.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which creates an exception to the general recognition and measurement principle for contract assets and contract liabilities from contracts with customers acquired in a business combination. The new guidance will require companies to apply the definition of a performance obligation under accounting standard codification ASC Topic 606 to recognize and measure contract assets and contract liabilities (i.e., deferred revenue) relating to contracts with customers that are acquired in a business combination. Under current GAAP, an acquirer in a business combination is generally required to recognize and measure the assets it acquires and the liabilities it assumes at fair value on the acquisition date. The new guidance will result in the acquirer recording acquired contract assets and liabilities on the same basis that would have been recorded by the acquiree before the acquisition under ASC Topic 606. These amendments are effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The adoption of ASU 2021-08 is not expected to have a material impact on the Company’s financial statements or related disclosures.

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In May 2021, the FASB issued ASU No. 2021-04, *Earnings Per Share* (Topic 260), *Debt – Modifications and Extinguishments* (Subtopic 470-50), *Compensation* (Topic 718), and *Derivatives and Hedging – Contracts in Entity's Own Equity* (Subtopic 815-40) *Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity Classified Written Call Options*. ASU 2021-04 addresses issuer's accounting for certain modifications or exchanges of freestanding equity-classified written call options. ASU 2021-04 is effective for fiscal years beginning after December 15, 2021 and interim periods within those fiscal years, with early adoption permitted. The adoption of ASU 2021-04 has not had a material impact on the Company's financial statements or related disclosures.

In March 2020, the FASB issued ASU 2020-04 *establishing Topic 848, Reference Rate Reform*. ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The pronouncement provides temporary optional expedients and exceptions to the current guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. The guidance was effective upon issuance and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The adoption of ASU 2020-04 did not have a material impact on the Company's consolidated financial statements, as we transitioned from the London Interbank Offered Rate, commonly referred to as LIBOR, to alternative references rates, as well as utilizing the aforementioned expedients and exceptions provided in ASU 2020-04.

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options* (Subtopic 470-20) and *Derivatives and Hedging—Contracts in Entity's Own Equity* (Subtopic 815-40): *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* (ASU 2020-06), which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if converted method. The new guidance is effective for all entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2021, with early adoption permitted. The adoption of ASU 2020-06 has not had a material impact on the Company's financial statements or related disclosures.

There are no other recently issued accounting pronouncements that the Company has yet to adopt that are expected to have a material effect on its financial position, results of operations, or cash flows.

**Note 2 – Going Concern**

As shown in the accompanying financial statements, the Company had \$2,853,968 of negative working capital as of December 31, 2022, has incurred recurring losses from operations resulting in an accumulated deficit of \$22,976,365 as of December 31, 2022, and its cash on hand may not be sufficient to sustain operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management is actively pursuing new customers to increase revenues. In addition, the Company is currently seeking additional sources of capital to fund short term operations. Management believes these factors will contribute toward achieving profitability. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The financial statements do not include any adjustments that might result from the outcome of any uncertainty as to the Company's ability to continue as a going concern. These financial statements also do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

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**Note 3 – Related Party Transactions**

Expense Reimbursements Owed to Officers and Directors

As of December 31, 2022, the Company owed a total of \$65,382 to one of our Directors, Dr. Kenneth Perego, II, M.D., and \$2,505 to the Company's CFO, Mr. Timothy Woods, for unreimbursed expenses, as presented within accounts payable on the Balance Sheet.

Debt Repayments, Related Party

On October 18, 2021, the Company repaid a total of \$52,918, consisting of \$50,000 of principal and \$2,918 of interest, to Isiah Thomas, the Company's Chief Executive Officer.

On September 15, 2021, the Company repaid a total of \$130,610, consisting of \$125,000 of principal and \$5,610 of interest, to Isiah Thomas, the Company's Chief Executive Officer.

On March 29, 2021, the Company repaid a total of \$27,201 of indebtedness owed to the Company's Chairman of the Board, Dr. Kenneth Perego, II, M.D., consisting of \$26,000 of principal and \$1,201 of interest.

Series B Preferred Stock Sales

On February 7, 2021, the Company and ISIAH International, LLC ("ISIAH International"), entered into a Securities Purchase Agreement (the "Purchase Agreement") under which ISIAH International agreed to purchase from the Company, on the dates provided for in the Purchase Agreement, an aggregate of 200,000 shares of the Company's newly designated Series B Preferred Stock ("Series B Preferred Stock"), convertible into an aggregate of 20,000,000 shares of the Company's common stock, for a purchase price of \$15 per share of Preferred Stock, and an aggregate purchase price of \$3 million. Each share of Series B Preferred Stock has a Stated Value of \$15 and is convertible into common stock at a conversion price equal to \$0.15. Isiah Thomas, the Company's Chief Executive Officer, is the sole member and Chief Executive Officer of ISIAH International. Pursuant to the Purchase Agreement, ISIAH International purchased the 200,000 shares of Series B Preferred Stock from the Company according to the following schedule:

Date	Shares	Purchase Price
Initial Closing Date	16,666	\$ 249,990
February 22, 2021	16,667	250,005
March 8, 2021	16,667	250,005
March 22, 2021	16,667	250,005
April 5, 2021	16,666	249,990
April 19, 2021	16,667	250,005
May 17, 2021	33,334	500,010
June 14, 2021	33,333	499,995
July 12, 2021	33,333	499,995
Total	200,000	\$ 3,000,000

On various dates in May, 2021, the Company also received total proceeds of \$50,010 from the sale of an aggregate of 3,334 shares of Series B Preferred Stock at a price of \$15 per share to trusts whose beneficiaries are adult children of Isiah L. Thomas III. Mr. Thomas disclaims beneficial ownership of the shares held by these trusts.

Common Stock Issued for Services

On January 1, 2021, the Company awarded options to purchase 5,500,000 shares of common stock at an exercise price equal to \$0.13 per share to Isiah L. Thomas III, the Company's Chief Executive Officer and Vice Chairman. The options were issued outside of the 2019 Plan and are exercisable over a ten year period. The options vested immediately as to 2,750,000 shares, and vest as to the remaining 2,750,000 shares quarterly in 250,000 increments over the following eleven quarters. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 192% and a call option value of \$0.1174, was \$645,624. The options are being expensed over the vesting period, resulting in \$117,388 and \$410,853 of stock-based compensation expense during the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022, a total of \$117,383 of unamortized expenses are expected to be expensed over the vesting period.



**ONE WORLD PRODUCTS, INC.**  
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On January 1, 2021, the Company awarded options to purchase 350,000 shares of common stock under the 2019 Plan at an exercise price equal to \$0.13 per share, exercisable over a ten year period to the Company's Vice Chairman of the Board, Dr. Ken Perego. The options vest in equal quarterly installments over one year. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 192% and a call option value of \$0.1170, was \$40,943. The options were expensed over the vesting period, resulting in \$40,943 of stock-based compensation expense during the year ended December 31, 2021.

**Note 4 – Fair Value of Financial Instruments**

Under FASB ASC 820-10-5, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company has certain financial instruments that must be measured under the new fair value standard. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

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The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balances sheet as of December 31, 2022 and 2021:

	Fair Value Measurements at December 31, 2022		
	Level 1	Level 2	Level 3
<b>Assets</b>			
Cash	\$ 11,016	\$ -	\$ -
Right-of-use asset	-	-	425,969
Total assets	11,016	-	425,969
<b>Liabilities</b>			
Lease liabilities	-	-	427,915
Convertible notes payable	-	750,000	-
Notes payable	-	845,524	-
Notes payable, related parties	-	299,500	-
Total liabilities	-	(1,895,024)	(427,915)
	<u>\$ 11,016</u>	<u>\$ (1,895,024)</u>	<u>\$ (1,946)</u>

	Fair Value Measurements at December 31, 2021		
	Level 1	Level 2	Level 3
<b>Assets</b>			
Cash	\$ 119,678	\$ -	\$ -
Total assets	119,678	-	-
<b>Liabilities</b>			
Convertible notes payable, net of \$412,673 of debt discounts	-	337,327	-
Notes payable	-	119,274	-
Notes payable, related parties	-	200,000	-
Total liabilities	-	(656,601)	-
	<u>\$ 119,678</u>	<u>\$ (656,601)</u>	<u>\$ -</u>

There were no transfers of financial assets or liabilities between Level 1 and Level 2 inputs for the years ended December 31, 2022 or 2021.

**Note 5 – Major Customers and Accounts Receivable**

The Company had certain customers whose revenue individually represented 10% or more of the Company's total revenue, or whose accounts receivable balances individually represented 10% or more of the Company's total accounts receivable, as follows:

For the year ended December 31, 2022, no customers accounted for more than 10% of the Company's total revenue, and for the year ended December 31, 2021, four customers accounted for 60% of revenue, respectively.

At December 31, 2022 and 2021, one customer accounted for 67% and 75% of accounts receivable, respectively.

**ONE WORLD PRODUCTS, INC.**  
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**Note 6 – Inventory**

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a standard cost basis that approximates the first-in, first-out (FIFO) method. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value. Our cannabis products consist of cannabis flower grown in-house, along with produced extracts. Inventory consisted of the following at December 31, 2022 and 2021, respectively.

	December 31, 2022	December 31, 2021
Raw materials	\$ 18,580	\$ 31,233
Work in progress	1,464	81,182
Finished goods	80,858	108,246
	100,902	220,661
Less obsolescence	(46,749)	(22,066)
Total inventory	<u>\$ 54,153</u>	<u>\$ 198,595</u>

**Note 7 – Other Current Assets**

Other current assets included the following as of December 31, 2022 and 2021, respectively:

	December 31, 2022	December 31, 2021
Prepaid expenses	\$ 39,288	\$ 29,366
Deferred cost of goods sold	6,655	19,470
Other receivables	-	110,000
Total	<u>\$ 45,943</u>	<u>\$ 158,836</u>

**Note 8 – Other Assets**

Other assets consist entirely of a \$179,927 and \$147,194 VAT receivable at December 31, 2022 and 2021, respectively, which will be returned upon the successful export of the products purchased in which the taxes were originally paid.

**Note 9 – Security Deposits**

Security deposits included the following as of December 31, 2022 and 2021, respectively:

	December 31, 2022	December 31, 2021
Utility deposits	\$ -	\$ 1,090
Refundable deposit on equipment purchase	50,000	50,000
Down payment on distillation equipment	1,399,413	1,155,000
Security deposits on leases held in Colombia	395	35,869
Security deposit on office lease	-	14,029
	<u>\$ 1,449,808</u>	<u>\$ 1,255,988</u>

**ONE WORLD PRODUCTS, INC.**  
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**Note 10 – Fixed Assets**

Fixed assets consist of the following at December 31, 2022 and 2021, respectively:

	December 31, 2022	December 31, 2021
Land	\$ 138,248	\$ 138,248
Buildings	473,971	473,971
Office equipment	30,902	56,502
Furniture and fixtures	6,495	34,409
Equipment and machinery	423,547	383,829
	1,073,163	1,086,959
Less: accumulated depreciation	(84,627)	(83,946)
Total	<u>\$ 988,536</u>	<u>\$ 1,003,013</u>

On August 15, 2022, the Company, through its wholly-owned subsidiary, OWP Ventures, Inc., sold its office furniture and equipment with a net book value of \$15,391 for gross proceeds of \$6,350, resulting in a loss on the disposal of fixed assets of \$9,041, which represented the proceeds received, less the net book value at the time of disposal.

On November 30, 2021, the Company disposed of a building that was damaged in a storm at the Popayán farm. No proceeds were received on the disposal, resulting in a loss on disposal of fixed assets of \$53,925, which represented the net book value at the time of disposal.

On July 27, 2021, the Company sold a truck previously used at the Popayán farm. The Company received proceeds of \$5,125 on the sale, resulting in a loss on disposal of fixed assets of \$2,064, which represented the net book value at the time of disposal.

On July 1, 2021, the Company disposed of equipment used at the Popayán farm that is no longer in service. No proceeds were received on the disposals, resulting in a loss on disposal of fixed assets of \$15,498, which represented the net book value at the time of disposal.

Depreciation and amortization expense totaled \$42,287 and \$40,321 for the years ended December 31, 2022 and 2021, respectively.

**Note 11 – Accrued Expenses**

Accrued expenses consisted of the following at December 31, 2022 and 2021, respectively:

	December 31, 2022	December 31, 2021
Accrued payroll	\$ 613,569	\$ 261,044
Accrued withholding taxes and employee benefits	31,632	9,162
Accrued ICA fees and contributions	167,037	129,856
Accrued interest	136,220	57,700
	<u>\$ 948,458</u>	<u>\$ 457,762</u>

**Note 12 – Deferred Revenues**

Arrangements with customers include multiple deliverables, consisting of an initial delivery of seeds and a contingent portion of the sale that is dependent on the customers future harvest of the seeds. Deferred revenues associated with these multiple-element arrangements were \$11,808 and \$30,164 at December 31, 2022 and 2021, respectively. Related deferred cost of goods sold were \$6,655 and \$19,470 at December 31, 2022 and 2021, respectively, resulting in deferred gross margins of \$5,153 and \$10,964 at December 31, 2022 and 2021, respectively, that is expected to be recognized upon the customers' completion of their harvests in future periods.

**ONE WORLD PRODUCTS, INC.**  
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**Note 13 – Leases**

The Company leased its 12,400 square foot extraction facility under a non-cancelable real property lease agreement that commenced on January 1, 2022 and was to expire on December 31, 2027, at a monthly lease rate of 57,339,000 COP, or approximately \$15,290. The Company terminated the lease on September 30, 2022, resulting in termination fees of approximately \$7,700. A gain of \$20,148 was recognized on the early extinguishment of the lease for the year ended December 31, 2022.

On October 1, 2022, the Company entered into a five-year non-cancelable property lease, with an automatic five year extension, for a new extraction facility with combined office space, at a monthly lease term of 29,000,000 COP plus VAT and administration fees, or approximately \$6,300, with annual escalation of lease payments equal to the Consumer Price Index, plus 2%.

The Company also leases a residential premise under a non-cancelable real property lease agreement that commenced on September 1, 2021 and expires on August 31, 2024, at a monthly lease term of 3,800,000 COP, or approximately \$1,013, with approximately a 3% annual escalation of lease payments commencing September 1, 2022.

The Company leases another residential premise under a non-cancelable real property lease agreement that commenced on June 1, 2022 and expires on May 30, 2024, at a monthly lease term of 1,900,000 COP, or approximately \$507 with an 8% annual escalation of lease payments commencing June 1, 2023.

In addition, the Company leases its corporate offices and operational facility in Colombia under short-term non-cancelable real property lease agreements that expire within a year. The Company doesn't have any other office or equipment leases that would require capitalization. The office lease contains provisions requiring payment of property taxes, utilities, insurance, maintenance and other occupancy costs applicable to the leased premise. In the locations in which it is economically feasible to continue to operate, management expects to enter into a new lease upon expiration. The extraction facility lease contained provisions requiring payment of property taxes, utilities, insurance, maintenance and other occupancy costs applicable to the leased premise. As the Company's leases do not provide implicit discount rates, the Company uses an incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments.

The components of lease expense were as follows:

	For the Year Ended December 31,	
	2022	2021
Operating lease cost:		
Amortization of right-of-use assets	\$ 114,907	\$ 87,276
Interest on lease liabilities	83,702	3,035
Lease payments on short term leases	23,811	-
Total operating lease cost	\$ 222,420	\$ 90,311

Supplemental balance sheet information related to leases was as follows:

	December 31, 2022	December 31, 2021
Operating lease:		
Operating lease assets	\$ 425,969	\$ -
Current portion of operating lease liabilities	\$ 86,235	-
Noncurrent operating lease liabilities	341,680	-
Total operating lease liability	\$ 427,915	\$ -
Weighted average remaining lease term:		
Operating leases	4.25 years	-
Weighted average discount rate:		
Operating lease	6.75%	-

**ONE WORLD PRODUCTS, INC.**  
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Supplemental cash flow and other information related to operating leases was as follows:

	For the Year Ended December 31,	
	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used for operating leases	\$ 96,253	\$ 201,525
Early extinguishment of lease:		
Lease liability terminated	\$ 1,438,830	\$ -
Right-of use asset terminated	(1,418,682)	-
Gain on early extinguishment of lease	\$ 20,148	\$ -
Leased assets obtained in exchange for lease liabilities:		
Total operating lease liabilities	\$ 1,962,998	\$ -

Our anticipated future lease commitments on a calendar year basis in US dollars, excluding common area maintenance fees, under non-cancelable operating leases are as follows:

Year Ending December 31,	Minimum Lease Commitments
2023	\$ 112,508
2024	107,632
2025	99,186
2026	102,162
2027	78,336
Total future minimum lease liabilities	\$ 499,824

**Note 14 – Convertible Note Payable**

Convertible note payable consists of the following at December 31, 2022 and 2021, respectively:

	December 31, 2022	December 31, 2021
On September 27, 2022, the Company completed the sale of a Convertible Promissory Note in the principal amount of \$750,000 (the “Convertible McCabe Note”) to Dr. John McCabe. The unsecured note matures on 16, 2024 (the “Maturity Date”), bears interest at a rate of 8% per annum, and the principal and interest is convertible into shares of the Company’s convertible Series B common stock at a conversion price of \$15 per share.	\$ 750,000	\$ -
On September 24, 2021, the Company completed the sale of a (i) Promissory Note in the principal amount of \$750,000 (the “Second AJB Note”) to AJB Capital Investments LLC (“AJB Capital”), (ii) a three-year warrant to purchase 1,500,000 shares of the Company’s common stock at an initial exercise price of \$0.25 per share, and (iii) a three-year warrant to purchase 2,000,000 shares of the Company’s common stock at an initial exercise price of \$0.50 per share, for an aggregate purchase price of \$705,000, pursuant to a Securities Purchase Agreement between the Company and AJB Capital (the “Purchase Agreement”). The aggregate estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 197% and a call option value of \$0.1053 and \$0.1001, respectively, was \$358,017, and is being amortized as a debt discount over the life of the loan. The Company received net proceeds of \$678,750 after deductions of debt discounts, consisting of \$45,000 pursuant to an original issue discount, \$15,000 of legal fees and \$11,250 of brokerage fees.		
The Note matures on September 24, 2022 (the “Maturity Date”), bears interest at a rate of 8% per annum, and, following an event of default only, is convertible into shares of the Company’s common stock at a conversion price equal to the lesser of 90% of the lowest trading price during (i) the 20 trading day period preceding the issuance date of the note, or (ii) the 20 trading day period preceding date of conversion of the Note. The Note is also subject to covenants, events of defaults, penalties, default interest and other terms and conditions customary in transactions of this nature.		
Pursuant to the Purchase Agreement, the Company paid a commitment fee to AJB Capital in the amount of \$250,000 (the “Commitment Fee”) in the form of 1,250,000 shares of the Company’s common stock (the “Commitment Fee Shares”). During the six month period following the six month anniversary of the closing date, AJB Capital shall be entitled to be issued additional shares of common stock of the Company to the extent AJB Capital’s sale of the Commitment Fee Shares has resulted in net proceeds in an amount less than the Commitment Fee. The Commitment Fee Shares resulted in a debt discount of \$150,062 that is being amortized over the life of the loan.		
The obligations of the Company to AJB Capital under the Note and the Purchase Agreement are secured by a lien on the Company’s assets pursuant to a Security Agreement between the Company and AJB Capital. The note was repaid on September 27, 2022.	\$ -	\$ 750,000
Total convertible notes payable	750,000	750,000
Less: unamortized debt discounts	-	412,673
Convertible note payable, net of discounts	\$ 750,000	\$ 337,327



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The Company recognized debt discounts for the years ended December 31, 2022 and 2021, as follows:

	December 31, 2022	December 31, 2021
Fair value of 3,250,000 commitment shares of common stock	\$ 106,894	\$ 418,312
Fair value of warrants to purchase 3,500,000 shares of common stock	255,026	358,017
Original issue discounts	32,055	53,700
Legal and brokerage fees	18,698	39,300
Total debt discounts	412,673	869,329
Amortization of debt discounts	412,673	456,656
Unamortized debt discounts	\$ -	\$ 412,673

The aggregate debt discounts of \$869,329 incurred during the year ended December 31, 2021, were amortized over the life of the loans using the straight-line method, which approximated the effective interest method. The Company recorded finance expense in the amount of \$412,673 and \$456,656 on the amortization of these discounts for the years ended December 31, 2022 and 2021, respectively.

The convertible note limits the maximum number of shares that can be owned by the note holder as a result of the conversions to common stock to 4.99% of the Company's issued and outstanding shares.

The Company recorded interest expense pursuant to the stated interest rates on the convertible notes in the amount of \$59,023 and \$36,243 for the years ended December 31, 2022 and 2021, respectively. In addition, the Company recognized \$412,673 and \$456,656 of interest expense related to the debt discounts for the years ended December 31, 2022 and 2021, respectively.



**ONE WORLD PRODUCTS, INC.**  
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**Note 15 – Notes Payable**

Notes payable consists of the following at December 31, 2022 and 2021, respectively:

	December 31, 2022	December 31, 2021
On September 15, 2022, the Company, through its wholly-owned subsidiary, One World Pharma, SAS, received proceeds of 55,488,000 COP, or approximately \$12,243, on a loan with a face value of 70,000,000 COP, or approximately \$15,445, from an individual pursuant to an unsecured promissory note, bearing interest at 4% per month, or 48% per annum, due on demand. The debt discount of \$3,202 was expensed as finance costs at the time of origination. The face value of the note has been adjusted by \$893 due to foreign currency translation adjustments.	\$ 14,552	\$ -
On June 17, 2022, the Company, through its wholly-owned subsidiary, One World Pharma, SAS, received proceeds of 230,400,000 COP, or approximately \$55,821, on a loan with a face value of 240,000,000 COP, or approximately \$58,147, from an individual pursuant to an unsecured promissory note, bearing interest at 4% per month, or 48% per annum, due on demand. The debt discount of \$2,326 was expensed as finance costs at the time of origination. The face value of the note has been adjusted by \$8,253 due to foreign currency translation adjustments.	49,894	-
On June 13, 2022, the Company, through its wholly-owned subsidiary, OWP Ventures, Inc., received an advance of \$100,000 from an individual pursuant to an unsecured promissory note, maturing on January 1, 2024, that carries an 8% interest rate.	100,000	-
On May 31, 2022, the Company, through its wholly-owned subsidiary, One World Pharma, SAS, received proceeds of 314,640,000 COP, or approximately \$76,231, on a loan with a face value of 360,000,000 COP, or approximately \$87,220, from an individual pursuant to promissory note, security by equipment, bearing interest at 2.1% per month, or 25% per annum, maturing on November 28, 2022. The debt discount of \$10,990 was expensed as finance costs at the time of origination. The face value of the note has been adjusted by \$12,380 due to foreign currency translation adjustments.	74,841	-
On May 30, 2022, the Company, through its wholly-owned subsidiary, One World Pharma, SAS, received a non-interest bearing loan of 20,000,000 COP, or approximately \$4,846, from an individual pursuant to an unsecured promissory note, due on demand. The face value of the note has been adjusted by \$688 due to foreign currency translation adjustments.	4,158	-
On April 29, 2022, the Company, through its wholly-owned subsidiary, One World Pharma, SAS, received a non-interest bearing loan of 10,000,000 COP, or approximately \$2,423, from an individual pursuant to an unsecured promissory note, due on demand. The face value of the note has been adjusted by \$344 due to foreign currency translation adjustments.	2,079	-
On March 1, 2022, the Company, through its wholly-owned subsidiary, OWP Ventures, Inc., received an advance of \$400,000 from an individual pursuant to an unsecured promissory note, maturing on January 1, 2024, that carries an 8% interest rate.	400,000	-
On February 15, 2022, the Company, through its wholly-owned subsidiary, OWP Ventures, Inc., received an advance of \$200,000 from an individual pursuant to an unsecured promissory note, maturing on January 1, 2024, that carries an 8% interest rate.	200,000	-
On May 4, 2020, the Company, through its wholly-owned subsidiary OWP Ventures, Inc., borrowed \$119,274 from Customers Bank (“Lender”), pursuant to a Promissory Note issued by OWP Ventures to Lender (the “PPP Note”). The loan was made pursuant to the Payroll Protection Program established as part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The PPP Note carried interest at 1.00% per annum, payable monthly beginning December 4, 2020, and was due on May 4, 2022. The PPP Note could have been repaid at any time without penalty.		
Under the Payroll Protection Program, the Company was eligible for loan forgiveness up to the full amount of the PPP Note and any accrued interest. The forgiveness amount was equal to the amount that the Company spent during the 24-week period beginning May 4, 2020 on payroll costs, payment of rent on any leases in force prior to February 15, 2020 and payment on any utility for which service began before February 15, 2020. The maximum amount of loan forgiveness for non-payroll expenses was 40% of the amount of the PPP Note. A total of \$121,372, consisting of \$119,274 of principal and \$2,098 of interest, was forgiven on February 11, 2022.	-	119,274
<b>Total notes payable</b>	<b>845,524</b>	<b>119,274</b>
Less: current maturities	145,524	119,274
<b>Notes payable, long-term portion</b>	<b>\$ 700,000</b>	<b>\$ -</b>

The Company recorded interest expense in the amount of \$85,653 and \$18,945 for the years ended December 31, 2022 and 2021, respectively.

**ONE WORLD PRODUCTS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 16 – Notes Payable, Related Party**

Notes payable, related party, consists of the following at December 31, 2022 and 2021, respectively:

	December 31, 2022	December 31, 2021
On August 5, 2022, the Company received an advance of \$50,000 from Dr. Kenneth Perego, II, M.D., our Vice Chairman of the Board pursuant to an unsecured promissory note due on demand that carries a 6% interest rate.	\$ 50,000	\$ -
On August 2, 2022, the Company received an advance of \$4,500 from Isiah Thomas, III, our Chairman of the Board and CEO, pursuant to an unsecured promissory note due on demand that carries a 6% interest rate.	4,500	-
On July 7, 2022, the Company received an advance of \$5,000 from Dr. Kenneth Perego, II, M.D., our Vice Chairman of the Board pursuant to an unsecured promissory note due on demand that carries a 6% interest rate.	5,000	-
On June 3, 2022, the Company received an advance of \$10,000 from Isiah Thomas, III, our Chairman of the Board and CEO, pursuant to an unsecured promissory note due on demand that carries a 6% interest rate.	10,000	-
On May 5, 2022, the Company received an advance of \$10,000 from Isiah Thomas, III, our Chairman of the Board and CEO, pursuant to an unsecured promissory note due on demand that carries a 6% interest rate.	10,000	-
On May 5, 2022, the Company received an advance of \$20,000 from Dr. Kenneth Perego, II, M.D., our Vice Chairman of the Board pursuant to an unsecured promissory note due on demand that carries a 6% interest rate.	20,000	-
On December 29, 2021, the Company received an advance of \$200,000 from Dr. Kenneth Perego, II, M.D., our Vice Chairman of the Board pursuant to an unsecured promissory note due January 1, 2024 that carries an 8% interest rate.	200,000	200,000
Total notes payable, related party	299,500	200,000
Less: current maturities	99,500	-
Notes payable, related party, long-term portion	<u>\$ 200,000</u>	<u>\$ 200,000</u>

The Company recorded interest expense pursuant to the stated interest rates on the notes payable, related party, in the amount of \$19,127 and \$9,729 for the years ended December 31, 2022 and 2021, respectively.

**ONE WORLD PRODUCTS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The Company recognized interest expense for the year ended December 31, 2022 and 2021, respectively, as follows:

	December 31, 2022	December 31, 2021
Interest on convertible notes	\$ 59,023	\$ 17,260
Interest on notes payable	85,653	18,945
Interest on notes payable, related parties	19,127	9,729
Amortization of debt discounts on convertible notes	50,753	42,247
Amortization of debt discounts on convertible notes, common stock	106,894	311,418
Amortization of debt discounts on convertible notes, warrants	255,026	102,991
Finance cost on equity line of credit, issuances of series B preferred stock	205,005	-
Finance cost on equity line of credit, issuances of common stock	134,128	-
Finance cost on equity line of credit	30,000	-
Interest on accounts payable	11,249	8,541
<b>Total interest expense</b>	<b>\$ 956,858</b>	<b>\$ 511,131</b>

**Note 17 – Convertible Preferred Stock**

Preferred Stock

The Company has 10,000,000 authorized shares of \$0.001 par value “blank check” preferred stock, of which 500,000 shares have been designated Series A Preferred Stock and 300,000 shares have been designated Series B Preferred Stock. The shares of Series A Preferred Stock and Series B Preferred Stock are each currently convertible into one hundred (100) shares of the Company’s common stock. The Series A Preferred Stock accrues dividends at the rate of 6% per annum, payable in cash as and when declared by the Board or upon a liquidation. The shares of Series B Preferred Stock are not entitled to dividends, other than the right to participate in dividends payable to holders of common stock on an as-converted basis. As of December 31, 2022, there were 70,233 and 272,168 shares of Series A Preferred Stock and Series B Preferred Stock, respectively, issued and outstanding, respectively. The Series A and B Preferred Stock are presented as mezzanine equity on the balance sheet because they carry a stated value of \$10 and \$15 per share, respectively, and a deemed liquidation clause, which entitles the holders thereof to receive proceeds in an amount equal to the stated value per share, plus any accrued and unpaid dividends, before any payment may be made to holders of common stock. Each share of Preferred Stock carries a number of votes equal to the number of shares of common stock into which such Preferred Stock may then be converted. The Preferred Stock generally will vote together with the common stock and not as a separate class.

The Series A and B Preferred Stock have been classified outside of permanent equity and liabilities. the Series A Preferred Stock embodies conditional obligations that the Company may settle by issuing a variable number of equity shares, and in both the Series A and B Preferred Stock, monetary value of the obligation is based on a fixed monetary amount known at inception.

Series A Preferred Stock Sales

On various dates between December 20, 2022 and December 21, 2022, the Company received total proceeds of \$50,000 from the sale of 5,000 units, consisting in the aggregate of 5,000 shares of Series A Preferred Stock and five-year warrants to purchase 500,000 shares of common stock at an exercise price of \$0.25 per share to twenty-two accredited investors. The proceeds received were allocated between the Series A Preferred Stock and warrants on a relative fair value basis.

Series A Preferred Stock Conversions

On November 15, 2021, a shareholder converted 30,000 shares of Series A Preferred Stock into 3,000,000 shares of common stock. The note was converted in accordance with the conversion terms; therefore, no gain or loss has been recognized.

On April 6, 2021, a shareholder converted 30,000 shares of Series A Preferred Stock into 3,000,000 shares of common stock. The note was converted in accordance with the conversion terms; therefore, no gain or loss has been recognized.

On March 24, 2021, a shareholder converted 10,000 shares of Series A Preferred Stock into 1,000,000 shares of common stock. The shares of common stock were subsequently issued on April 7, 2021. The note was converted in accordance with the conversion terms; therefore, no gain or loss has been recognized.

On January 26, 2021, a shareholder converted 5,000 shares of Series A Preferred Stock into 500,000 shares of common stock. The note was converted in accordance with the conversion terms; therefore, no gain or loss has been recognized.

On January 12, 2021, a shareholder converted 10,000 shares of Series A Preferred Stock into 1,000,000 shares of common stock. The note was converted in accordance with the conversion terms; therefore, no gain or loss has been recognized.

**ONE WORLD PRODUCTS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Preferred Stock Dividends

The Series A Preferred Stock accrues dividends at the rate of 6% per annum, payable in cash as and when declared by the Board or upon a liquidation. The Company recognized \$38,923 and \$61,684 for years ended December 31, 2022 and 2021, respectively. A total of \$137,843 of dividends had accrued as of December 31, 2022.

Series B Preferred Stock Sales

On September 1, 2022, the Company and Tysadco Partners, LLC (“Tysadco”), entered into a Securities Purchase Agreement (the “Purchase Agreement”) under which Tysadco agreed to purchase from the Company, 20,000 shares of the Company’s Series B Preferred Stock for a purchase price of \$15 per share of Series B Preferred Stock, and an aggregate purchase price of \$300,000. On September 12, 2022, Tysadco purchased the first 10,000 shares of Series B Preferred Stock under the Purchase Agreement for \$150,000, and on October 12, 2022, Tysadco purchased the second 10,000 shares of Series B Preferred Stock under the Purchase Agreement for \$150,000. The Company paid \$15,000 out of the proceeds of each investment to Garden State Securities, Inc. as financing costs. In addition, the Company paid a commitment fee to Tysadco, consisting of 13,667 shares of Series B Preferred Stock. The issuance of the commitment fee shares resulted in \$205,005 of finance expense during the year ended December 31, 2022.

On February 7, 2021, the Company and ISIAH International entered into a Securities Purchase Agreement under which ISIAH International agreed to purchase from the Company, on the dates provided for in the Purchase Agreement, an aggregate of 200,000 shares of the Company’s newly designated Series B Preferred Stock, convertible into an aggregate of 20,000,000 shares of common stock, for a purchase price of \$15 per share of Preferred Stock, and an aggregate purchase price of \$3 million. Each share of Series B Preferred Stock has a Stated Value of \$15 and is convertible into common stock at a conversion price equal to \$0.15. Isiah Thomas, the Company’s Chief Executive Officer, is the sole member and Chief Executive Officer of ISIAH International. Pursuant to the Purchase Agreement, ISIAH International purchased the 200,000 shares of Series B Preferred Stock from the Company according to the following schedule:

Date	Shares	Purchase Price
Initial Closing Date	16,666	\$ 249,990
February 22, 2021	16,667	250,005
March 8, 2021	16,667	250,005
March 22, 2021	16,667	250,005
April 5, 2021	16,666	249,990
April 19, 2021	16,667	250,005
May 17, 2021	33,334	500,010
June 14, 2021	33,333	499,995
July 12, 2021	33,333	499,995
Total	200,000	\$ 3,000,000

In addition to the shares sold to ISIAH International, the Company received total proceeds of \$527,520 on various dates between March 9, 2021 and April 22, 2021 from the sale of an additional 35,167 shares of Series B Preferred Stock at a price of \$15 per share to seven accredited investors, including proceeds of \$50,010 from the sale of an aggregate of 3,334 shares of Series B Preferred Stock at a price of \$15 per share to trusts whose beneficiaries are adult children of Isiah L. Thomas III. Mr. Thomas disclaims beneficial ownership of the shares held by these trusts.

**Note 18 – Commitments and Contingencies**

Equity Line of Credit

On September 1, 2022, the Company entered into a Purchase Agreement (the “ELOC Purchase Agreement”) with Tysadco. Pursuant to the ELOC Purchase Agreement, Tysadco has agreed to purchase from the Company, from time to time upon delivery by the Company to Tysadco of “Request Notices,” and subject to the other terms and conditions set forth in the ELOC Purchase Agreement, up to an aggregate of \$10,000,000 of the Company’s common stock. The purchase price of the shares of common stock to be purchased under the Purchase Agreement will be equal to 88% of the lowest daily “VWAP” during the period of 10 trading days beginning five trading days preceding the applicable Request. Each purchase under the Purchase Agreement will be in a minimum amount of \$25,000 and a maximum amount equal to the lesser of (i) \$1,000,000 and (ii) 500% of the average daily trading value of the common stock over the seven trading days preceding the delivery of the applicable Request Notice.

**ONE WORLD PRODUCTS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

In connection with the ELOC Purchase Agreement, the Company entered into a Registration Rights Agreement with Tysadco under which the Company agreed to file a registration statement with the Securities and Exchange Commission covering the shares of common stock issuable under the ELOC Purchase Agreement and conversion of the Commitment Fee Shares (the "Registration Rights Agreement"). There have not been any advances on this arrangement to date.

Commitment for the Sale of Series B Preferred Stock

On October 3, 2022, the Company and ISIAH International, LLC ("ISIAH International"), an entity in which the Company's CEO, Isiah L. Thomas, III, is the sole member, entered into a securities purchase agreement under which ISIAH International has agreed to purchase from the Company an aggregate of 33,333 shares of the Company's Series B Preferred Stock (the "Series B Shares"), initially convertible into an aggregate of three million three hundred thirty three thousand three hundred (3,333,300) shares of the Company's common stock, for a total purchase price of \$499,995. To date, no purchases under this agreement have occurred.

**Note 19 – Stockholders' Equity**

Preferred Stock

The Company has 10,000,000 authorized shares of \$0.001 par value "blank check" preferred stock, of which 500,000 shares have been designated Series A Preferred Stock and 300,000 shares have been designated Series B Preferred Stock, See Note 17 above for a description of the features and issuances of the Series A Preferred Stock and Series B Preferred Stock.

Common Stock

The Company is authorized to issue an aggregate of 300,000,000 shares of common stock with a par value of \$0.001. As of December 31, 2022, there were 67,202,907 shares of common stock issued and outstanding.

Common Stock Issued on Subscriptions Payable

On March 29, 2022, the Company issued 262,066 shares of common stock on a Subscriptions Payable for the December 1, 2021 award of common stock to COR IR for services.

Common Stock Issued as a Promissory Note Commitment

As disclosed in Note 14 above, the Company paid a commitment fee to AJB Capital of \$250,000 in the form of 1,250,000 shares of the Company's common stock ("Commitment Fee Shares") in connection with the issuance of the Second AJB Note, which was repaid on September 27, 2022. The issuance of these commitment fee shares resulted in a debt discount of \$150,062 that was amortized over the life of the loan, resulting in \$106,894 and \$43,168 of finance expense during the years ended December 31, 2022 and 2021, respectively. During the six month period following the six-month anniversary of the closing date, AJB Capital was entitled to be issued additional shares of common stock of the Company to the extent AJB Capital's sale of the Commitment Fee Shares has resulted in net proceeds in an amount less than the Commitment Fee. As a result, the Company issued an additional 1,341,276 shares of common stock to AJB Capital on September 15, 2022. The fair value of the shares was \$134,128, based on the closing price of the Company's common stock on the date of grant.

Also, as disclosed in Note 14 above, the Company paid a commitment fee to AJB Capital of \$200,000 in the form of 2,000,000 shares of the Company's common stock in connection with the issuance of the First AJB Note, which was repaid on September 17, 2021. The issuance of the commitment fee shares resulted in a debt discount of \$268,250 that was amortized over the life of the loan, resulting in \$268,250 of finance expense during the year ended December 31, 2021. On October 15, 2021, pursuant to the early repayment terms of the promissory note, one million of these shares were redeemed and cancelled for a nominal aggregate purchase price of \$1.00.

Common Stock Options Exercised

On July 26, 2021, a total of 60,000 shares of common stock were issued upon exercise on a cashless basis of options to purchase 125,000 shares of common stock at a price \$0.13 per share.

Common Stock Issued for Services, Employees and Consultants

On May 25, 2021, the Company awarded a total of 50,000 shares of common stock pursuant for consulting services to two individuals. The aggregate fair value of the shares was \$8,500, based on the closing price of the Company's common stock on the date of grant.

On May 12, 2021, the Company entered into a Settlement Agreement with COR. Pursuant to the Settlement Agreement, the Company issued COR 118,150 shares of common stock. The fair value of the shares was \$29,538, based on the closing price of the Company's common stock on the date of grant.

**ONE WORLD PRODUCTS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

On June 1, 2021, the Company entered into a new agreement with COR and issued another 112,528 shares of common stock to COR. The fair value of the shares was \$18,758, based on the closing price of the Company's common stock on the date of grant. On December 1, 2021, the Company owed COR another 262,066 shares of common stock, which were subsequently issued on March 29, 2022. The fair value of the shares was \$21,725, based on the closing price of the Company's common stock on the date of grant.

Common Stock Issued for Services, Officers and Directors

On December 31, 2021, the Company issued 673,582 shares of common stock in lieu of cash compensation to its former Chief Financial Officer, Vahé Gabriel. The aggregate fair value of the shares was \$55,234, based on the closing price of the Company's common stock on the date of grant.

**Note 20 – Common Stock Options**

Stock Incentive Plan

On February 12, 2020, the Company's stockholders approved our 2019 Stock Incentive Plan (the "2019 Plan"), which had been adopted by the Company's Board of Directors (the "Board") as of December 10, 2019. The 2019 Plan provides for the issuance of up to 10,000,000 shares of common stock to the Company and its subsidiaries' employees, officers, directors, consultants and advisors, stock options (non-statutory and incentive), restricted stock awards, stock appreciation rights ("SARs"), restricted stock units ("RSUs") and other performance stock awards. Options granted under the 2019 Plan may either be intended to qualify as incentive stock options under the Internal Revenue Code of 1986, or may be non-qualified options, and are exercisable over periods not exceeding ten years from date of grant. Unless sooner terminated in accordance with its terms, the Stock Plan will terminate on December 10, 2029.

Common Stock Options Issued for Services

On May 28, 2021, the Company awarded options to purchase 1,000,000 shares of common stock under the 2019 Plan at an exercise price equal to \$0.1782 per share, exercisable over a ten year period to the Company's CFO and COO, Vahé Gabriel. The options vested immediately as to 500,000 shares, and vest as to the remaining 500,000 shares quarterly in 250,000 increments over the following two quarters. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 183% and a call option value of \$0.1719, was \$171,949. The options were expensed over the vesting period, resulting in \$171,949 of stock-based compensation expense during the year ended December 31, 2021.

On May 25, 2021, the Company awarded options to purchase an aggregate 425,000 shares of common stock under the 2019 Plan at an exercise price equal to \$0.17 per share, exercisable over a ten year period to three advisory board members. The options vest in equal quarterly installments over two years. The aggregate estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 183% and a call option value of \$0.1653, was \$70,269. The options are being expensed over the vesting period, resulting in \$35,132 and \$20,493 of stock-based compensation expense during the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022, a total of \$14,644 of unamortized expenses are expected to be expensed over the vesting period.

On January 1, 2021, the Company awarded options to purchase 5,500,000 shares of common stock at an exercise price equal to \$0.13 per share to Isiah L. Thomas III, the Company's Chief Executive Officer and Vice Chairman. The options were issued outside of the 2019 Plan and are exercisable over a ten year period. The options vested immediately as to 2,750,000 shares, and vest as to the remaining 2,750,000 shares quarterly in 250,000 increments over the following eleven quarters. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 192% and a call option value of \$0.1174, was \$645,624. The options are being expensed over the vesting period, resulting in \$117,388 and \$410,853 of stock-based compensation expense during the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022, a total of \$117,383 of unamortized expenses are expected to be expensed over the vesting period.

On January 1, 2021, the Company awarded options to purchase 350,000 shares of common stock under the 2019 Plan at an exercise price equal to \$0.13 per share, exercisable over a ten year period to the Company's Chairman of the Board, Dr. Ken Perego. The options vest in equal quarterly installments over one year. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 192% and a call option value of \$0.1170, was \$40,943. The options were expensed over the vesting period, resulting in \$40,943 of stock-based compensation expense during the year ended December 31, 2021.

On January 1, 2021, the Company awarded options to purchase 475,000 shares of common stock under the 2019 Plan at an exercise price equal to \$0.13 per share, exercisable over a ten year period to Bruce Raben, one of the Company's Directors. The options vest in equal quarterly installments over one year. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 192% and a call option value of \$0.1170, was \$55,565. The options were expensed over the vesting period, resulting in \$55,565 of stock-based compensation expense during the year ended December 31, 2021.

**ONE WORLD PRODUCTS, INC.**  
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On January 1, 2021, the Company awarded options to purchase an aggregate 1,842,000 shares of common stock under the 2019 Plan at an exercise price equal to \$0.13 per share, exercisable over a ten year period to seven consultants and employees. The options vest in equal quarterly installments over one year. The aggregate estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 192% and a call option value of \$0.1170, was \$215,475. The options were expensed over the vesting period, resulting in \$215,475 of stock-based compensation expense during the year ended December 31, 2021.

Common Stock Options Exercised

On July 26, 2021, a total of 60,000 shares of common stock were issued upon exercise on a cashless basis of options to purchase 125,000 shares of common stock at a price \$0.13 per share.

Common Stock Options Expired

On January 28, 2022, options to purchase a total of 500,000 shares of common stock at a price \$0.50 per share expired.

The following is a summary of information about the Stock Options outstanding at December 31, 2022.

Range of Exercise Prices	Shares Underlying Options Outstanding			Shares Underlying Options Exercisable	
	Shares Underlying Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares Underlying Options Exercisable	Weighted Average Exercise Price
\$ 0.13 - \$0.56	10,242,000	8.05 years	\$ 0.15	9,113,528	\$ 0.15

The following is a summary of activity of outstanding stock options:

	Number of Shares	Weighted Average Exercise Prices
Balance, December 31, 2020	1,275,000	\$ 0.36
Options granted	9,592,000	0.14
Options exercised	(125,000)	(0.13)
Balance, December 31, 2021	10,742,000	0.16
Options granted	-	-
Options expired	(500,000)	(0.50)
Balance, December 31, 2022	10,242,000	\$ 0.15
Exercisable, December 31, 2022	9,113,528	\$ 0.15

**Note 21 – Common Stock Warrants**

Warrants to purchase a total of 11,511,650 shares of common stock were outstanding as of December 31, 2022.

On December 21, 2022, the Company received proceeds of \$50,000 from the sale of 2,500 units, consisting of 2,500 shares of Series A Preferred Stock and five-year warrants to purchase 250,000 shares of common stock at an exercise price of \$0.25 per share from an accredited investor. The proceeds received were allocated between the Series A Preferred Stock and warrants on a relative fair value basis. The aggregate estimated value of the warrants using the Black-Scholes Pricing Model, based on a weighted average volatility rate of 157% and a weighted average call option value of \$0.0699, was \$17,468.

On December 20, 2022, the Company received proceeds of \$50,000 from the sale of 2,500 units, consisting of 2,500 shares of Series A Preferred Stock and five-year warrants to purchase 250,000 shares of common stock at an exercise price of \$0.25 per share from another accredited investor. The proceeds received were allocated between the Series A Preferred Stock and warrants on a relative fair value basis. The aggregate estimated value of the warrants using the Black-Scholes Pricing Model, based on a weighted average volatility rate of 157% and a weighted average call option value of \$0.07, was \$17,499.

**ONE WORLD PRODUCTS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following is a summary of information about our warrants to purchase common stock outstanding at December 31, 2022.

Shares Underlying Warrants Outstanding				Shares Underlying Warrants Exercisable	
Range of Exercise Prices	Shares Underlying Warrants Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares Underlying Warrants Exercisable	Weighted Average Exercise Price
\$ 0.25-\$0.50	11,511,650	2.43 years	\$ 0.25-\$0.50	11,511,650	\$ 0.25-\$0.50

The fair value of each warrant grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants under the fixed option plan:

	December 31, 2022	December 31, 2021
Average risk-free interest rates	3.79%	0.47%
Average expected life (in years)	5.00	3.00
Volatility	157%	197%

The weighted average fair value of warrants granted with exercise prices at the current fair value of the underlying stock was approximately \$0.29 and \$0.10 per warrant for the years ended December 31, 2022 and 2021, respectively.

The following is a summary of activity of outstanding common stock warrants:

	Number of Shares	Weighted Average Exercise Prices
Balance, December 31, 2020	7,511,650	\$ 0.25
Warrants granted	3,500,000	0.39
Balance, December 31, 2021	11,011,650	0.30
Warrants granted	500,000	0.25
Balance, December 31, 2022	11,511,650	\$ 0.29
Exercisable, December 31, 2022	11,511,650	\$ 0.29

**Note 22 - Income Tax**

The Company accounts for income taxes under FASB ASC 740-10, which requires use of the liability method. FASB ASC 740-10-25 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences.

For the years ended December 31, 2022 and 2021, the Company incurred a net operating loss and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. At December 31, 2022, the Company had approximately \$9,285,000 of federal net operating losses. The net operating loss carry forwards, if not utilized, will begin to expire in 2025.



**ONE WORLD PRODUCTS, INC.**  
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The provision (benefit) for income taxes for the years ended December 31, 2022 and 2021 were assuming a 21% effective tax rate. The effective income tax rate for the years ended December 31, 2022 and 2021 consisted of the following:

	December 31,	
	2022	2021
Federal statutory income tax rate	21%	21%
State income taxes	-%	-%
Change in valuation allowance	(21%)	(21%)
Net effective income tax rate	-	-

The components of the Company's deferred tax asset are as follows:

	December 31,	
	2022	2021
Deferred tax assets:		
Net operating loss carry forwards	\$ 1,950,000	\$ 1,535,000
Net deferred tax assets before valuation allowance	\$ 1,950,000	\$ 1,535,000
Less: Valuation allowance	(1,950,000)	(1,535,000)
Net deferred tax assets	\$ -	\$ -

Based on the available objective evidence, including the Company's history of its loss, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at December 31, 2022 and 2021, respectively.

In accordance with FASB ASC 740, the Company has evaluated its tax positions and determined there are no uncertain tax positions.

**Note 23 – Subsequent Events**

Series A Preferred Stock Sales

On various dates between January 4, 2023 and April 3, 2023, the Company received total proceeds of \$250,000 from the sale of 25,000 units, consisting in the aggregate of 25,000 shares of series A preferred stock and five-year warrants to purchase an aggregate 2,500,000 shares of common stock at an exercise price of \$0.25 per share to four accredited investors. The proceeds received were allocated between the Series A Preferred Stock and warrants on a relative fair value basis.

Common Stock Sales

On February 14, 2023, the Company sold 3,000,000 shares of common stock at a price of \$0.10 per share for total cash proceeds of \$300,000.

Common Stock Issued for Services, Consultants

On January 1, 2023, the Company issued 4,500 shares of series A preferred stock in consideration of consulting services. The fair value of the shares was \$45,000, based on recent sales prices of the Company's series A preferred stock on the date of grant.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

### ITEM 9A. CONTROLS AND PROCEDURES

#### Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Principal Executive Officer and our Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2022 (the “Evaluation Date”). The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2022, our Principal Executive Officer and Principal Financial Officer, concluded that, as of such date, our disclosure controls and procedures were not effective at the reasonable assurance level.

#### Management’s Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. 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 has conducted, with the participation of our Principal Executive Officer and our Principal Accounting Officer, an assessment, including testing of the effectiveness, of our internal control over financial reporting as of Evaluation Date. Management’s assessment of internal control over financial reporting was conducted using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework (2013 Framework).

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2022. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013 Framework). Based on this assessment, Management identified the following three material weaknesses that have caused management to conclude that, as of December 31, 2022, our disclosure controls and procedures, and our internal control over financial reporting, were not effective at the reasonable assurance level:

1. We do not have a formal policy or written procedures for the approval, identification and reporting of related-party transactions. Our controls are not adequate to ensure that all material transactions and developments with related parties will be properly identified, approved and reported. In our assessment of our disclosure controls and procedures, management evaluated the impact of our failure to have policies and procedures for the identification, approval and reporting of related-party transactions and has concluded that the control deficiency that resulted represented a material weakness.

2. We do not have written documentation of our internal control policies and procedures. Written documentation of key internal controls over financial reporting is a requirement of Section 404 of the Sarbanes-Oxley Act. In our assessment of our disclosure controls and procedures, management evaluated the impact of our failure to have written documentation of our internal controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

3. We do not have sufficient segregation of duties within accounting functions, which is a basic internal control. Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals. In our assessment of our disclosure controls and procedures, management evaluated the impact of our failure to have segregation of duties and has concluded that the control deficiency that resulted represented a material weakness.

To address these material weaknesses, management performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented. Accordingly, we believe that the financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

#### **Remediation of Material Weaknesses**

To remediate the material weakness in our documentation, evaluation and testing of internal controls we plan to engage a third-party firm to assist us in remedying this material weakness once resources become available.

We also intend to remedy our material weakness with regard to insufficient segregation of duties by hiring additional employees in order to segregate duties in a manner that establishes effective internal controls once resources become available.

#### **Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) or in other factors that occurred during the fourth fiscal quarter of 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **ITEM 9B. OTHER INFORMATION**

None.

### **PART III**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Set forth below are the present directors and executive officers of the Company. There are no arrangements or understandings between any of the directors, officers and other persons pursuant to which such person was selected as a director or an officer.

Name	Age	Position
Isiah Thomas, III	61	Chief Executive Officer, Chairman of the Board
Dr. Kenneth Perego, II	53	Vice Chairman of the Board
Terry Buffalo	58	Director
Timothy Woods	56	Chief Financial Officer

#### **Biographies**

Set forth below are brief accounts of the business experience of each director and executive officer of the Company.

**Isiah Thomas, III** has been our Chief Executive Officer since June 2020, and our Chairman of the Board since December 2021. Mr. Thomas has also been the Chairman and Chief Executive Officer of Isiah International, LLC, a holding company with interests in a diversified portfolio of businesses, since 2011. Mr. Thomas also has been a Commentator and Analyst for NBA TV, since 2014, and Turner Sports, since 2012. He previously served as the President & Alternate Governor of the New York Liberty of the Women's National Basketball Association from 2015 to February 2019, the Head Basketball Coach at Florida International University, from 2009 to 2012, the General Manager, President of Basketball Operation and Head Coach of the New York Knicks of the National Basketball Association ("NBA"), from 2006 to 2008, the Head Coach of the Indiana Pacers of the NBA from 2000 to 2003, the Owner of the Continental Basketball Association from 1998 to 2000, Minority Owner & Executive Vice President of the Toronto Raptors of the NBA from 1994 to 1998 and point guard for the Detroit Pistons of the NBA from 1981 to 1994. Mr. Thomas has served as a director of Get in Chicago, an organization focused on stopping gun and related violence in Chicago, since 2013, and as a director of Madison Square Garden Entertainment Corp. since April 2020. He is also the Founder of Mary's Court Foundation, a charitable organization established in 2010. We believe that Mr. Thomas's business experience qualifies him to serve as our chairman and CEO.

**Dr. Kenneth Perego, II** was a director of OWP Ventures prior to the Merger and was appointed to our Board of Directors pursuant to the Merger Agreement, before being appointed Vice Chairman of the Board on December 7, 2021. He has been a practicing urologic surgeon in private practice since 2001 with an emphasis in urologic oncology and reconstructive urology. He has a strong clinical background in research and is focused on new drug discovery. We believe that Dr. Perego's medical experience qualifies him to serve as our director.

**Terry Buffalo** was appointed to serve as a director of One World Products on September 1, 2022. Mr. Buffalo established Buffalo Cannabis Advisors in 2022 and currently serves as its President, was the Chief Executive Officer and a director of American Cannabis Company from 2015 to 2021, and was the Chief Executive of First Midwest Securities, Inc. from 2002 to 2013. Prior to that, Mr. Buffalo was the President of American Investment Services from 1997 to 2002. In addition, Mr. Buffalo currently serves on the advisory board of Element Apothec since 2020. We believe that Mr. Buffalo's investment banking and cannabis management experience qualifies him to serve as our director.

**Timothy Woods** was appointed to serve as the Company's Chief Financial Officer on February 14, 2022. From 2015 until his appointment as our Chief Financial Officer, Mr. Woods served as the Director of Business Development and General Sales Manager of Lithia Motors, Inc., one of the largest automotive retailers in the United States. Prior to his tenure with Lithia Motors, Mr. Woods was the Chief Financial Officer of Spend Consciously, a technology-based start-up. Mr. Woods also served as the Chief Financial Officer and energy services division Vice President of Finance for WGL Holdings Inc., providing high-level financial functions and advanced reporting, including the generation of quarterly and annual SEC filings, Sarbanes-Oxley compliance, and benefit plans. Earlier in his career, Mr. Woods was VP of Finance for Freddie Mac; a divisional CFO & North American controller for Stanley Works; and assistant global controller for General Electric's Lighting Division. Mr. Woods holds a Bachelor of Business Administration in Accounting from Cleveland State University and is a graduate of the GE Financial Management program. He has achieved multiple honors, including being named "Business Leader of the Year" by the National Association of Black Accountants.

#### **Family Relationships**

None.

#### **Board Committees and Audit Committee Financial Expert**

We do not currently have a standing audit, nominating or compensation committee of the board of directors, or any committee performing similar functions. Our board of directors performs the functions of audit, nominating and compensation committees. No member of our board of directors qualifies as an "audit committee financial expert" as defined in Item 407(d)(5) of Regulation S-K promulgated under the Securities Act.

#### **Director Nominations**

As of December 31, 2022, we did not affect any material changes to the procedures by which our shareholders may recommend nominees to our board of directors. We have not established formal procedures by which security holders may recommend nominees to the Company's board of directors.

#### **Code of Ethics**

We have adopted a code of ethics that applies to our principal executive officers, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of our code of ethics may be obtained free of charge by contacting us at the address or telephone number listed on the cover page hereof.

## ITEM 11. EXECUTIVE COMPENSATION

### Summary Compensation Table

The following summary compensation table sets forth the aggregate compensation we paid or accrued during the fiscal years ended December 31, 2022 and 2021 to Isiah Thomas, III, our Chief Executive Officer (our “Named Executive Officer”), who was our only executive officer that received total compensation in excess of \$100,000 during 2022.

Name and Financial Position	Fiscal Year	Salary	Option Awards	Total
Isiah Thomas, III, Chief Executive Officer and Chairman	2022	\$ 120,000 <sup>(1)</sup>	\$ -	\$ 120,000
	2021	\$ 120,000 <sup>(1)</sup>	\$ 645,624 <sup>(2)</sup>	\$ 765,624
Timothy Woods, Chief Financial Officer	2022	\$ 78,750 <sup>(3)</sup>	\$ -	\$ 78,750
	2021	\$ -	\$ -	\$ -

<sup>(1)</sup> Consists of \$120,000 and \$120,000 of accrued salary for the years ended December 31, 2022 and 2021, respectively, not yet paid.

<sup>(2)</sup> On January 1, 2021, we granted Mr. Thomas the option to purchase 5,500,000 shares of common stock at an exercise price of \$0.13 per share. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 192% and a call option value of \$0.1174, was \$645,624.

<sup>(3)</sup> Consists of \$78,750 of accrued salary from Mr. Woods’ appointment date in April 2022 through December 31, 2022, not yet paid. Mr. Woods’ employment agreement provides for an annual base salary of \$90,000.

### Director Compensation

The Company’s non-employee directors were not compensated during the year ended December 31, 2022.

Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of March 31, 2022, certain information with regard to the record and beneficial ownership of the Company’s common stock by (i) each person known to the Company to be the record or beneficial owner of 5% or more of the Company’s common stock, (ii) each director of the Company, (iii) each of the named executive officers, and (iv) all executive officers and directors of the Company as a group. The address of each of our directors and executive officers named in the table is c/o One World Products, Inc., 6605 Grand Montecito Pkwy., Suite 100, Las Vegas, NV 89149:

Name of Beneficial Owner <sup>(1)</sup>	Common Stock		Series A Preferred Stock		Series B Preferred Stock	
	Number of Shares	% of Class <sup>(2)</sup>	Number of Shares	% of Class	Number of Shares	% of Class
<b>Officers and Directors:</b>						
Isiah Thomas, III, Chairman and CEO <sup>(3)</sup>	25,250,000	26.6%	-	-	200,000	73.5%
Dr. Kenneth Perego II, Vice Chairman <sup>(4)</sup>	11,100,000	15.4%	11,000	12.3%	-	-
Directors and Officers as a Group (2 persons)	36,350,000	37.5%	-	-	-	-
<b>5% Shareholders</b>						
ISIAH International, LLC <sup>(3)</sup>	20,000,000	18.8%	-	-	200,000	73.5%
Dr. John S. McCabe <sup>(5)</sup>	13,948,381	19.8%	-	-	23,000	6.4%
Craig Ellins <sup>(6)</sup>	3,968,397	5.7%	-	-	-	-

\* less than 1%

(1) Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock owned by such person.

(2) Percentage of beneficial ownership is based upon 70,202,907 shares of common stock, 89,733 shares of Series A Preferred Stock and 272,168 shares of Series B Preferred Stock outstanding as of March 31, 2022. For each named person, this percentage includes common stock that the person has the right to acquire either currently or within 60 days of March 31, 2022, including through the exercise of an option; however, such common stock is not deemed outstanding for the purpose of computing the percentage owned by any other person.

- (3) Includes 4,750,000 shares of common stock that may be acquired under an option to purchase 5,500,000 shares of common stock at an exercise price of \$0.13 per share that vested (i) 2,750,000 Option Shares on January 1, 2021, and (ii) as to the remaining 2,750,000 Options Shares, in 11 quarterly installments of 250,000 Option Shares beginning on April 1, 2021, exercisable until January 1, 2031. Also includes 20,000,000 shares of common stock that may be acquired upon conversion of Series B Preferred Stock currently held by Isiah International, LLC. Mr. Thomas is the sole member and Chief Executive Officer of ISIAH International.
- (4) Includes 7,000,000 shares of common stock held by CB Medical, LLC, of which Dr. Kenneth Perego, II is the controlling member. Includes 350,000 shares of common stock that may be acquired under an option to purchase 350,000 shares of common stock at an exercise price of \$0.13 per share, exercisable until January 1, 2031. Also, includes 150,000 shares of common stock that may be acquired under a warrant to purchase 150,000 shares of common stock at an exercise price of \$0.25 over a five year period beginning on April 23, 2020. In addition, includes 2,000 shares of Series A Preferred Stock, convertible into 1,100,000 shares of common stock with each share of preferred carrying 100 voting rights.
- (5) Includes 550,000 shares of common stock that may be acquired under a warrant to purchase 550,000 shares of common stock at an exercise price of \$0.25 over a five year period beginning on July 10, 2020. In addition, includes 11,000 shares of Series A Preferred Stock, convertible into 300,000 shares of common stock with each share of preferred carrying 100 voting rights. Also includes 2,000,000 shares of common stock that may be acquired upon conversion of Series B Preferred Stock with each share of preferred carrying 100 voting rights.
- (6) Based solely on a Schedule 13D filed by Craig Ellins with the SEC on September 30, 2021.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

#### *Certain Relationships and Related Party Transactions*

Other than the transactions described below, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we were or will be a party:

- in which the amount involved exceeds the lesser of \$120,000 or one percent of the average of our total assets at year-end for the last two completed fiscal years; *and*
- in which any director, executive officer, stockholders who beneficially owns more than 5% of our common stock or any member of their immediate family had or will have a direct or indirect material interest.

#### *Advances by and repayments to Dr. Kenneth Perego, II, M.D., our Vice Chairman of the Board*

On August 5, 2022, the Company received an advance of \$50,000 from Dr. Kenneth Perego, II, M.D., pursuant to an unsecured promissory note due on demand that carries a 6% interest rate.

On July 7, 2022, the Company received an advance of \$5,000 from Dr. Kenneth Perego, II, M.D., pursuant to an unsecured promissory note due on demand that carries a 6% interest rate.

On May 5, 2022, the Company received an advance of \$20,000 from Dr. Kenneth Perego, II, M.D., pursuant to an unsecured promissory note due on demand that carries a 6% interest rate.

On December 29, 2021, the Company received an advance of \$200,000 from Dr. Kenneth Perego, II, M.D., pursuant to an unsecured promissory note due January 1, 2024 that carries an 8% interest rate.

On March 29, 2021, a total of \$27,201, consisting of \$26,000 of principal and \$1,201 of interest, was repaid to Dr. Kenneth Perego, II, M.D., in settlement of a demand note that had originated on September 14, 2020.

#### *Advances by and Repayments to Isiah Thomas, III, our Chairman of the Board and CEO*

On August 2, 2022, the Company received an advance of \$4,500 from Isiah Thomas, III, pursuant to an unsecured promissory note due on demand that carries a 6% interest rate.

On June 3, 2022, the Company received an advance of \$10,000 from Isiah Thomas, III, pursuant to an unsecured promissory note due on demand that carries a 6% interest rate.

On May 5, 2022, the Company received an advance of \$10,000 from Isiah Thomas, III, pursuant to an unsecured promissory note due on demand that carries a 6% interest rate.

On October 19, 2021, a total of \$52,918, consisting of \$50,000 of principal and \$2,918 of interest, was repaid to Mr. Isiah Thomas, III in settlement of a demand note that had originated on October 28, 2020.

On September 15, 2021, a total of \$130,610, consisting of \$125,000 of principal and \$5,610 of interest, was repaid to Mr. Isiah Thomas, III in settlement of a demand note that had originated on December 16, 2020.

#### ***Series B Preferred Stock Sales to Isiah Thomas, III***

On February 7, 2021, the Company and ISIAH International, LLC (“ISIAH International”), entered into a Securities Purchase Agreement (the “Purchase Agreement”) under which ISIAH International agreed to purchase from the Company, on the dates provided for in the Purchase Agreement, an aggregate of 200,000 shares of the Company’s newly designated Series B Preferred Stock (“Series B Preferred Stock”), convertible into an aggregate of 20,000,000 shares of the Company’s common stock, for a purchase price of \$15 per share of Preferred Stock, and an aggregate purchase price of \$3 million. Each share of Series B Preferred Stock has a Stated Value of \$15 and is convertible into common stock at a conversion price equal to \$0.15. Isiah Thomas, the Company’s Chief Executive Officer, is the sole member and Chief Executive Officer of ISIAH International. Pursuant to the Purchase Agreement, ISIAH International purchased the 200,000 shares of Series B Preferred Stock from the Company according to the following schedule:

Date	Shares	Purchase Price
Initial Closing Date	16,666	\$ 249,990
February 22, 2021	16,667	250,005
March 8, 2021	16,667	250,005
March 22, 2021	16,667	250,005
April 5, 2021	16,666	249,990
April 19, 2021	16,667	250,005
May 17, 2021	33,334	500,010
June 14, 2021	33,333	499,995
July 12, 2021	33,333	499,995
Total	200,000	\$ 3,000,000

On various dates in May, 2021, the Company also received total proceeds of \$50,010 from the sale of an aggregate of 3,334 shares of Series B Preferred Stock at a price of \$15 per share to trusts whose beneficiaries are adult children of Isiah L. Thomas III. Mr. Thomas disclaims beneficial ownership of the shares held by these trusts.

#### **Director Independence**

Our board of directors currently consists of Isiah Thomas, III, our Chief Executive Officer and Chairman, Dr. Kenneth Perego, II, our Vice Chairman, and Terry Buffalo. As an executive officer, Mr. Thomas does not qualify as “independent” under standards of independence set forth by national securities exchanges. Our Board of Directors has determined that Dr. Kenneth Perego, II and Terry Buffalo are “independent” in accordance with the NASDAQ Global Market’s requirements. As our common stock is currently quoted on the OTCQB, we are not currently subject to corporate governance standards of listed companies.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

M&K CPAS, PLLC was the Company’s independent registered public accounting firm for the years ended December 31, 2022 and 2021.

Audit and Non-Audit Fees

The following table sets forth fees billed by our auditors during the last two fiscal years for services rendered for the audit of our annual financial statements and the review of our quarterly financial statements, services by our auditors that are reasonably related to the performance of the audit or review of our financial statements and that are not reported as audit fees, services rendered in connection with tax compliance, tax advice and tax planning, and all other fees for services rendered.

	Years Ended December 31,	
	2022	2021
Audit fees <sup>(1)</sup>	\$ 56,775	\$ 48,325
Audit related fees	-	-
Tax fees	-	-
All other fees	-	-
Total	\$ 56,775	\$ 48,325

<sup>(1)</sup> Audit fees were principally for audit services and work performed in the review of the Company’s quarterly reports on Form 10-Q



## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit	Description
2.1	<a href="#"><u>Agreement and Plan of Merger dated February 21, 2019, among the Registrant, OWP Merger Subsidiary Inc. and OWP Ventures, Inc. (incorporated by reference to Exhibit 2.1 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on February 25, 2019)</u></a>
2.2	<a href="#"><u>Agreement and Plan of Merger dated October 11, 2021, between One World Pharma, Inc. and One World Products, Inc. (incorporated by reference to Exhibit 2.1 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on November 30, 2021)</u></a>
2.3	<a href="#"><u>Articles of Merger Pursuant to NRS 92A.200 as filed with the Nevada Secretary of State on November 23, 2021 (incorporated by reference to Exhibit 2.1 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on November 30, 2021)</u></a>
3.1	<a href="#"><u>Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on November 24, 2014)</u></a>
3.2	<a href="#"><u>Certificate of Amendment to Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 8, 2019)</u></a>
3.3	<a href="#"><u>Certificate of Amendment to Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 25, 2020)</u></a>
3.4	<a href="#"><u>Certificate of Designation of Series A Preferred Stock of the Registrant dated June 1, 2020 (incorporated by reference to Exhibit 3.4 of the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on June 26, 2020)</u></a>
3.5	<a href="#"><u>Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 of the Registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on November 24, 2014)</u></a>
3.6	<a href="#"><u>Certificate of Designation of Series B Preferred Stock of the Registrant dated February 2, 2021 (incorporated by reference to Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on February 8, 2021)</u></a>
4.1	<a href="#"><u>Description of Securities (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form 10-K filed with the Securities and Exchange Commission on April 15, 2021)</u></a>
4.2	<a href="#"><u>Promissory Note of One World Pharma, Inc. in the Principal Amount of \$290,000 issued to AJB Capital Investments LLC, dated January 20, 2021 (incorporated by reference to Exhibit 4.1 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on January 25, 2021)</u></a>
4.3	<a href="#"><u>Promissory Note of One World Pharma, Inc. in the principal amount of \$750,000 issued to AJB Capital Investments LLC, dated September 24, 2021 (incorporated by reference to Exhibit 4.1 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on September 27, 2021)</u></a>
4.4	<a href="#"><u>Common Stock Purchase Warrant to purchase 1,500,000 shares of common stock of One World Pharma, Inc. issued to AJB Capital Investments LLC, dated September 24, 2021 (incorporated by reference to Exhibit 4.2 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on September 27, 2021)</u></a>
4.5	<a href="#"><u>Common Stock Purchase Warrant to purchase 2,000,000 shares of common stock of One World Pharma, Inc. issued to AJB Capital Investments LLC, dated September 24, 2021 (incorporated by reference to Exhibit 4.3 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on September 27, 2021)</u></a>
10.1	<a href="#"><u>Promissory Note between OWP Ventures, Inc. and Dr. Kenneth Perego, II, dated December 29, 2021 (incorporated by reference to Exhibit 10.1 of the Form 10-K filed with the Securities and Exchange Commission by One World Products, Inc. on April 15, 2022)</u></a>
10.2	<a href="#"><u>Commercial Lease dated December 2, 2018, between Larry R. Hauptert dba Rexco and One World Pharma S.A.S. (incorporated by reference to Exhibit 10.3 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on February 25, 2019)</u></a>
10.3	<a href="#"><u>One World Pharma, Inc. 2019 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 25, 2020)</u></a>
10.4	<a href="#"><u>Form of Stock Option Grant Notice for grants under the 2019 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 25, 2020)</u></a>
10.5	<a href="#"><u>Form of Option Agreement for grants under the 2019 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 25, 2020)</u></a>
10.6	<a href="#"><u>Letter Agreement, dated May 28, 2021, between One World Pharma, Inc. and Vahé Gabriel (incorporated by reference to Exhibit 10.1 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on June 3, 2021)</u></a>

10.7	<a href="#">Letter Agreement between One World Pharma, Inc. and Isiah L. Thomas, III, dated June 3, 2020 (incorporated by reference to Exhibit 10.2 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on June 9, 2020)</a>
10.8	<a href="#">Securities Purchase Agreement, dated as of January 20, 2021, between One World Pharma, Inc. and AJB Capital Investments LLC (incorporated by reference to Exhibit 10.1 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on January 25, 2021)</a>
10.9	<a href="#">Security Agreement, dated as of January 20, 2021, between One World Pharma, Inc. and AJB Capital Investments LLC (incorporated by reference to Exhibit 10.2 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on January 25, 2021)</a>
10.10	<a href="#">Securities Purchase Agreement, dated as of February 7, 2021, between One World Pharma, Inc. and ISIA International LLC (incorporated by reference to Exhibit 10.1 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on February 8, 2021)</a>
10.11	<a href="#">Securities Purchase Agreement, dated September 24, 2021, between One World Pharma, Inc. and AJB Capital Investments LLC (incorporated by reference to Exhibit 10.1 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on September 27, 2021)</a>
10.12	<a href="#">Security Agreement, dated September 24, 2021, between One World Pharma, Inc. and AJB Capital Investments LLC (incorporated by reference to Exhibit 10.2 of the Form 8-K filed with the Securities and Exchange Commission by One World Pharma, Inc. on September 27, 2021)</a>
10.13	<a href="#">Commercial Lease Agreement dated November 26, 2021, between R&amp;B Inversiones S.A.S. and One World Pharma S.A.S. (incorporated by reference to Exhibit 10.10 of the Form 10-Q filed with the Securities and Exchange Commission by One World Products, Inc. on May 16, 2022)</a>
10.14	<a href="#">Residential Lease Agreement dated February 14, 2020, between Grupo Empresarial OIKOS S.A.S. and One World Pharma S.A.S. (incorporated by reference to Exhibit 10.11 of the Form 10-Q filed with the Securities and Exchange Commission by One World Products, Inc. on May 16, 2022)</a>
10.15	<a href="#">Purchase Agreement, dated September 1, 2022, between One World Products, Inc. and Tysadco Partners, LLC (incorporated by reference to Exhibit 10.1 of the Form 8-K filed with the Securities and Exchange Commission by One World Products, Inc. on September 7, 2022)</a>
10.16	<a href="#">Securities Purchase Agreement, dated September 1, 2022, between One World Products, Inc. and Tysadco Partners, LLC (incorporated by reference to Exhibit 10.2 of the Form 8-K filed with the Securities and Exchange Commission by One World Products, Inc. on September 7, 2022)</a>
10.17	<a href="#">Registration Rights Agreement, dated September 1, 2022, between One World Products, Inc. and Tysadco Partners, LLC (incorporated by reference to Exhibit 10.3 of the Form 8-K filed with the Securities and Exchange Commission by One World Products, Inc. on September 7, 2022)</a>
10.18	<a href="#">Convertible Promissory Note Purchase Agreement, dated September 16, 2022, between One World Products, Inc. and Dr. John McCabe (incorporated by reference to Exhibit 10.15 of the Form 10-Q filed with the Securities and Exchange Commission by One World Products, Inc. on November 14, 2022)</a>
10.19	<a href="#">Convertible Note, dated September 16, 2022, between One World Products, Inc. and Dr. John McCabe (incorporated by reference to Exhibit 10.16 of the Form 10-Q filed with the Securities and Exchange Commission by One World Products, Inc. on November 14, 2022)</a>
14.1	<a href="#">One World Pharma, Inc. Code of Business Conduct and Ethics (incorporated by reference to Exhibit 14.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 25, 2020)</a>
21.1*	<a href="#">Subsidiaries</a>
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a)</a>
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a)</a>
32.1*	<a href="#">Certification of Chief Executive Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2*	<a href="#">Certification of Chief Financial Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Schema Document
101.CAL*	Inline XBRL Calculation Linkbase Document
101.DEF*	Inline XBRL Definition Linkbase Document
101.LAB*	InlineXBRL Labels Linkbase Document
101.PRE*	Inline XBRL Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Filed herewith.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

**ONE WORLD PRODUCTS, INC.**  
(Registrant)

By: /s/ Isiah L. Thomas III  
Isiah L. Thomas, III  
Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Timothy Woods  
Timothy Woods  
Chief Financial Officer  
(Principal Financial Officer)

Dated: May 15, 2023

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Isiah L. Thomas, III</u> Isiah L. Thomas, III	Chief Executive Officer and Chairman (Principal Executive Officer)	<u>May 15, 2023</u>
<u>/s/ Timothy Woods</u> Timothy Woods	Chief Financial Officer (Principal Financial Officer)	<u>May 15, 2023</u>
<u>/s/ Dr. Kenneth Perego, II</u> Dr. Kenneth Perego, II	Vice Chairman of the Board	<u>May 15, 2023</u>
<u>s/ Terry Buffalo</u> Terry Buffalo	Director	<u>May 15, 2023</u>

Subsidiaries

Subsidiary	State/Country of Incorporation
OWP Ventures, Inc. <sup>(1)</sup>	Delaware
One World Pharma, S.A.S. <sup>(2)</sup>	Bogotá Colombia
Colombian Hope, S.A.S. <sup>(2)</sup>	Bogotá Colombia
Agrobase, S.A.S. <sup>(2)</sup>	Bogotá Colombia

<sup>(1)</sup>Wholly-owned subsidiary of One World Pharma, Inc. subsequent to merger on February 21, 2019

<sup>(2)</sup>Wholly-owned subsidiary of OWP Ventures, Inc.

**ONE WORLD PRODUCTS, INC.**  
**CERTIFICATIONS PURSUANT TO**  
**RULE 13A-14(A) OR RULE 15D-14(A),**  
**AS ADOPTED PURSUANT TO**  
**RULE 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Isiah L. Thomas, III, certify that:

1. I have reviewed this Form 10-K of One World Products, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant 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 reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

*/s/ Isiah L. Thomas, III*

Isiah L. Thomas, III  
Chief Executive Officer

Dated: May 15, 2023

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**ONE WORLD PRODUCTS, INC.**  
**CERTIFICATIONS PURSUANT TO**  
**RULE 13A-14(A) OR RULE 15D-14(A),**  
**AS ADOPTED PURSUANT TO**  
**RULE 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Timothy Woods, certify that:

1. I have reviewed this Form 10-K of One World Products, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant 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 reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

*/s/ Timothy Woods*

Timothy Woods  
Chief Financial Officer

Dated: May 15, 2023

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**ONE WORLD PRODUCTS, INC.**  
**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 Annual Report of One World Products, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Isiah L. Thomas, III, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Isiah L. Thomas, III*

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Isiah L. Thomas, III  
Principal Executive Officer

Date: May 15, 2023

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**ONE WORLD PRODUCTS, INC.  
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 Annual Report of One World Products, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Timothy Woods, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Timothy Woods*

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Timothy Woods

Principal Financial Officer

Date: May 15, 2023

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