

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

FORM 10-Q

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

For the quarterly period ended **September 30, 2020**

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: **333-200529**



ONE WORLD PHARMA, 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.)

3471 W. Oquendo Road, Suite 301, Las Vegas, NV

(Address of principal executive offices)

89118

(zip code)

(800) 605-3210

(Registrant's telephone number, including area code)

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

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 (§232.405 of this chapter) 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 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

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

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

The number of shares of registrant's common stock outstanding as of November 20, 2020 was 51,485,305.

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I - FINANCIAL INFORMATION</u>	
ITEM 1. <u>FINANCIAL STATEMENTS (Unaudited)</u>	
<u>Condensed Consolidated Balance Sheets as of September 30, 2020 (Unaudited) and December 31, 2019</u>	1
<u>Condensed Consolidated Statements of Operations and Comprehensive Loss for the Three and Nine Months Ended September 30, 2020 and 2019 (Unaudited)</u>	2
<u>Consolidated Statement of Changes in Stockholders' Equity (Deficit) for the Three and Nine Months Ended September 30, 2020 and 2019 (Unaudited)</u>	3
<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2020 and 2019 (Unaudited)</u>	4
<u>Notes to the Condensed Consolidated Financial Statements (Unaudited)</u>	5
ITEM 2. <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	20
ITEM 3. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	24
ITEM 4. <u>CONTROLS AND PROCEDURES</u>	25
<u>PART II - OTHER INFORMATION</u>	
ITEM 1. <u>LEGAL PROCEEDINGS</u>	26
ITEM 1A. <u>RISK FACTORS</u>	26
ITEM 2. <u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	26
ITEM 3. <u>DEFAULTS UPON SENIOR SECURITIES</u>	26
ITEM 4. <u>MINE SAFETY DISCLOSURES</u>	26
ITEM 5. <u>OTHER INFORMATION</u>	26
ITEM 6. <u>EXHIBITS</u>	27
<u>SIGNATURES</u>	28

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ONE WORLD PHARMA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2020 (Unaudited)	December 31, 2019
Assets		
Current assets:		
Cash	\$ 20,879	\$ 282,380
Inventory	226,204	24,682
Other current assets	195,811	267,106
Total current assets	<u>442,894</u>	<u>574,168</u>
Right-of-use assets	423,695	502,706
Security deposits	70,895	72,527
Fixed assets, net	<u>711,950</u>	<u>697,863</u>
Total Assets	<u>\$ 1,649,434</u>	<u>\$ 1,847,264</u>
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	\$ 602,887	\$ 330,521
Accrued expenses	240,102	109,665
Dividends payable	14,870	-
Current portion of lease liabilities	58,155	55,101
Convertible notes payable	-	507,332
Notes payable	119,274	130,000
Total current liabilities	<u>1,035,288</u>	<u>1,132,619</u>
Long-term lease liability	<u>377,170</u>	<u>453,251</u>
Total Liabilities	<u>1,412,458</u>	<u>1,585,870</u>
Series A convertible preferred stock, \$0.001 par value, 500,000 shares authorized; 147,833 and -0- issued and outstanding at September 30, 2020 and December 31, 2019, respectively	1,478,330	-
Stockholders' Equity (Deficit):		
Preferred stock, \$0.001 par value, 9,500,000 shares authorized; no shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	-	-
Common stock, \$0.001 par value, 300,000,000 shares authorized; 51,235,305 and 44,804,305 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	51,235	44,804
Additional paid-in capital	13,595,826	8,150,004
Subscriptions payable, consisting of 250,000 and 500,000 shares at September 30, 2020 and December 31, 2019, respectively	45,000	250,000
Accumulated other comprehensive loss	(44,948)	(16,248)
Accumulated (deficit)	<u>(14,888,467)</u>	<u>(8,167,166)</u>
Total Stockholders' Equity (Deficit)	<u>(1,241,354)</u>	<u>261,394</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 1,649,434</u>	<u>\$ 1,847,264</u>

See accompanying notes to financial statements.

ONE WORLD PHARMA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues	\$ 42,598	\$ -	\$ 103,384	\$ -
Cost of goods sold	7,682	-	24,433	-
Gross profit	<u>34,916</u>	<u>-</u>	<u>78,951</u>	<u>-</u>
Operating expenses:				
General and administrative	803,342	589,027	3,316,715	1,633,814
Professional fees	364,111	986,523	3,454,966	2,430,945
Total operating expenses	<u>1,167,453</u>	<u>1,575,550</u>	<u>6,771,681</u>	<u>4,064,759</u>
Operating loss	<u>(1,132,537)</u>	<u>(1,575,550)</u>	<u>(6,692,730)</u>	<u>(4,064,759)</u>
Other income (expense):				
Loss on disposal of fixed assets	-	-	-	(4,087)
Interest income	-	3,621	-	3,869
Interest expense	(7,517)	(225,053)	(28,571)	(380,749)
Total other expense	<u>(7,517)</u>	<u>(221,432)</u>	<u>(28,571)</u>	<u>(380,967)</u>
Net loss	<u>\$ (1,140,054)</u>	<u>\$ (1,796,982)</u>	<u>\$ (6,721,301)</u>	<u>\$ (4,445,726)</u>
Other comprehensive loss:				
Loss on foreign currency translation	<u>\$ (497)</u>	<u>\$ (164,122)</u>	<u>\$ (28,700)</u>	<u>\$ (21,121)</u>
Net other comprehensive loss	<u>\$ (1,140,551)</u>	<u>\$ (1,961,104)</u>	<u>\$ (6,750,001)</u>	<u>\$ (4,466,847)</u>
Weighted average number of common shares outstanding - basic and fully diluted	<u>48,588,395</u>	<u>42,069,859</u>	<u>47,982,936</u>	<u>39,888,654</u>
Net loss per share - basic and fully diluted	<u>\$ (0.02)</u>	<u>\$ (0.04)</u>	<u>\$ (0.14)</u>	<u>\$ (0.11)</u>
Dividends declared per share of common stock	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>

See accompanying notes to financial statements.

ONE WORLD PHARMA, INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
(Unaudited)

	For the Three Months Ended September 30, 2019										
	Series A Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Subscriptions Receivable	Subscriptions Payable	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Noncontrolling Interest	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount							
Balance, June 30, 2019	-	\$ -	39,922,899	\$ 39,923	\$ 4,503,966	\$ -	\$ -	\$ 138,911	\$ (4,608,726)	\$ -	\$ 74,074
Common stock sold for cash	-	-	4,509,000	4,509	2,249,991	-	-	-	-	-	2,254,500
Common stock payable for services	-	-	-	-	-	-	160,000	-	-	-	160,000
Cashless exercise of common stock options	-	-	51,040	51	(51)	-	-	-	-	-	-
Amortization of common stock options issued for services	-	-	-	-	430,270	-	-	-	-	-	430,270
Beneficial conversion feature on convertible note	-	-	-	-	207,332	-	-	-	-	-	207,332
Loss on foreign currency translation	-	-	-	-	-	-	-	(164,122)	-	-	(164,122)
Net loss for the three months ended September 30, 2019	-	-	-	-	-	-	-	-	(1,796,982)	-	(1,796,982)
Balance, September 30, 2019	-	\$ -	44,482,939	\$ 44,483	\$ 7,391,508	\$ -	\$ 160,000	\$ (25,211)	\$ (6,405,708)	\$ -	\$ 1,165,072

	For the Three Months Ended September 30, 2020										
	Series A Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Subscriptions Receivable	Subscriptions Payable	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Noncontrolling Interest	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount							
Balance, June 30, 2020	40,000	\$ 400,000	50,360,305	\$ 50,360	\$ 12,952,647	\$ -	\$ -	\$ (44,451)	\$ (13,748,413)	\$ -	\$ (789,857)
Preferred stock units sold for cash	107,833	1,078,330	-	-	-	-	-	-	-	-	-
Common stock issued for services	-	-	875,000	875	331,625	-	-	-	-	-	332,500
Common stock payable for services	-	-	-	-	-	-	45,000	-	-	-	45,000
Amortization of common stock options issued for services	-	-	-	-	326,424	-	-	-	-	-	326,424
Loss on foreign currency translation	-	-	-	-	-	-	-	(497)	-	-	(497)
Series A convertible preferred stock declared (\$0.60 per share)	-	-	-	-	(14,870)	-	-	-	-	-	(14,870)
Net loss for the three months ended September 30, 2020	-	-	-	-	-	-	-	-	(1,140,054)	-	(1,140,054)
Balance, September 30, 2020	147,833	\$ 1,478,330	51,235,305	\$ 51,235	\$ 13,595,826	\$ -	\$ 45,000	\$ (44,948)	\$ (14,888,467)	\$ -	\$ (1,241,354)

	For the Nine Months Ended September 30, 2019										
	Series A Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Subscriptions Receivable	Subscriptions Payable	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Noncontrolling Interest	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount							
Balance, December 31, 2018	-	\$ -	34,291,905	\$ 34,292	\$ 1,278,352	\$ (602)	\$ -	\$ (4,090)	\$ (1,959,982)	\$ (101)	\$ (652,131)
Cash received on subscriptions receivable of OWP Ventures, Inc.	-	-	-	-	-	602	-	-	-	-	602
Common stock sold for cash	-	-	8,409,000	8,409	4,196,091	-	-	-	-	-	4,204,500
Common stock payable for services	-	-	-	-	-	-	160,000	-	-	-	160,000
Cashless exercise of common stock options	-	-	51,040	51	(51)	-	-	-	-	-	-
Issuance of common stock of OWP Ventures, Inc. on debt conversion	-	-	1,253,493	1,253	500,144	-	-	-	-	-	501,397
Common stock issued for services, OWP Ventures, Inc.	-	-	30,000	30	14,970	-	-	-	-	-	15,000
Amortization of common stock options issued for services, OWP Ventures, Inc.	-	-	-	-	88,297	-	-	-	-	-	88,297
Exchange of OWP Ventures, Inc. shares for One World Pharma, Inc. shares (1:1)	-	-	1,322,501	1,323	(10,730)	-	-	-	-	101	(9,306)
Common stock cancelled pursuant to merger with OWP Ventures, Inc.	-	-	(875,000)	(875)	875	-	-	-	-	-	-
Amortization of common stock options issued for services	-	-	-	-	991,228	-	-	-	-	-	991,228
Beneficial conversion feature on convertible note	-	-	-	-	332,332	-	-	-	-	-	332,332
Loss on foreign currency translation	-	-	-	-	-	-	-	(21,121)	-	-	(21,121)
Net loss for the nine months ended September 30, 2019	-	-	-	-	-	-	-	-	(4,445,726)	-	(4,445,726)
Balance, September 30, 2019	-	\$ -	44,482,939	\$ 44,483	\$ 7,391,508	\$ -	\$ 160,000	\$ (25,211)	\$ (6,405,708)	\$ -	\$ 1,165,072

	For the Nine Months Ended September 30, 2020									
	Series A Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Subscriptions Receivable	Subscriptions Payable	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Noncontrolling Interest

	Shares	Amount	Shares	Amount	Capital	Receivable	Payable	Income (Loss)	Deficit	Interest	Equity (Deficit)
Balance, December 31, 2019	-	\$ -	44,804,305	\$ 44,804	\$ 8,150,004	\$ -	\$ 250,000	\$ (16,248)	\$ (8,167,166)	\$ -	\$ 261,394
Preferred stock units sold for cash	147,833	1,478,330	-	-	-	-	-	-	-	-	-
Common stock sold for cash	-	-	500,000	500	249,500	-	(250,000)	-	-	-	-
Common stock issued for services	-	-	5,931,000	5,931	3,335,569	-	-	-	-	-	3,341,500
Common stock payable for services	-	-	-	-	-	-	45,000	-	-	-	45,000
Amortization of common stock options issued for services	-	-	-	-	1,875,623	-	-	-	-	-	1,875,623
Loss on foreign currency translation	-	-	-	-	-	-	-	(28,700)	-	-	(28,700)
Series A convertible preferred stock declared (\$0.60 per share)	-	-	-	-	(14,870)	-	-	-	-	-	(14,870)
Net loss for the nine months ended September 30, 2020	-	-	-	-	-	-	-	-	(6,721,301)	-	(6,721,301)
Balance, September 30, 2020	<u>147,833</u>	<u>\$ 1,478,330</u>	<u>51,235,305</u>	<u>\$ 51,235</u>	<u>\$ 13,595,826</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ (44,948)</u>	<u>\$ (14,888,467)</u>	<u>\$ -</u>	<u>\$ (1,241,354)</u>

See accompanying notes to financial statements.

ONE WORLD PHARMA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30,	
	2020	2019
Cash flows from operating activities		
Net loss	\$ (6,721,301)	\$ (4,445,726)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	23,706	9,432
Loss on disposal of fixed assets	-	4,087
Amortization of debt discounts	-	332,332
Stock-based compensation	3,386,498	175,000
Amortization of options issued for services	1,875,623	1,079,525
Decrease (increase) in assets:		
Inventory	(201,522)	(22,097)
Other current assets	71,295	(235,096)
Right-of-use assets	79,011	(248,541)
Security deposits	1,632	(61,301)
Increase (decrease) in liabilities:		
Accounts payable	272,366	23,123
Accrued expenses	130,437	21,986
Lease liability	(73,027)	251,789
Net cash used in operating activities	<u>(1,155,282)</u>	<u>(3,115,487)</u>
Cash flows from investing activities		
Purchase of fixed assets	(37,793)	(224,597)
Net cash used in investing activities	<u>(37,793)</u>	<u>(224,597)</u>
Cash flows from financing activities		
Proceeds from convertible note payable	-	500,000
Repayment of convertible note payable	(507,332)	-
Repayment of advances from shareholders	-	(314,141)
Proceeds from notes payable	261,274	-
Repayment of notes payable	(272,000)	-
Proceeds from subscriptions receivable	-	602
Proceeds from sale of preferred and common stock	1,478,332	4,004,500
Net cash provided by financing activities	<u>960,274</u>	<u>4,190,961</u>
Effect of exchange rate changes on cash	<u>(28,700)</u>	<u>(21,121)</u>
Net increase (decrease) in cash	(261,501)	829,756
Cash - beginning	282,380	125,846
Cash - ending	<u>\$ 20,879</u>	<u>\$ 955,602</u>
Supplemental disclosures:		
Interest paid	\$ 4,983	\$ 35,402
Income taxes paid	\$ -	\$ -
Non-cash investing and financing transactions:		
Fair value of net assets acquired in merger	\$ -	\$ 9,306
Value of shares issued for conversion of debt	\$ -	\$ 701,397
Beneficial conversion feature	\$ -	\$ 332,332
Dividends payable	\$ 14,870	\$ -

See accompanying notes to financial statements.

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1 – Nature of Business and Significant Accounting Policies

Nature of Business

One World Pharma, 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.

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 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 began generating revenue from the sale of our seeds in the second quarter of 2020.

The Merger was accounted for as a reverse merger (recapitalization) with OWP Ventures deemed to be the accounting acquirer. Accordingly, the financial statements included in this Quarterly Report on Form 10-Q reflect the historical operations of OWP Ventures and its wholly-owned subsidiary OWP SAS prior to the Merger, and that of the combined company following the Merger. The historical financial information for One World Pharma, Inc. (formerly Punto Group Corp.) prior to the Merger has been omitted.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and the rules of the Securities and Exchange Commission (SEC). Intercompany accounts and transactions have been eliminated.

The unaudited condensed consolidated financial statements of the Company and the accompanying notes included in this Quarterly Report on Form 10-Q are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the Condensed Consolidated Financial Statements have been included. Such adjustments are of a normal, recurring nature. The Condensed Consolidated Financial Statements, and the accompanying notes, are prepared in accordance with GAAP and do not contain certain information included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019. The interim Condensed Consolidated Financial Statements should be read in conjunction with that Annual Report on Form 10-K. Results for the interim periods presented are not necessarily indicative of the results that might be expected for the entire fiscal year.

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

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 September 30, 2020:

Name of Entity	State of Incorporation	Relationship
One World Pharma, Inc. ⁽¹⁾	Nevada	Parent
OWP Ventures, Inc. ⁽²⁾	Delaware	Subsidiary
One World Pharma S.A.S. ⁽³⁾	Colombia	Subsidiary
Colombian Hope, S.A.S. ⁽⁴⁾	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 Pharma, 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 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 (USD) 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 the Financial Accounting Standards Boards ("FASB") Accounting Standards Codification ("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 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the 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 those 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

Under ASC 820-10-05, the FASB establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company's financial statements as reflected herein. The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses reported on the balance sheets are estimated by management to approximate fair value primarily due to the short-term nature of the instruments.

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

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 cash in excess of FDIC insured limits at September 30, 2020.

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.

There was no impact on the Company's financial statements from ASC 606 for the nine months ended September 30, 2020, or the year ended December 31, 2019. Inventory consisted of \$93,560 of raw materials, \$42,622 of work in progress and \$90,022 of finished goods at September 30, 2020.

Inventory

Inventories are stated at the lower of cost or market. Cost is determined on a standard cost basis that approximates the first-in, first-out (FIFO) method. Market is determined based on net realizable value. 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.

Stock-Based Compensation

The Company accounts for equity instruments issued to employees in accordance with the provisions of ASC 718 Stock Compensation (ASC 718) and Equity-Based Payments to Non-employees pursuant to ASC 505-50 (ASC 505-50). 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.

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 periods presented, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

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 August 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-13, Fair Value Measurement (Topic 820). The new guidance removes, modifies and adds to certain disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. The update is effective for annual reporting periods, including interim periods, beginning after December 15, 2019. The adoption of the new standard did not have an effect on our financial position, results of operations or cash flows.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles - Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment. The update simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. An entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount, and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, if applicable. The loss recognized should not exceed the total amount of goodwill allocated to the reporting unit. The same impairment test also applies to any reporting unit with a zero or negative carrying amount. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The update is effective for annual reporting periods, including interim periods, beginning after December 15, 2019, on a prospective basis. The adoption of the new standard did not have an effect on our financial position, results of operations or cash flows.

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

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 condensed consolidated financial statements as of September 30, 2020, the Company had cash on hand of \$20,879, negative working capital of \$592,394 and an accumulated deficit of \$14,888,467, and the Company's cash on hand will 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 generate 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. There can be no assurance that we will be successful in achieving these objectives, becoming profitable or continuing our business without either a temporary interruption or a permanent cessation. Additional financing may result in substantial dilution to existing stockholders.

The condensed consolidated 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.

Note 3 – Mergers and Acquisitions

Acquisition

On December 6, 2019, the Company, through its wholly-owned subsidiary OWP Ventures, Inc., acquired 51% of the outstanding shares of capital stock (the "Shares") of Colombian Hope, S.A.S., then known as Colcannapy S.A.S., a Colombian company ("Colombian Hope"), for a purchase price of US\$102,000, pursuant to a Share Purchase Agreement (the "Purchase Agreement") among OWP Ventures, Inc. and Colombian Hope's shareholders. Colombian Hope is the holder of a Colombian seed license and 23 registered Colombian cultivars.

Concurrently, with the Company's acquisition of the Shares, Federación Colombiana de Consejos Regionales ("Fedecoré") was supposed to have purchased the remaining 49% of Colombian Hope's outstanding shares of capital stock from Colombian Hope's shareholders, so that the Company and Fedecoré would be the only shareholders of Colombian Hope. However, Fedecoré, a non-profit Colombian entity, was unable to acquire such shares, which were then acquired by OWP Ventures, Inc., resulting in 100% ownership. No assets or liabilities were acquired pursuant to the acquisition, resulting in \$102,000 of goodwill that was impaired and expensed on December 31, 2019 due to the lack of current operations. To date, Colombian Hope has not incurred any income or expenses.

Note 4 – Related Parties

Craig Ellins Separation

On June 3, 2020, the Company entered into a Separation and Release Agreement with Craig Ellins (the "Separation Agreement"), pursuant to which Mr. Ellins resigned from all of his positions with the Company and its subsidiaries, including his positions as Chief Executive Officer and Chairman of the Board of the Company. Pursuant to the Separation Agreement, the Company (i) issued Mr. Ellins 2,000,000 shares of the Company's Common Stock, (ii) reimbursed Mr. Ellins for \$55,000 of expenses previously incurred by him on behalf of the Company, and (iii) agreed to make 12 monthly payments to Mr. Ellins in the amount of \$8,000 each in the 12-month period following the date on which the Company has raised \$1.5 million in gross proceeds from the sale of its securities following the date of the Separation Agreement. The Separation Agreement also contains mutual releases and prohibits Mr. Ellins from competing with the Company for a period of two years.

Appointment of Isiah L. Thomas III as Chief Executive Officer and Vice Chairman

On June 3, 2020, Isiah L. Thomas III was appointed to serve as the Company's Chief Executive Officer and Vice Chairman pursuant to a letter agreement with the Company (the "Employment Agreement").

Pursuant to the Employment Agreement:

- Mr. Thomas is entitled to be paid a base salary of \$120,000 in the first year of his employment; \$240,000 in the second year of his employment; and \$300,000 in the third year of his employment.
- The Company will have the option to pay Mr. Thomas's salary with shares of the Company's Common Stock until the Company has raised gross proceeds of at least \$1.5 million from the sale of its securities following the date of his employment. If the Company so elects to pay his salary with shares of Common Stock, the number of shares of Common Stock shall be equal to (a) 1.25 times the cash payment to which he would have been otherwise entitled, divided by (b) the closing price of the Common Stock on the day such cash payment was due.
- The Company has awarded Mr. Thomas 500,000 shares of the Company's Common Stock, and an option (the "Option") to purchase 5,500,000 shares of the Company's Common Stock at an exercise price equal to \$0.55 per share. The Option vests as to 1,500,000 shares immediately, as to 1,000,000 shares 120 days following the issuance of the Option (the "Second Vesting Date"), and as to the remaining 3,000,000 shares quarterly over the three years following the Second Vesting Date.

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Debt Repayment, Related Party

On various dates between, July 2, 2020 and July 6, 2020, the Company repaid a total of \$140,983 of indebtedness owed to MCKP Investments LLC, consisting of \$136,000 of principal and \$4,983 of interest. The Company's Chairman of the Board, Dr. Kenneth Perego, II, is the controlling member of MCKP Investments LLC.

Preferred Stock Sales

On September 1, 2020, the Company received proceeds of \$26,000 from the sale of 2,600 units to the Company's Chairman of the Board, Dr. Ken Perego. Each unit consisted of one share of Series A Preferred Stock and five-year warrants to purchase 50 shares of common stock at an exercise price of \$0.25 per share. The proceeds received were allocated between the preferred stock and warrants on a relative fair value basis.

On July 10, 2020, the Company received proceeds of \$110,000 from the sale of 11,000 units to the Company's Chairman of the Board, Dr. Ken Perego. Each unit consisted of one share of Series A Preferred Stock and five-year warrants to purchase 50 shares of common stock at an exercise price of \$0.25 per share. The proceeds received were allocated between the preferred stock and warrants on a relative fair value basis.

Common Stock Issued for Services, Officers and Directors

On May 31, 2020, the Company awarded 350,000 shares of common stock to the Company's Chairman of the Board, Dr. Ken Perego, for services provided. The aggregate fair value of the common stock was \$120,000 based on the closing price of the Company's common stock on the date of grant.

Common Stock Options Issued for Services, Directors

On May 31, 2020, the Company awarded options to purchase 350,000 shares of the Company's Common Stock at an exercise price equal to \$0.56 per share to the Company's Chairman of the Board, Dr. Ken Perego. The options will vest as to 116,667 shares immediately, with the remaining 233,333 shares quarterly over the following two years, beginning October 1, 2020. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 302% and a call option value of \$0.5599, was \$195,959. The options are being expensed over the vesting period, resulting in \$86,263 of stock-based compensation expense during the nine months ended September 30, 2020. As of September 30, 2020, a total of \$109,696 of unamortized expenses are expected to be expensed over the vesting period.

On May 31, 2020, the Company awarded options to purchase 350,000 shares of the Company's Common Stock at an exercise price equal to \$0.56 per share to one of the Company's Directors, Bruce Raben. The options will vest as to 116,667 shares immediately, with the remaining 233,333 shares quarterly over the following two years, beginning October 1, 2020. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 302% and a call option value of \$0.5599, was \$195,959. The options are being expensed over the vesting period, resulting in \$86,263 of stock-based compensation expense during the nine months ended September 30, 2020. As of September 30, 2020, a total of \$109,696 of unamortized expenses are expected to be expensed over the vesting period.

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 5 – 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.

The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheet as of September 30, 2020 and December 31, 2019, respectively:

	Fair Value Measurements at September 30, 2020		
	Level 1	Level 2	Level 3
Assets			
Cash	\$ 20,879	\$ -	\$ -
Right-of-use asset	-	-	423,695
Total assets	<u>20,879</u>	<u>-</u>	<u>423,695</u>
Liabilities			
Lease liabilities	-	-	435,325
Notes payable	-	119,274	-
Total liabilities	<u>-</u>	<u>(119,274)</u>	<u>(435,325)</u>
	<u>\$ 20,879</u>	<u>\$ (119,274)</u>	<u>\$ (11,630)</u>
Fair Value Measurements at December 31, 2019			
	Level 1	Level 2	Level 3
Assets			
Cash	\$ 282,380	\$ -	\$ -
Right-of-use asset	-	-	502,706
Total assets	<u>282,380</u>	<u>-</u>	<u>502,706</u>
Liabilities			
Lease liabilities	-	-	508,352
Convertible note payable	-	-	507,332
Notes payable	-	130,000	-
Total liabilities	<u>-</u>	<u>130,000</u>	<u>1,015,684</u>
	<u>\$ 282,380</u>	<u>\$ (130,000)</u>	<u>\$ (512,978)</u>

There were no transfers of financial assets or liabilities between Level 1, Level 2 and Level 3 inputs for the nine months ended September 30, 2020 or the year ended December 31, 2019.

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 6 – Inventory

Inventories are stated at the lower of cost or market. Cost is determined on a standard cost basis that approximates the first-in, first-out (FIFO) method. Market is determined based on net realizable value. 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 \$93,560 of raw materials, \$42,622 of work in progress and \$90,022 of finished goods at September 30, 2020, and \$24,682 of raw materials at December 31, 2019, respectively.

Note 7 – Other Current Assets

Other current assets included the following as of September 30, 2020 and December 31, 2019, respectively:

	September 30, 2020	December 31, 2019
VAT tax receivable	\$ 80,987	\$ 54,814
Prepaid expenses	74,655	132,338
Other receivables	40,469	79,954
Total	<u>\$ 195,811</u>	<u>\$ 267,106</u>

Note 8 – Security Deposits

Security deposits included the following as of September 30, 2020 and December 31, 2019, respectively:

	September 30, 2020	December 31, 2019
Refundable deposit on equipment purchase	\$ 50,000	\$ 50,000
Security deposits on leases held in Colombia	15,741	18,033
Security deposit on office lease	4,494	4,494
Security deposit on utilities	660	-
Total	<u>\$ 70,895</u>	<u>\$ 72,527</u>

Note 9 – Fixed Assets

Fixed assets consist of the following at September 30, 2020 and December 31, 2019, respectively:

	September 30, 2020	December 31, 2019
Land	\$ 138,248	\$ 138,248
Buildings	41,665	-
Office equipment	44,027	44,027
Furniture and fixtures	27,914	27,914
Equipment and machinery	176,285	174,072
Construction in progress	329,146	335,231
	<u>757,285</u>	<u>719,492</u>
Less: accumulated depreciation	(45,335)	(21,629)
Total	<u>\$ 711,950</u>	<u>\$ 697,863</u>

Construction in progress consists of equipment and capital improvements on the Popayán farm have not yet been placed in service.

Depreciation and amortization expense totaled \$23,706 and \$9,432 for the nine months ended September 30, 2020 and 2019, respectively.

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 10 – Accrued Expenses

Accrued expenses consisted of the following at September 30, 2020 and December 31, 2019, respectively:

	September 30, 2020	December 31, 2019
Accrued payroll	\$ 97,132	\$ 67,479
Accrued withholding taxes and employee benefits	10,123	14,386
Accrued ICA fees and contributions	83,371	1,912
Accrued interest	49,476	25,888
	<u>\$ 240,102</u>	<u>\$ 109,665</u>

Note 11 – Leases

The Company's corporate offices and operational facility in Colombia under non-cancelable real property lease agreements that expire on October 31, 2021 and September 30, 2029, respectively. The Company doesn't have any other office or equipment leases subject to the recently adopted ASU 2016-02. In the locations in which it is economically feasible to continue to operate, management expects that lease options will be exercised. The Company's corporate office is under a real property lease that contains a one-time renewal option for an additional 36 months that we determined would be reasonably certain to be extended, while the Company's operational facility in Colombia contains a 60 month extension option that we did not determine to be reasonably certain to be extended. The office lease contains 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 an implicit discount rate, 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 Nine Months Ended September 30, 2020
Operating lease cost:	
Amortization of assets	\$ 45,388
Interest on lease liabilities	23,149
Total lease cost	<u>\$ 68,537</u>

Supplemental balance sheet information related to leases was as follows:

	September 30, 2020
Operating leases:	
Operating lease assets	\$ 423,695
Current portion of operating lease liabilities	\$ 58,155
Noncurrent operating lease liabilities	377,170
Total operating lease liabilities	<u>\$ 435,325</u>
Weighted average remaining lease term:	
Operating leases	9 years
Weighted average discount rate:	
Operating leases	6.75%

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Supplemental cash flow and other information related to leases was as follows:

	For the Nine Months Ended September 30, 2020
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows used for operating leases	\$ 73,027
Leased assets obtained in exchange for lease liabilities:	
Total operating lease liabilities	\$ 548,216

Future minimum annual lease commitments under non-cancelable operating leases are as follows at September 30, 2020:

	Operating Leases
2020	\$ 28,566
2021	80,877
2022	34,528
2023	35,909
2024	37,345
Thereafter	198,669
Total minimum lease payments	415,894
Less interest	19,431
Present value of lease liabilities	435,325
Less current portion	58,155
Long-term lease liabilities	377,170

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 12 – Convertible Note Payable

Convertible note payable consists of the following at September 30, 2020 and December 31, 2019, respectively:

	September 30, 2020	December 31, 2019
On November 30, 2018, the Company received proceeds of \$300,000 on a secured convertible note that carries a 6% interest rate from CSW Ventures, LP (“CSW”). The proceeds were used to fund the Company’s purchase of 875,000 shares of common stock, on a 1:4 split adjusted basis, of One World Pharma, Inc. The Note is due on demand. In the event that the Company consummated the closing of a public or private offering of its equity securities, resulting in gross proceeds of at least \$500,000 (“Qualified Financing”) at any time prior to the repayment of this note, then the outstanding principal and unpaid interest may, at the option of the holder, be converted into such equity securities at a conversion price equal to eighty percent (80%) of the purchase price paid by the investors purchasing the equity securities in the Qualified Financing. A Qualified Financing subsequently occurred on February 4, 2019; at which time the convertible note became convertible at a fixed conversion price of \$0.40 per share. The Company’s obligations under this Note are secured by a lien on the assets of the Company. On September 14, 2020, the principal was repaid by the issuance of 30,000 shares of Series A Convertible Preferred Stock to CSW in satisfaction of obligation to repay such principal.	\$ -	\$ 300,000
On July 22, 2019, a total of \$207,332, consisting of \$200,000 of principal and \$7,332 of unpaid interest, on two outstanding demand notes owed to CSW that originated on November 26, 2018 and December 26, 2018, were exchanged for a convertible promissory note in the principal amount of \$207,332, due on demand (the “Second Convertible CSW Note”). The Second Convertible CSW Note bears interest at 6% per annum and was convertible at the option of the holder into shares of common stock at a price of \$0.50 per share. On September 14, 2020, the principal was repaid with \$207,332 of such principal paid by the issuance of 20,733 shares of Series A Convertible Preferred Stock to CSW.	-	207,332
Less: unamortized debt discounts	-	-
Convertible note payable	\$ -	\$ 507,332

In addition, the Company recognized and measured the embedded beneficial conversion feature present in the convertible notes by allocating a portion of the proceeds equal to the intrinsic value of the feature to additional paid-in-capital. The intrinsic value of the feature was calculated on the commitment date using the effective conversion price of the convertible notes. This intrinsic value is limited to the portion of the proceeds allocated to the convertible debt.

The aforementioned accounting treatment resulted in a total debt discounts equal to \$332,332 for the year ended December 31, 2019. The Company recorded finance expense in the amount of \$332,332 for the nine months ended September 30, 2019.

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 \$21,516 and \$17,079 for the nine months ended September 30, 2020 and 2019, respectively, and \$332,332 of interest expense related to the debt discount for the nine months ended September 30, 2019.

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 13 – Notes Payable

Notes payable consists of the following at September 30, 2020 and December 31, 2019, respectively:

	September 30, 2020	December 31, 2019
On May 4, 2020, the Company received an advance of \$20,000 from Woodman Management pursuant to an unsecured promissory note due on demand that carried a 6% interest rate. The advance was repaid by the Company on May 14, 2020.	\$ -	\$ -
On various dates between January 29, 2020 and March 31, 2020, the Company received advances from CSW Ventures, LP aggregating of \$116,000, pursuant to unsecured promissory notes due on demand that carry a 6% interest rate, as follows: \$25,000 – January 29, 2020 \$25,000 – February 13, 2020 \$15,000 – February 26, 2020 \$15,000 – March 11, 2020 \$ 6,000 – March 31, 2020 \$10,000 – August 17, 2020 \$20,000 – August 20, 2020		
On September 14, 2020, the principal was repaid with \$116,000 of such principal paid by the issuance of 11,600 shares of Series A Convertible Preferred Stock to CSW.	-	-
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 bears interest at 1.00% per annum, payable monthly beginning December 4, 2020, and is due on May 4, 2022. The PPP Note may be repaid at any time without penalty.		
Under the Payroll Protection Program, the Company will be eligible for loan forgiveness up to the full amount of the PPP Note and any accrued interest. The forgiveness amount will be equal to the amount that the Company spends 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 is 40% of the amount of the PPP Note. No assurance is provided that the Company will obtain forgiveness of the PPP Note in whole or in part.		
The PPP Note contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note. The occurrence of an event of default may result in a claim for the immediate repayment of all amounts outstanding under the PPP Note.	119,274	-
On April 2, 2020, the Company received an advance of \$6,000 from MCKP Investments LLC, a Company principally owned by the Company’s Chairman of the Board, Dr. Kenneth Perego, II, on an unsecured promissory note due on demand that carries a 6% interest rate. On July 2, 2020, the debt was repaid in full, including \$90 of interest.	-	-
On November 14, 2019, the Company received an advance of \$50,000 from MCKP Investments LLC, pursuant to an unsecured promissory note due on demand that carries a 6% interest rate. On July 2, 2020, the debt was repaid in full, including \$1,882 of interest.	-	50,000
On November 14, 2019, the Company received an additional advance of \$80,000 from MCKP Investments LLC, pursuant to an unsecured promissory note due on demand that carries a 6% interest rate. On July 2, 2020, the debt was repaid in full, including \$3,011 of interest.	-	80,000
Total notes payable	\$ 119,274	\$ 130,000

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The Company recorded interest expense in the amount of \$7,055 and \$6,674 for the nine months ended September 30, 2020 and 2019, respectively.

The Company recognized interest expense for the nine months ended September 30, 2020 and 2019, as follows:

	September 30, 2020	September 30, 2019
Interest on convertible notes	\$ 21,516	\$ 17,079
Interest on advances from shareholders	-	16,053
Interest on notes payable	7,055	6,674
Amortization of beneficial conversion features	-	332,332
Interest on accounts payable	-	8,611
Total interest expense	\$ 28,571	\$ 380,749

Note 14 – Series A 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. Each share of Preferred Stock is currently convertible into fifty (50) shares of the Company’s common stock. The Series A Preferred Stock accrues dividends at the rate of 6% per annum, payable annually in cash or additional shares of Series A Preferred Stock, at the Company’s election. As of September 30, 2020, there were 147,833 shares of Series A Preferred Stock issued and outstanding. The Series A Preferred Stock is presented as mezzanine equity on the balance sheet due to it carrying a stated value of \$10 per share, and a deemed liquidation clause, which entitles the holder to receive, before and in preference to any distribution or payment of assets of the Corporation or the proceeds thereof may be made or set apart for the holders of junior securities an amount in cash equal to the stated value per share, plus an amount equal to any accrued and unpaid dividends.

Preferred Stock Sales

On various dates between April 14, 2020 and September 14, 2020, the Company received total proceeds of \$1,478,330 from the sale of 147,833 units, consisting in the aggregate of 147,833 shares of Series A Preferred Stock and five-year warrants to purchase 7,391,650 shares of common stock at an exercise price of \$0.25 per share to fourteen accredited investors. The proceeds received were allocated between the Series A Preferred Stock and warrants on a relative fair value basis.

Preferred Stock Dividends

The Series A Preferred Stock accrues dividends at the rate of 6% per annum, payable annually in cash or additional shares of Series A Preferred Stock, at the Company’s election. A total of \$14,870 of dividends were payable as of September 30, 2020.

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 15 – Changes in Stockholders' Equity

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 September 30, 2020, there were 51,235,305 shares of common stock issued and outstanding.

Common Stock Issued on Subscriptions Payable

On January 6, 2020, the Company issued 500,000 shares of common stock that were purchased on December 31, 2019 at \$0.50 per share for proceeds of \$25,000. Prior to the issuance, the purchase price was reflected on the Company's balance sheet as subscriptions payable.

Common Stock Awarded for Subscriptions Payable

On September 21, 2020, the Company awarded 250,000 shares of common stock to a consultant for services performed. The aggregate fair value of the common stock was \$45,000 based on the closing price of the Company's common stock on the date of grant. The shares were subsequently issued on November 18, 2020. Prior to the issuance, the fair value of the shares was reflected on the Company's balance sheet as subscriptions payable.

Common Stock Issued for Services, Employees and Consultants

On July 1, 2020, the Company awarded an aggregate of 875,000 shares of common stock to four employees and consultants for services provided. The aggregate fair value of the common stock was \$332,500 based on the closing price of the Company's common stock on the date of grant.

On June 3, 2020, the Company awarded 200,000 shares of common stock to a consultant for services performed. The aggregate fair value of the common stock was \$120,000 based on the closing price of the Company's common stock on the date of grant.

On various dates between January 4, 2020 and May 31, 2020, the Company awarded an aggregate of 2,006,000 shares of common stock to ten employees and consultants for services provided. The aggregate fair value of the common stock was \$1,318,000 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 June 3, 2020, the Company awarded 500,000 shares of common stock to the Company's Chief Executive Officer, Isiah L. Thomas III, as a signing bonus. The aggregate fair value of the common stock was \$275,000 based on the closing price of the Company's common stock on the date of grant.

On June 3, 2020, the Company awarded 2,000,000 shares of common stock to the Company's former Chief Executive Officer, Craig Ellins, pursuant to a Separation Agreement. The aggregate fair value of the common stock was \$1,100,000 based on the closing price of the Company's common stock on the date of grant.

On May 31, 2020, the Company awarded 350,000 shares of common stock to the Company's Chairman of the Board, Dr. Ken Perego, for services provided. The aggregate fair value of the common stock was \$196,000 based on the closing price of the Company's common stock on the date of grant.

Amortization of Stock-Based Compensation

A total of \$1,875,623 of stock-based compensation expense was recognized from the amortization of options to purchase common stock over their vesting period during the nine months ended September 30, 2020.

Note 16 – 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.

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Common Stock Options Issued for Services

On July 1, 2020, the Company awarded options to purchase 125,000 shares of the Company's Common Stock at an exercise price equal to \$0.38 per share to a consultant. The options were issued outside of the Company's 2019 Plan and are exercisable over a ten year period. The options will vest quarterly over six months. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 303% and a call option value of \$0.3798, was \$47,476. The options are being expensed over the vesting period, resulting in \$23,738 of stock-based compensation expense during the nine months ended September 30, 2020. As of September 30, 2020, a total of \$23,738 of unamortized expenses are expected to be expensed over the vesting period.

On July 1, 2020, the Company awarded options to purchase 1,000,000 shares of the Company's Common Stock at an exercise price equal to \$0.38 per share to a consultant. The options were issued outside of the Company's 2019 Plan and are exercisable over a ten year period. The options will vest quarterly over three years. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 303% and a call option value of \$0.38, was \$379,958. The options are being expensed over the vesting period, resulting in \$31,663 of stock-based compensation expense during the nine months ended September 30, 2020. As of September 30, 2020, a total of \$348,295 of unamortized expenses are expected to be expensed over the vesting period.

On July 1, 2020, the Company awarded options to purchase 125,000 shares of the Company's Common Stock at an exercise price equal to \$0.38 per share to a consultant for Advisory Board services. The options were issued outside of the Company's 2019 Plan and are exercisable over a ten year period. The options will vest quarterly over one year. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 303% and a call option value of \$0.3799, was \$47,482. The options are being expensed over the vesting period, resulting in \$11,871 of stock-based compensation expense during the nine months ended September 30, 2020. As of September 30, 2020, a total of \$35,611 of unamortized expenses are expected to be expensed over the vesting period.

On June 3, 2020, the Company awarded options to purchase 5,500,000 shares of the Company's Common Stock at an exercise price equal to \$0.55 per share to Isiah L. Thomas III, the Company's Chief Executive Officer and Vice Chairman. The options were issued outside of the Company's 2019 Plan and are exercisable over a ten year period. The options vest as to 1,500,000 shares immediately, as to 1,000,000 shares 120 days following the issuance of the option (the "Second Vesting Date"), and as to the remaining 3,000,000 shares vesting quarterly over the three years following the Second Vesting Date. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 301% and a call option value of \$0.5499, was \$3,024,689. The options are being expensed over the vesting period, resulting in \$1,040,366 of stock-based compensation expense during the nine months ended September 30, 2020. As of September 30, 2020, a total of \$1,984,323 of unamortized expenses are expected to be expensed over the vesting period.

On May 31, 2020, the Company awarded options to purchase 350,000 shares of the Company's Common Stock at an exercise price equal to \$0.56 per share to the Company's Chairman of the Board, Dr. Ken Perego. The options vest as to 116,667 shares immediately, with the remaining 233,333 shares vesting quarterly over the following two years, beginning October 1, 2020. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 302% and a call option value of \$0.5599, was \$195,959. The options are being expensed over the vesting period, resulting in \$86,263 of stock-based compensation expense during the nine months ended September 30, 2020. As of September 30, 2020, a total of \$109,696 of unamortized expenses are expected to be expensed over the vesting period.

On May 31, 2020, the Company awarded options to purchase 350,000 shares of the Company's Common Stock at an exercise price equal to \$0.56 per share to Bruce Raben, a Director of the Company. The options vest as to 116,667 shares immediately, with the remaining 233,333 shares vesting quarterly over the following two years, beginning October 1, 2020. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 302% and a call option value of \$0.5599, was \$195,959. The options are being expensed over the vesting period, resulting in \$86,263 of stock-based compensation expense during the nine months ended September 30, 2020. As of September 30, 2020, a total of \$109,696 of unamortized expenses are expected to be expensed over the vesting period.

On May 31, 2020, the Company awarded options to purchase an aggregate 2,000,000 shares of the Company's Common Stock at an exercise price equal to \$0.56 per share to eight consultants and employees. The options vest as to 666,667 shares immediately, with the remaining 1,333,333 shares vesting quarterly over the following three years, beginning October 1, 2020. The estimated value using the Black-Scholes Pricing Model, based on a volatility rate of 302% and a call option value of \$0.5599, was \$1,119,873. The options are being expensed over the vesting period, resulting in \$454,181 of stock-based compensation expense during the nine months ended September 30, 2020. As of September 30, 2020, a total of \$665,692 of unamortized expenses are expected to be expensed over the vesting period.

ONE WORLD PHARMA, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 17 – Income Taxes

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 nine months ended September 30, 2020, and the year ended December 31, 2019, 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 September 30, 2020, the Company had approximately \$5,748,000 of federal net operating losses. The net operating loss carry forwards, if not utilized, will begin to expire in 2025.

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 September 30, 2020 and December 31, 2019, respectively.

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

Note 18 – Subsequent Events

Debt Financing

On October 28, 2020, the Company received an advance of \$50,000 from the Company's Chief Executive Officer, Isiah L Thomas, III, pursuant to an unsecured promissory note due on demand that carried a 6% interest rate.

Preferred Stock Sales

On October 28, 2020, the Company received proceeds of \$50,000 from the sale of 5,000 units to SWC Medical LLC. Each unit consisted of one share of Series A Preferred Stock and five-year warrants to purchase 50 shares of common stock at an exercise price of \$0.25 per share. The proceeds received were allocated between the preferred stock and warrants on a relative fair value basis.

Common Stock Issued on Subscriptions Payable

On November 19, 2020, the Company issued 250,000 shares of common stock awarded on September 21, 2020 to a consultant for services performed. Prior to the issuance, the fair value of such shares was reflected on the Company's balance sheet as subscriptions payable.

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

The information contained in this Form 10-Q is intended to update the information contained in our Annual Report on Form 10-K for the year ended December 31, 2019 and presumes that readers have access to, and will have read, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other information contained in such Form 10-K. The following discussion and analysis also should be read together with our financial statements and the notes to the financial statements included elsewhere in this Form 10-Q.

The following discussion contains certain statements that may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements appear in a number of places in this Report, including, without limitation, "Management's Discussion and Analysis of Financial Condition and Results of Operations." These statements are not guarantees of future performance and involve risks, uncertainties and requirements that are difficult to predict or are beyond our control. Forward-looking statements speak only as of the date of this quarterly report. You should not put undue reliance on any forward-looking statements. We strongly encourage investors to carefully read the factors described in the Form 10-K in the section entitled "Risk Factors" for a description of certain risks that could, among other things, cause actual results to differ from these forward-looking statements. We assume no responsibility to update the forward-looking statements contained in this quarterly report on Form 10-Q. The following should also be read in conjunction with the unaudited Financial Statements and notes thereto that appear elsewhere in this report.

Overview

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 produce 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 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 generated initial sales of fully registered non-psychoactive seeds during the second quarter of 2020.

On June 3, 2020, we appointed Isiah L. Thomas III to serve as the Company's Chief Executive Officer and Vice Chairman pursuant to a letter agreement with the Company; entered into a Separation and Release Agreement with Craig Ellins, pursuant to which Mr. Ellins resigned from all of his positions with the Company and its subsidiaries, including his positions as Chief Executive Officer and Chairman of the Board of the Company; and appointed Dr. Kenneth Perego, II to serve as the Executive Chairman of the Company's Board of Directors.

Mr. Thomas, 59, has 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.

Results of Operations for the Three Months Ended September 30, 2020 and 2019:

The following table summarizes selected items from the statement of operations for the three months ended September 30, 2020 and 2019.

	Three Months Ended September 30,		Increase / (Decrease)
	2020	2019	
Revenues	\$ 42,598	\$ -	\$ 42,598
Cost of goods sold	7,682	-	7,682
Gross profit	34,916	-	34,916
Operating expenses:			
General and administrative	803,342	589,027	214,315
Professional fees	356,486	986,523	(630,037)
Total operating expenses:	1,159,828	1,575,550	(415,722)
Operating loss	(1,124,912)	(1,575,550)	(450,638)
Total other income (expense)	(7,517)	(221,432)	(213,915)
Net loss	\$ (1,132,429)	\$ (1,796,982)	\$ (664,553)

Revenues

We began to generate revenues from the sale of seeds in the current year. Revenues were \$42,598 for the three months ended September 30, 2020.

Cost of Goods Sold

Cost of goods sold for the three months ended September 30, 2020 were \$7,682. Cost of goods sold consists primarily of labor, agricultural raw materials, depreciation and overhead.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2020 were \$803,342, compared to \$589,027 during the three months ended September 30, 2019, an increase of \$214,315, or 36%. The expenses for the current period consisted primarily of compensation expenses, office rent, and travel costs. General and administrative expenses decreased primarily due to increased stock-based compensation issued to officers, as offset to a lesser degree by staffing reductions related to the worldwide economic disruption from COVID-19 in the current period. General and administrative expenses included non-cash, stock-based compensation of \$441,567 and \$74,758 during the three months ended September 30, 2020 and 2019, respectively.

Professional Fees

Professional fees for the three months ended September 30, 2020 were \$356,486, compared to \$986,523 during the three months ended September 30, 2019, a decrease of \$630,037, or 64%. Professional fees included non-cash, stock-based compensation of \$254,732 and \$515,512 during the three months ended September 30, 2020 and 2019, respectively. Professional fees decreased primarily due to decreased stock-based compensation and investor relations efforts during the current period.

Other Income (Expense)

Other expenses, on a net basis, for the three months ended September 30, 2020 were \$7,517, compared to other expenses, on a net basis, of \$221,432 during the three months ended September 30, 2019, a decrease in net expenses of \$213,915, or 97%. Other expenses consisted of \$7,517 of interest expense for the three months ended September 30, 2020, compared to \$225,053 of interest expense, as offset by \$3,621 of interest income, during the three months ended September 30, 2019.

Net Loss

Net loss for the three months ended September 30, 2020 was \$1,132,429, or \$0.02 per share, compared to \$1,796,982, or \$0.04 per share, during the three months ended September 30, 2019, a decrease of \$664,553, or 37%. The net loss decreased primarily due to decreased professional fees and interest expense during the current period, along with reductions in operating costs related to the worldwide economic disruption from COVID-19 in the current period.

Results of Operations for the Nine Months Ended September 30, 2020 and 2019:

The following table summarizes selected items from the statement of operations for the nine months ended September 30, 2020 and 2019.

	Nine Months Ended September 30,		Increase / (Decrease)
	2020	2019	
Revenues	\$ 103,384	\$ -	\$ 103,384
Cost of goods sold	24,433	-	24,433
Gross profit	78,951	-	78,951
Operating expenses:			
General and administrative	3,316,715	1,633,814	1,682,901
Professional fees	3,447,341	2,430,945	1,016,396
Total operating expenses:	6,764,056	4,064,759	2,699,297
Operating loss	(6,685,105)	(4,064,759)	2,620,346
Total other income (expense)	(28,571)	(380,967)	(352,396)
Net loss	\$ (6,713,676)	\$ (4,445,726)	\$ 2,267,950

Revenues

We began to generate revenues from the sale of seeds in the current year. Revenues were \$103,384 for the nine months ended September 30, 2020.

Cost of Goods Sold

Cost of goods sold for the nine months ended September 30, 2020 were \$24,433. Cost of goods sold consists primarily of labor, agricultural raw materials, depreciation and overhead.

General and Administrative Expenses

General and administrative expenses for the nine months ended September 30, 2020 were \$3,316,715, compared to \$1,633,814 during the nine months ended September 30, 2019, an increase of \$1,682,901, or 103%. The expenses for the current period consisted primarily of compensation expenses, office rent, and travel costs. General and administrative expenses increased primarily due to increased stock-based compensation issued to officers, as offset to a lesser degree by staffing reductions related to the worldwide economic disruption from COVID-19 in the current period. General and administrative expenses included non-cash, stock-based compensation of \$2,415,366 and \$179,581 during the nine months ended September 30, 2020 and 2019, respectively.

Professional Fees

Professional fees for the nine months ended September 30, 2020 were \$3,447,341, compared to \$2,430,945 during the nine months ended September 30, 2019, an increase of \$1,016,396, or 42%. Professional fees included non-cash, stock-based compensation of \$2,839,132 and \$971,647 during the nine months ended September 30, 2020 and 2019, respectively. Professional fees increased primarily due to increased stock-based compensation during the current period.

Other Income (Expense)

Other expenses, on a net basis, for the nine months ended September 30, 2020 were \$28,571, compared to other expenses, on a net basis, of \$380,967 during the nine months ended September 30, 2019, a decrease in net expenses of \$352,396, or 92%. Other expenses consisted of \$28,571 of interest expense for the nine months ended September 30, 2020, compared to a \$4,087 loss on disposal of fixed assets, and \$380,749 of interest expense, as offset by \$3,869 of interest income, during the nine months ended September 30, 2019.

Net Loss

Net loss for the nine months ended September 30, 2020 was \$6,713,676, or \$0.14 per share, compared to \$4,445,726, or \$0.11 per share, during the nine months ended September 30, 2019, an increase of \$2,267,950, or 51%. The net loss increased primarily due to increased stock-based compensation during the current period, as partially offset by reductions in operating costs related to the worldwide economic disruption from COVID-19 in the current period.

Liquidity and Capital Resources

The following is a summary of the Company's cash flows provided by (used in) operating, investing, financing activities and effect of exchange rate changes on cash for the nine months ended September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Operating Activities	\$ (1,155,282)	\$ (3,115,487)
Investing Activities	(37,793)	(224,597)
Financing Activities	960,274	4,190,961
Effect of Exchange Rate Changes on Cash	(28,700)	(21,121)
Net Increase (Decrease) in Cash	<u>\$ (261,501)</u>	<u>\$ 829,756</u>

Net Cash Used in Operating Activities

During the nine months ended September 30, 2020, net cash used in operating activities was \$1,155,282, compared to net cash used in operating activities of \$3,115,487 for the nine months ended September 30, 2019. The cash used in operating activities was primarily attributable to our net loss.

Net Cash Used in Investing Activities

During the nine months ended September 30, 2020, net cash used in investing activities was \$37,793, compared to net cash used in investing activities of \$224,597 for the nine months ended September 30, 2019. The cash used in investing activities consisted of purchases of fixed assets.

Net Cash Provided by Financing Activities

During the nine months ended September 30, 2020, net cash provided by financing activities was \$960,274, compared to net cash provided by financing activities of \$4,190,961 for the nine months ended September 30, 2019. The current period consisted of \$261,274 of debt financing, debt repayments of \$779,332, and \$1,478,332 of proceeds from the sale of stock, compared to \$500,000 of net proceeds received on debt financing, debt repayments of \$314,141, and \$4,005,102 of equity financing received during the nine months ended September 30, 2019.

Ability to Continue as a Going Concern

As of September 30, 2020, our balance of cash on hand was \$20,879, and we had negative working capital of \$592,394 and an accumulated deficit of \$14,895,712. We currently do not have sufficient funds to sustain our operations for the next twelve months and we will need to raise additional cash to fund our operations to the extent necessary to provide working capital.

The Company has incurred recurring losses from operations resulting in an accumulated deficit, and, as set forth above, the Company's cash on hand is not 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 generate 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. There can be no assurance that we will be successful in achieving these objectives, becoming profitable or continuing our business without either a temporary interruption or a permanent cessation. Additional financing may result in substantial dilution to existing stockholders.

The condensed consolidated 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.

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.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires our management to make assumptions, estimates and judgments that affect the amounts reported, including the notes thereto, and related disclosures of commitments and contingencies, if any. We have identified certain accounting policies that are significant to the preparation of our financial statements. These accounting policies are important for an understanding of our financial condition and results of operations. Critical accounting policies are those that are most important to the presentation of our financial condition and results of operations and require management's subjective or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to financial statements and because of the possibility that future events affecting the estimate may differ significantly from management's current judgments.

While our significant accounting policies are more fully described in notes to our consolidated financial statements appearing elsewhere in this Form 10-Q, we believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating our reported financial results and affect the more significant judgments and estimates that we used in the preparation of our financial statements.

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.

There was no impact on the Company's financial statements from ASC 606 for the nine months ended September 30, 2020, or the year ended December 31, 2019. Inventory consisted of \$93,560 of raw materials, \$42,622 of work in progress and \$90,022 of finished goods at September 30, 2020, and \$24,682 of raw materials at September 30, 2019.

Stock-Based Compensation

The Company accounts for equity instruments issued to employees in accordance with the provisions of ASC 718 Stock Compensation (ASC 718) and Equity-Based Payments to Non-employees pursuant to ASC 505-50 (ASC 505-50). 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide the information required by this Item

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Interim Chief Financial Officer evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2020. 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 September 30, 2020, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There have been no significant 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 period of our evaluation or subsequent to the date we carried out our evaluation which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that any system of controls and procedures will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not a party to any legal or administrative proceedings that we believe, individually or in the aggregate, would be likely to have a material adverse effect on our financial condition or results of operations.

ITEM 1A. RISK FACTORS

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, the Company is not required to provide the information required by this Item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following issuances of equity securities by the Company during the three month period ended September 30, 2020 were exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof and Regulation D thereunder:

Preferred Stock Sales

On various dates between July 1, 2020 and September 14, 2020, the Company received total proceeds of \$1,078,330 from the sale of 107,833 units, consisting in the aggregate of 107,833 shares of Series A Preferred Stock and five-year warrants to purchase 5,391,650 shares of common stock at an exercise price of \$0.25 per share to fourteen accredited investors. Each share of Preferred Stock is currently convertible into 50 shares of the Company’s common stock.

Common Stock Issued for Services

On July 1, 2020, the Company awarded an aggregate of 875,000 shares of common stock, restricted in accordance with Rule 144, to four employees and consultants for services provided.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

<u>Exhibit</u>	<u>Description</u>
2.1	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)
3.1	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)
3.2	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)
3.3	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)
3.4	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)
3.5	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)
4.1	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 May 29, 2020)
10.1	Promissory Note dated May 4, 2020, made by OWP Ventures, Inc. in favor of Customers Bank (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 May 8, 2020)
10.2	Separation and Release Agreement between One World Pharma, Inc. and Craig Ellins, dated June 3, 2020 (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 9, 2020)
10.3	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)
31.1*	Certification of Chief Executive Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a)
31.2*	Certification of Interim Chief Financial Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a)
32.1*	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
32.2*	Certification of Interim 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
101.INS*	XBRL Instance Document
101.SCH*	XBRL Schema Document
101.CAL*	XBRL Calculation Linkbase Document
101.DEF*	XBRL Definition Linkbase Document
101.LAB*	XBRL Labels Linkbase Document
101.PRE*	XBRL Presentation Linkbase Document

* Filed herewith.

SIGNATURES

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

Date: November 23, 2020

One World Pharma, Inc.

/s/ Isiah L. Thomas III

Isiah L. Thomas III
Chief Executive Officer
(Principal Executive Officer)

/s/ Bruce Raben

Bruce Raben
Interim Chief Financial Officer
(Principal Financial Officer)

**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 quarterly report on Form 10-Q of One World Pharma, 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. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report 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;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are 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: November 23, 2020

**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, Bruce Raben, certify that:

1. I have reviewed this quarterly report on Form 10-Q of One World Pharma, 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. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report 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;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are 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/ Bruce Raben

Bruce Raben
Interim Chief Financial Officer

Dated: November 23, 2020

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

In connection with the Quarterly Report of One World Pharma, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2020 (the "Report") I, Isiah L. Thomas III, Chief Executive Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

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

Date: November 23, 2020

/s/ Isiah L. Thomas III

Name: Isiah L. Thomas III
Title: Chief Executive Officer

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

In connection with the Quarterly Report of One World Pharma, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2020 (the "Report") I, Bruce Raben, Principal Financial Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

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

Date: November 23, 2020

/s/ Bruce Raben

Name: Bruce Raben
Title: Interim Chief Financial Officer
