THE SUSTAINABLE GREEN TEAM, LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JANUARY 1, 2022, AND JANUARY 2, 2021

THE SUSTAINABLE GREEN TEAM LTD. AND SUBSIDIARIES
FOR THE FISCAL YEAR ENDED JANUARY 1, 2022

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Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of The Sustainable Green Team Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Sustainable Green Team Ltd. as of January 1, 2022 and January 2, 2021, the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 1, 2022 and January 2, 2021, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Basis for Opinion

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

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

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

/S/ BF Borgers CPA PC
BF Borgers CPA PC

We have served as the Company's auditor since 2020
Lakewood, CO
March 31, 2022

THE SUSTAINABLE GREEN TEAM AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	January 1, 2022	January 2, 2021
ASSETS		
Current Assets		
Cash	$ 788,242	$ 506,287
Short-term investments	52	2,801,263
Accounts receivable, net of allowance for doubtful accounts	2,538,626	1,631,921
Inventories	7,588,085	9,806,776
Prepaid expenses and other current assets	1,503,504	628,364
Total Current Assets	12,418,509	15,374,611
Property and equipment, net	52,049,146	24,158,297
Other Assets		
Long-term investments	1,051,702	842,272
Goodwill	324,000	100,000
Intangibles, net	84,440	95,000
ROU asset	977,355	313,538
Total Other Assets	2,437,497	1,350,810
Total Assets	$ 66,905,152	$ 40,883,718
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$ 2,671,776	$ 711,605
Current portion of lease liability	249,186	132,668
Notes payable	4,486,461	2,459,945
Notes payable - related party	-	2,982,417
Total Current Liabilities	7,407,423	6,286,635
Long-term Liabilities		
Lease liabilities, net of current portion	751,606	207,328
Notes payable, net of current portion	17,480,621	4,794,541
Note payable - related party, net of current portion	-	18,802,355
Total Long-term Liabilities	18,232,227	23,804,224
Total Liabilities	25,639,650	30,090,859
Commitments and contingencies		
Stockholders' Equity		
Preferred Series A stock, $0.0001 par value, 5,000,000 shares authorized, 90 shares outstanding	-	-
Common stock, $0.0001 par value; 245,000,000 shares authorized; 90,460,425 and 89,168,405 shares issued and outstanding, respectively	9,046	8,917
Additional paid-in capital	34,636,450	6,825,996
Retained earnings	6,620,006	3,957,946
Total Stockholders' Equity	41,265,502	10,792,859
Total Liabilities and Stockholders' Equity	$ 66,905,152	$ 40,883,718

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

THE SUSTAINABLE GREEN TEAM AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended		Year Ended	
	Jan 1, 2022	Jan 2, 2021	Jan 1, 2022	Jan 2, 2021
Net Revenue	$ 6,038,079	$ 4,553,195	$ 31,925,731	$ 30,584,291
Cost of revenue	6,284,044	5,585,999	30,604,565	27,430,601
Total gross profit	(245,965)	(1,032,804)	1,321,166	3,153,690
Operating expenses				
Selling, general and administrative	1,571,667	948,460	5,033,382	3,902,262
Depreciation and amortization	8,361	276,366	31,581	377,489
Total operating expenses	1,580,028	1,224,826	5,064,963	4,279,751
Loss from operations	(1,825,993)	(2,257,630)	(3,743,797)	(1,126,061)
Other income (expense)				
Interest expense, net	(216,579)	(307,994)	(508,034)	(1,044,941)
Bargain purchase gain	7,123,084	-	7,123,084	7,488,585
Debt forgiveness	-		1,613,128	
Other income (expense), net	30,938	(47,060)	26,979	114,518
Total other expense	6,937,443	(355,054)	8,255,157	6,558,162
Income (loss) before provision for income taxes	5,111,450	(2,612,684)	4,511,360	5,432,101
Provision for income taxes	(429,162)	(601,848)	(716,002)	(169,191)
Net Income (loss)	$ 5,540,612	$ (2,010,836)	$ 5,227,362	$ 5,601,292
Net income (loss) per common share - basic	$ 0.06	$ (0.02)	$ 0.06	$ 0.07
Net income (loss) per common share - diluted	$ 0.06	$ (0.02)	$ 0.05	$ 0.07
Weighted average shares outstanding - basic	89,779,971	89,168,405	90,161,612	84,098,649
Weighted average shares outstanding - diluted	95,419,975	89,655,905	95,801,616	84,561,183

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THE SUSTAINABLE GREEN TEAM AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Twelve Months Ended January 1, 2022:	Preferred Stock		Common Stock		Additional Paid-in	Retained	
	Shares	Amount	Shares	Amount	Capital	Earnings	Total
Balance at January 2, 2021	90	$ -	89,168,405	$ 8,917	$ 6,825,996	$ 3,957,946	$ 10,792,859
Stock issued for 2020 debt inducement			300,000	30	62,970		63,000
Stock issued for compensation			25,000	3	28,797		28,800
Net loss						(121,435)	(121,435)
Balance as of April 3, 2021	90	-	89,493,405	8,950	6,917,763	3,836,511	10,763,224
Net income						916,915	916,915
Balance as of July 3, 2021	90	-	89,493,405	8,950	6,917,763	4,753,426	11,680,139
Related party contribution on debt forgiveness					17,484,728		17,484,728
Note payable converted to stock			6,000,000	600	3,699,400		3,700,000
Net loss			.			(1,108,731)	(1,108,731)
Balance as of October 2, 2021	90	-	95,493,405	9,550	28,101,891	3,644,695	31,756,136
Stock subscriptions			5,640,004	564	4,229,439		4,230,003
Stock redemptions			(11,397,984)	(1,140)	(1,708,558)	(2,565,301)	(4,274,999)
Stock issued for compensation			125,000	12	93,738		93,750
Stock issued for acquisitions			600,000	60	3,919,940		3,920,000
Net income						5,540,612	5,540,612
Balance as of January 1, 2022	90	$ -	90,460,425	$ 9,046	$ 34,636,450	$ 6,620,006	$ 41,265,502

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

THE SUSTAINABLE GREEN TEAM AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (continued)

Twelve Months Ended January 2, 2021:

	Preferred Stock		Common Stock		Additional Paid-in	Retained	
	Shares	Amount	Shares	Amount	Capital	Earnings	Total
Balance at December 28, 2019	90	$ -	43,752,636	$ 4,875	$ 295,900	$ 8,844,692	$ 9,145,467
Mulch Mfg pre-acquisition distributions						(12,887,403)	(12,887,403)
Mulch Mfg equity, net of intercompany gain, at time of acquisition				(500)	(50,020)	2,399,365	2,348,845
Issued ICW Mulch Mfg acquisition			40,000,000	4,000	5,996,000		6,000,000
Issued ICW reverse merger			4,000,000	400	99,600		100,000
Net income						7,507,316	7,507,316
Balance as of March 28, 2020	90	-	87,752,636	8,775	6,341,480	5,863,970	12,214,225
Cancelled ICW Mulch Mfg acquisition			(1,000,000)	(100)	100		-
Subscription issuance			1,250,000	125	99,875		100,000
Issued ICW reverse merger			25,000	3	(3)		-
Issued ICW conversion of notes payable			1,140,769	114	384,544		384,658
Net income						1,214,231	1,214,231
Balance as of June 27, 2020	90	-	89,168,405	8,917	6,825,996	7,078,201	13,913,114
Net loss						(1,109,419)	(1,109,419)
Balance as of January 2, 2021	90	-	89,168,405	8,917	6,825,996	5,968,782	12,803,695
Net loss						(2,010,836)	(2,010,836)
Balance as of January 2, 2021	90	$ -	89,168,405	$ 8,917	$ 6,825,996	$ 3,957,946	$ 10,792,859

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

THE SUSTAINABLE GREEN TEAM AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Twelve Months Ended	
	Jan 1, 2022	**Jan 2, 2021**
Cash flows from operating activities:		
Net Income	$ 5,227,362	$ 5,601,292
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for (recovery of) doubtful accounts	(79,598)	81,321
Depreciation and amortization	3,565,912	3,142,292
Common stock issued as compensation	122,550	
Gain on sale of fixed assets		(63,562)
Gain on Paycheck Protection Program debt forgiveness	(1,613,128)	
Equity increase in long term investment	(315,281)	
Bargain purchase gain	(7,123,084)	(7,488,585)
Changes in operating assets and liabilities:		
Accounts receivable, net	(827,107)	447,892
Inventory	2,218,691	689,156
Prepaid expenses and other current assets	(875,140)	150,986
Accounts payable and accrued expenses	2,121,321	(834,342)
Net cash provided by operating activities	2,422,498	1,726,450
Cash flows from investing activities:		
Purchases of property and equipment	(3,835,636)	(3,234,652)
Proceeds from sale of property and equipment		60,855
Net short-term investment redemptions (purchases)	2,801,210	5,123,933
Purchases of long-term investments		(253,500)
Proceeds from long-term investments	105,850	321,500
Net cash from (used in) investing activities	(928,576)	2,018,136
Cash flows from financing activities:		
Principal payments on leases	(233,575)	(107,648)
Proceeds from notes payable	1,236,080	9,137,232
Payment on notes payable	(1,471,282)	(596,737)
Payment on notes payable, related parties	(698,194)	(3,858,253)
Stock subscriptions	4,230,003	
Stock redemptions	(4,274,999)	
Distributions		(7,844,981)
Net cash provided by (used in) financing activities	(1,211,967)	(3,270,387)
Net increase (decrease) in cash	281,955	474,199
Cash - beginning of period	506,287	32,088
Cash - end of period	$ 788,242	$ 506,287

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

THE SUSTAINABLE GREEN TEAM AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS continued

	Twelve Months Ended	
	Jan 1, 2022	**Jan 2, 2021**
Supplemental cash flow information:		
Cash paid for:		
Interest	$ 716,432	$ 832,760
Income taxes	$ 50	$ 159,179
Non-cash investing and financing activities:		
Note and interest payable contribution to capital	$ 17,484,728	
Purchase of plant, property and equipment for notes payable	$ 16,560,927	$ 4,948,908
Purchase of plant, property and equipment for common stock	$ 3,696,000	
Acquisition of right of use assets for lease obligations	$ 895,781	
Stock issued for accrued interest and compensation		
Stock issued for accrued stock subscription and compensation		$ 200,000
Stock issued for accrued debt inducement	$ 63,000	
Stock issued for acquisition of Day Dreamer Productions, LLC	$ 224,000	
Conversion of notes payable to stock	$ 3,700,000	$ 384,657
Stock issued and liabilities assumed for equipment		$ 7,856,052
Property and equipment bargain purchase recognition	$ 7,123,084	$ 7,488,585
Distribution of property and equipment		$ 5,042,424

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

NOTE 1 – ORGANIZATION AND BUSINESS OPERATIONS

Corporate History

The Sustainable Green Team, Ltd., (f/k/a Sierra Gold Corp.) (the "Parent" or "SGTM"), a Delaware corporation, conducts business activities principally through its three wholly-owned subsidiaries: National Storm Recovery LLC ("NSR LLC"), a Delaware limited liability company, Mulch Manufacturing, Inc., an Ohio corporation ("MM") and Sierra Gold Merger Corp. ("SGMC"), a Delaware corporation (collectively, the "Company").

The Company was initially formed, under the name Alpha Diamond Corporation in the State of Nevada on January 22, 1997. It's undergone multiple name changes over the years and a domicile change to Wyoming on February 15, 2011.

Effective April 18, 2019, Sierra Gold Corp., ("SGCP"), entered into an equity exchange agreement (the "Merger"), as amended on December 31, 2019 with NSR LLC, pursuant to which SGCP acquired all of the membership units of NSR LLC. Upon closing, NSR LLC became a wholly-owned subsidiary of SGCP.

On July 22, 2019, a Certificate of Amendment was filed with the State of Wyoming to change the name of the Company from "Sierra Gold Corporation" to "National Storm Recovery, Inc." and to affect a 1 for 10,000 reverse stock split. At September 11, 2019, the Company's trading symbol changed from "SGCP" to "NSRI".

The stock split decreased the issued and outstanding shares of its common stock from 3,406,865,285 to 602,636 (after rounding up to a 100 share minimum) before SGCP issued 40,000,000 shares of its common stock to the members of NSR LLC as consideration for the equity interests exchange. As a result of the Merger, NSR LLC members acquired 99% of SGCP's issued and outstanding shares of common stock and SGCP changed its principal focus to providing tree services, debris hauling and removal, biomass recycling, mulch manufacturing, packaging and sales.

The Merger was treated as a reverse recapitalization effected by an equity exchange for financial and reporting purposes since SGCP was deemed to be a shell corporation with nominal operations and no assets at the time of the merger. NSR LLC is considered the acquirer for accounting purposes, and the SGCP's historical financial statements before the Merger have been replaced with the historical financial statements of NSR LLC before the Merger in future filings.

On December 31, 2019 the Company entered into a restructuring as a holding company pursuant to Delaware General Corporation Law ("DGCL") §251(g) known as "the Delaware Holding Company Statute." In order to effect this restructuring NSRI and NSR LLC company each changed domiciles to the State of Delaware by filing Certificates of Conversion. Immediately thereafter, NSRI incorporated SGTM as its wholly-owned subsidiary and SGTM formed Sierra Gold Merger Corp., a Delaware corporation ("SGMC") as its wholly-owned subsidiary. Similarly, NSR LLC issued SGTM, 1,000 limited liability company Common Membership Units. Each of the four parties next executed an Agreement and Plan of Merger (the "Merger Agreement") as well as a Certificate of Merger, the latter of which was filed with the Delaware Secretary of State Division of Corporations on December 31, 2019 (collectively, the "Reorganization"). Pursuant to the terms of the Reorganization, NSRI merged down into SGMC with SGMC surviving as the successor to the reorganization, with all of the assets and liabilities of NSRI merging into SGMC and the separate existence of NSRI ceasing. The shares of SGTM and Membership Interests of NSR LLC, held by NSRI were canceled in the reorganization as part of the restructuring and the shares of NSRI became exchangeable for shares of SGTM on a one for one basis making SGTM the parent to both SGMC and NSR LLC as well as making SGTM the publicly-traded successor to NSRI. After obtaining FINRA approval on July 21, 2020, the Company changed its trading symbol to SGTM.

Effective January 31, 2020, the Company entered into a Business Combination Agreement (the "Mulch Acquisition") pursuant to which MM has become its wholly-owned subsidiary. Under the Mulch Acquisition, all issued and outstanding common stock in MM were converted into an aggregate of 40,000,000 shares of the Company's common stock (See Note 6).

The Company closed on the acquisition of 100% of the membership interests in Day Dreamer Productions LLC (DDP) on December 30, 2021. DDP is in the business of producing informational and promotional videography (See Note 6).

Business Overview

The Company provides tree services, debris hauling and removal, biomass recycling, mulch manufacturing, packaging and sales. The Company's objective is to provide a solution for the treatment and handling of tree debris that has historically been disposed of in landfills, creating an environmental burden and pressure on disposal sites around the nation. This objective is founded in sustainability, based on vertically integrated operations that begin with collecting of tree debris through its tree services and collection sites, through its processing services, and then recycling and using that tree debris as a feedstock that is manufactured into a variety of organic, attractive, next-generation mulch products that are packaged and sold to landscapers, installers and garden centers. The Company plans to expand its operations through a combination of organic growth and strategic acquisitions of synergistic companies that are both accretive to earnings and enable the Company to be positioned for rapid growth. The Company operates in a highly seasonal industry generating most of its sales and profits in the first six months of the year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements as of January 1, 2022, and January 2, 2021, and for the three months and year ended January 1, 2022, and January 2, 2021, have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). In the opinion of management, such financial information includes all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the Company’s financial position at such date and the operating results and cash flows for such periods. Operating results for the three months and year ended January 1, 2022 are not necessarily indicative of the results that may be expected for the entire year or for any subsequent interim period.

The Company has adopted the period end dates conforming to the industry standards used by MM, the Company’s largest operating subsidiary. These period end dates follow a 52/53 week fiscal year which ends on the Saturday nearest to December 31. The years ended January 1, 2022, and January 2, 2021, included 52 and 53 weeks, respectively.

Principles of Consolidation

The consolidated financial statements are presented on a comparative basis. The consolidated balance sheets at January 1, 2022 and January 2, 2021 include the accounts of SGTM, NRS LLC, MM, DDP LLC, Rose, and SGMC.

The consolidated statements of operations for the three months and year ended January 1, 2022, and January 2, 2021, include the accounts of SGTM, NRS LLC, MM, Rose, and SGMC. For the year ended January 2, 2021, which includes the one month period ended January 31, 2020, the date of the Business Combination with MM, the accounts of SGTM, NRS LLC, MM and Rose are consolidated on a pro forma basis. The impact of including this one month of 2020 in the statement of operations for that year was to lower income by around $280,000 for the loss MM sustained for that month.

The consolidated statement of changes in stockholders’ equity for the year ended January 1, 2022, includes the account balances of SGTM, NRS LLC, MM, DDP LLC, Rose, and SGMC. For the year ended January 2, 2021, the accounts of SGTM, NRS LLC, MM, Rose, and SGMC are presented on a pro forma basis. The net income for this year includes that of MM and Rose for the one month ending January 31, 2020, on a pro forma basis.

The consolidated statement of cash flows for the year ended January 1, 2022, includes the accounts of SGTM, NRS LLC, MM, DDP LLC and Rose. The year ended January 2, 2021, include the accounts of SGTM, NRS LLC, MM and Rose; with the latter two included on a pro forma basis for the one month ended January 31, 2020.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, equity-based transactions, revenue and expenses and disclosure of contingent liabilities at the date of the consolidated financial statements. The Company bases its estimates and assumptions on historical experience, known or expected trends and various other assumptions that it believes to be reasonable. As future events and their effects cannot be determined with precision, actual results could differ from these estimates which may cause the Company’s future results to be affected.

Revenue

The Company’s revenues are derived from two major types of services to clients: landscape recovery services and the manufacturing and sale of landscape mulch. With respect to landscape recovery services, the Company provides tree services, debris hauling and removal and biomass recycling.

The Company recognizes revenue when its performance obligations are satisfied. With respect to landscape recovery services, its performance obligation is satisfied upon the completion of the landscape services for its customers. With respect to the manufacturing and selling of landscape mulch, its performance obligation is satisfied upon delivery to its customers. Services are provided for cash or on credit terms. These credit terms, which are established in accordance with local and industry practices, require payment generally within 30 days of performance or end of season for qualifying orders. The Company estimates and reserves for its bad debt exposure based on its experience with past due accounts and collectability, the aging of accounts receivable and its analysis of customer data.

Disaggregated Revenues

Revenue consists of the following by service and product offering for the three months ended January 1, 2022:

Landscaping Recovery Services	Manufacturing and Sales of Mulch	Total
$ 775,038	$ 5,706,294	$ 6,481,332

Revenue consists of the following by service and product offering for the year ended January 1, 2022:

Landscaping Recovery Services	Manufacturing and Sales of Mulch	Total
$ 3,430,464	$ 28,938,520	$ 32,368.984

Revenue consists of the following by service and product offering for the three months ended January 2, 2021:

Landscaping Recovery Services	Manufacturing and Sales of Mulch	Total
$ 1,079,621	$ 3,473,574	$ 4,553,195

Revenue consists of the following by service and product offering for the year ended January 2, 2021:

Landscaping Recovery Services	Manufacturing and Sales of Mulch	Total
$ 3,227,218	$ 27,357,073	$ 30,584,291

Cash

The Company considers all highly liquid short-term instruments that are purchased with an original maturity of three months or less to be cash equivalents. The Company did not have any cash equivalents as of January 1, 2022 and January 2, 2021.

Account Receivable and Retainage

The Company periodically assesses its accounts receivable for collectability on a specific identification basis. If collectability of an account becomes unlikely, an allowance is recorded for that doubtful account. As of January 1, 2022, and January 2, 2021, the Company's allowance for doubtful accounts was $60,000 and $150,000, respectively.

From time to time, the Company's customers may retain a portion of the amount due the Company for large landscaping or disaster recovery jobs until all contract obligations have been met. As of January 1, 2022, and January 2, 2021, the Company was due approximately $-0- and $63,000, respectively, in such retainage. This retainage was included in the Company's Accounts Receivable balance.

Inventory

Inventories are stated at the lower of cost or net realizable value, with cost determined by the weighted-average cost method using full absorption costing for manufactured goods.

Property and Equipment

Property and equipment are recorded at cost. During the year ended January 2, 2021, previously expensed rental deposits of approximately $455,000 were capitalized and applied to the buy-out of assets pursuant to their rental purchase agreements, the impact, of which, was to lower cost of sales for that year. Expenditures that enhance the useful lives of the assets are capitalized and depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of the related capitalized assets. Machinery and equipment is generally depreciated over 7 to 10 years. Vehicles are generally depreciated over 5 years.

Maintenance and repairs are charged to expense as incurred. At the time of retirement or other disposition of property and equipment, its cost and accumulated depreciation is removed from the accounts and the resulting gain or loss, if any, is reflected in operations.

Impairment of Long-Lived Assets and Right of Use Assets

The Company reviews long-lived assets, including finite-lived intangible assets and right of use ("ROU") lease assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then these assets are written down first, followed by other long-lived assets of the operation to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets.

Intangible Assets

The Company records its intangible assets at cost in accordance with Accounting Standards Codification ("ASC") 350, *Intangibles – Goodwill and Other*. Finite lived intangible assets are amortized over their estimated useful life using the straight-line method, which is determined by identifying the period over which the cash flows from the asset are expected to be generated. During the three months and year ended January 1, 2022, the Company did not record a loss on impairment. For the three months and year ended January 2, 2021, the Company recorded a $317,500 loss on the impairment of an advantageous supply contract.

Goodwill

Goodwill represents the excess of the purchase price of the acquired business over the estimated fair value of the identifiable net assets acquired. Goodwill is not amortized but is tested for impairment at least annually at year end, at the reporting unit level or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill is tested for impairment at the reporting level by first performing a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. If the reporting unit does not pass the qualitative assessment, then the reporting unit's carrying value is compared to its fair value. The fair values of the reporting units are estimated using market and discounted cash flow approaches. Goodwill is considered impaired if the carrying value of the reporting unit exceeds its fair value. The discounted cash flow approach uses expected future operating results. Failure to achieve these expected results may cause in a future impairment of goodwill at the reporting unit.

Advertising and Marketing Costs

The Company expenses advertising and marketing costs as they are incurred. Advertising and marketing expenses were approximately $90,000 and $303,000 for the three months and year ended January 1, 2022, respectively, and $70,000 and $305,000 for the three months and year ended January 2, 2021, respectively, and are recorded in selling, general and administrative expenses on the statement of operations.

Fair Value Measurements

ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). This fair value measurement framework applies at both initial and subsequent measurement.

The Company's financial assets and liabilities carried at fair value measured on a recurring basis as of January 1, 2022 and January 2, 2021, consisted of the following:

	Total fair value at January 1, 2022	Quoted prices in active markets for identical Assets (Level 1)	Significant other Observable inputs (Level 2)	Significant other Unobservable inputs (Level 3)
Investment in mutual funds	$ 52	$ 52	$ -	$ -

	Total fair value at January 2, 2021	Quoted prices in active markets for identical Assets (Level 1)	Significant other Observable inputs (Level 2)	Significant other Unobservable inputs (Level 3)
Investment in mutual funds	$ 2,801,263	$ 2,801,263	$ -	$ -

Net Income (Loss) per Common Share

Basic net income (loss) per common share is computed by dividing the net income by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share includes the effect of Common Stock equivalents (stock options, unvested restricted stock, and warrants) when, under either the treasury or if-converted method, such inclusion in the computation would be dilutive.

	Three Months Ended		Year Ended	
	January 1, 2022	January 2, 2021	January 1, 2022	January 2, 2021
Numerator for basic and diluted earnings (loss) per share:				
Net income (loss)	$ 5,540,612	$ (2,010,836)	$ 5,227,362	$ 5,601,292
Denominator for basic earnings (loss) per share - weighted average shares outstanding	89,779,971	89,168,405	90,161,612	84,098,649
Stock warrants	5,640,004	-	5,640,004	-
Convertible notes	-	487,500	-	462,534
Denominator for diluted earnings (loss) per share – weighted average and assumed conversion	95,419,975	89,655,905	95,801,616	84,561,183
Net income (loss) per share:				
Basic net income (loss) per share	$ 0.06	$ (0.02)	$ 0.06	$ 0.07
Diluted net income (loss) per share	$ 0.06	$ (0.02)	$ 0.05	$ 0.07

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carry forwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company utilizes ASC Topic 740, "Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. The Company accounts for income taxes using the asset and liability method to compute the differences between the tax basis of assets and liabilities and the related financial amounts, using currently enacted tax rates. A valuation allowance is recorded when it is "more likely-than-not" that a deferred tax asset will not be realized. For tax positions that meet a "more likely than not" threshold, the Company recognizes the benefit in the consolidated financial statements.

For the three months ended January 1, 2022 and January 2, 2021, the Company recognized approximately $429,000 and $602,000 tax benefit, respectively, and $716,000 and $169,000 tax benefit for the years ended January 1, 2022 and January 2, 2021, respectively. These tax provisions were based on a 27% effective rate for federal and state income taxes after accounting for permanent differences between book and taxable income. The Company has recorded a $901,876 and $175,471 deferred tax asset, net of a valuation allowance, as of January 1, 2022, and January 2, 2021, respectively. Management believes this asset to be "more likely than not" fully realized in future periods.

The Company's practice is to recognize interest and penalties, if any, related to uncertain tax positions in income tax expense in the consolidated statements of operations.

Recent Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, simplifying the Accounting for Income Taxes (Topic 740) as part of its simplification initiative to reduce the cost and complexity in accounting for income taxes. This guidance is effective for interim and annual reporting periods beginning within 2021.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The standard requires all leases that have a term of over 12 months to be recognized on the balance sheet with the liability for lease payments and the corresponding right-of-use asset initially measured at the present value of amounts expected to be paid over the term. Recognition of the costs of these leases on the income statement will be dependent upon their classification as either an operating or a financing lease. Costs of an operating lease will continue to be recognized as a single operating expense on a straight-line basis over the lease term. Costs for a financing lease will be disaggregated and recognized as both an operating expense (for the amortization of the right-of-use asset) and interest expense (for interest on the lease liability). This standard was effective for the Company's interim and annual periods beginning January 1, 2019 and was applied on a modified retrospective basis to leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The adoption of ASU 2016 - 02 had a material impact on the Company's consolidated financial statements and related disclosures.

NOTE 3 – INVENTORIES

The Company's inventories are comprised of the following for the periods ended January 1, 2022 and January 2, 2021:

	January 1, 2022	January 2, 2021
Raw Materials	$4,453,785	$ 6,968,808
Work in process	1,155,439	1,712,380
Finished goods	1,978,861	1,125,588
	$7,588,085	$9,806,776

The Company has also advanced deposits for the production and delivery of mulch products in the amount of $-0- and $250,000 as of January 1, 2022, and January 2, 2021, respectively, which are included in "Prepaid expenses and other current assets."

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	January 1, 2022	January 2, 2021
Machinery and equipment	$ 20,777,465	$ 20,135,720
Vehicles	4,383,043	4,177,851
Land	6,807,573	1,502,024
Buildings	6,234,718	-
Leasehold improvements	283,268	826,737
Construction in process	19,599,106	465,750
	58,085,173	27,108,082
Less: accumulated depreciation	(6,036,027)	(2,949,785)
Property and equipment, net	$ 52,049,146	$ 24,158,297

Total depreciation expense between cost of revenue and operating expenses for the three months and year ended January 1, 2022, was $895,950 and $3,324,798, respectively. For the three months and year ended January 2, 2021, the total depreciation expense between cost of revenue and operating expenses was $882,814 and $2,668,230, respectively.

The Company had several bulk sawmill equipment purchases on December 31, 2021, that are included in construction in process above. The first one was for 400,000 shares of common stock, valued at $3,696,000, for equipment in Beaver, WA, appraised for $8,570,600. The $4,874,600 difference between the 400,000 shares closing at $9.24 per share on the date of the transaction resulted in the recognition of a bargain purchase gain.

The second bulk sawmill equipment purchase was for a facility in Jasper, FL, which was appraised for $9,798,550. The $7,550,066 purchase price was paid for by cash and debt. The $2,248,484 difference between the equipment's appraised value and its purchase price was recognized as a bargain purchase gain.

NOTE 5 – ACQUISITIONS

Mulch Manufacturing, Inc. Acquisition

On January 31, 2020, the Company entered into a Business Combination Agreement (the "Mulch Acquisition") with MM and its sole shareholder, Ralph Spencer ("Spencer") (collectively the "MM Parties"), pursuant to which the Company acquired all of the shares of MM. Upon closing, MM became a wholly-owned subsidiary of SGTM.

Pursuant to the Mulch Acquisition, at the effective time of the acquisition:

- All of MM's outstanding common stock was exchanged for an aggregate of 40,000,000 shares of SGTM's common stock.
- One million shares previously issued to the MM shareholder in connection with the sale of equipment by MM to NSR LLC in November 2019 were cancelled.
- There were specific excluded assets that were retained by Spencer and treated as transferred to Spencer prior to the acquisition consisting of cash, real estate, and certain vehicles and equipment. Spencer agreed to allow the Company to use some of the real estate rent-free until January 31, 2022, at which time the Company had the option of either leasing or purchasing it at the fair market value.
- All of the existing MM notes, notes and accounts receivable, and inventory at the date of the Mulch Acquisition are included in the acquisition and the Company had immediate possession of them by its ownership of MM. However, the 40 million shares of the Company's common stock that was issued as consideration was based on these assets being removed from MM prior to the acquisition. The value of these assets are valued separately from the share exchange and that certain demand promissory note payable to Spencer in the amount of approximately $14 million was adjusted to reflect the value of the inventory, accounts receivable, and any other sums lent by Spencer to MM.

The Company accounted for these transactions in accordance with the acquisition method of accounting for business combinations. An independent appraisal, made in February 2020, determined the fair market value of MM's property and equipment to be $17,228,295. Assets and liabilities of the acquired business were included in the consolidated balance sheets as of January 1, 2022, and January 2, 2021, based on their respective estimated fair values on the date of acquisition. Based on a closing market price of $0.15

per share on the January 31, 2020, business combination date, the assumption of net liabilities plus a bargain purchase recognition and asset write-up, the Company is recognizing the allocation to the accounts of MM as follows:

Appraised fair market value of property and equipment			$ 17,228,295
Less: Net book value of just MM's property and equipment on January 31, 2020			1,883,657
Excess of fair market over net book value of MM property and equipment			15,344,638
Value of common stock issued for MM		$6,000,000	
Net book value of MM on January 31, 2020:			
Property and equipment	$ 1,883,657		
Investments	830,000		
Prepaid expenses and other assets	192,361		
Supply agreement	453,750		
Accounts payable and accrued expenses	(1,215,820)		
Notes payable	(4,000,000)		
Net book value (assumed) of MM on January 31, 2020		(1,856,052)	
Total purchase price, including assumed net liabilities, of MM			7,856,052
Excess of fair value over net book value plus purchase price of MM property and equipment (bargain purchase gain)			$ 7,488,586

Purchase price of MM	$ 7,856,052
Bargain purchase gain and property and equipment write-up	7,488,586
Net book value of MM on January 31, 2020	(1,856,052)
Total to be allocated	$ 13,488,586
Allocation of MM purchase price and bargain purchase gain:	
Property and equipment	$ 17,228,295
Investments	830,000
Prepaid expenses and other assets	192,361
Supply agreement	453,750
Accounts payable and accrued expenses	(1,215,820)
Notes payable	(4,000,000)
	$ 13,488,586

Day Dreamer Productions LLC Acquisition

The Company entered into an agreement to acquire 100% of the membership interest of Day Dreamer Productions, LLC around January 18, 2021, in exchange for 200,000 shares of the Company's stock. This transaction was closed on December 30, 2021, when the Company issued the shares to its sole member. This member was also retained as an employee with responsibility for managing the activities of Day Dreamer Productions, LLC.

NOTE 6 – INTANGIBLE ASSETS

The below table summarizes the identifiable intangible assets as of January 1, 2022, and January 2, 2021:

		Useful life	January 1, 2022	January 2, 2021
Supply contract [1]		10	$ 453,750	$ 453,750
Less:	Accumulated amortization		(51,810)	(41,250)
	Impairment		(317,500)	(317,500)
Total, net			$ 84,440	$ 95,000

(1) These intangible assets were acquired in the acquisition of MM on January 31, 2020.

The weighted average useful life remaining on identifiable intangible assets is 8 years.

Amortization of identifiable intangible assets for the three months and year ended January 1, 2022, was $2,640 and $10,560, respectively. Amortization of identifiable intangible assets for the three months and year ended January 2, 2021, was $11,250 and $33,750, respectively.

The below table summarizes the future amortization expense for the next five years:

2022	$	10,560
2023		10,560
2024		10,560
2025		10,560
2026		10,560
Thereafter		31,640
	$	84,440

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following amounts:

	January 1, 2022	January 2, 2021
Accounts payable	$ 2,350,056	$ 557,145
Accrued interest	8,076	91,983
Accrued expenses	313,644	62,477
	$ 2,671,776	$ 711,605

NOTE 8 –NOTES PAYABLE

	Jan 1, 2022	Jan 2, 2021
Seller note payable bearing interest at 6.0%, monthly payments of principal and interest of $76,300 beginning October 2021 with a $9,819,606 balloon due September 2024, secured by mortgaged real estate	$ 10,580,504	$ -0-
Various third-party obligations secured by assets the Company acquired subject to this indebtedness to various third-party creditors, bearing interest at a 5% average rate. Monthly payments of $122,881 principal and interest beginning January 2022 through December 2024	4,100,000	-0-
Unsecured note payable to seller on bulk equipment purchase, bearing 4.0% interest. First $300,000 payment of principal and interest due March 2022, $200,000 payments of principal and interest due quarterly thereafter until paid in full	1,400,000	-0-
Note payable to a bank, secured by equipment, bearing interest at 2.95%. Monthly payments of principal and interest in the amount of $28,698		

beginning January 2021 and due through December 2025	1,297,817	1,599,068
Unsecured note payable to a financial institution under the SBA Paycheck Protection Program for MM bearing interest at 1.0%. Monthly payments of principal and interest in the amount of $82,061 beginning August 2022 are due through April 2023.	1,236,080	-0-
Unsecured note payable to a financial institution under the SBA Paycheck Protection Program for MM bearing interest at 1.0%. Monthly payments of principal and interest in the amount of $82,061 beginning November 2020 are due through April 2022.	-0-	1,458,200
Note payable to an equipment financing company bearing interest at 3.95%. Monthly payments of principal and interest of $8,750 due August 2020 through July 2025.	342,680	432,211
Note payable to an equipment financing company bearing interest at 3.95%. Monthly payments of principal and interest of $8,316 due August 2020 through July 2025.	325,718	410,817
Note payable to an equipment financing company bearing interest at 3.95%. Monthly payments of principal and interest of $7,034 due August 2020 through July 2025.	347,452	416,642
Note payable to an equipment financing company bearing interest at 3.95%. Monthly payments of principal and interest of $7,392 due February 2021 through January 2026.	334,000	399,247
Note payable to an equipment financing company bearing interest at 3.95%. Monthly payments of principal and interest of $5,230 due December 2020 through November 2025.	222,887	275,707
Note payable to an equipment financing company bearing interest at 3.95%. Monthly payments of principal and interest of $5,201 due November 2020 through October 2025.	217,213	269,915
Note payable to an equipment financing company bearing interest at 3.95%. Monthly payments of principal and interest of $5,201 due October 2020 through September 2025.	212,727	265,602
Note payable to an equipment financing company bearing interest at 3.95%. Monthly payments of principal and interest of $5,341 due August 2020 through July 2025.	209,200	263,857
Note payable to an equipment financing company bearing interest at 3.95%. Monthly payments of principal and interest of $5,201 due August 2020 through July 2025.	208,226	261,275
Note payable to the individual seller of the landscaping and recovery services business to NSR LLC bearing interest at 5%. Monthly payments of $5,000 are due through October 2023 with a $100,000 balloon due November 2023	195,779	244,656
Non-interest bearing note payable to an equipment financing company with monthly principal payments of $5,842 due December 2021 through November 2023	134,353	-0-
Non-interest bearing note payable to an equipment financing company with monthly principal payments of $16,460 due May 2021 through April 2022.	65,838	-0-
Unsecured note payable to a financial institution under the SBA Paycheck Protection Program for NSR LLC bearing interest at 1.0%. Monthly payments		

of principal and interest of $8,719 beginning November 2020 are due through April 2022.	-0-	154,928
Note payable to an equipment financing company bearing interest at 0.00%. Monthly payments of principal of $6,993 beginning November 2020 are due through October 2022	69,928	153,842
Note payable to an equipment financing company bearing interest at 9%. Due to three month COVID-19 payment suspension, monthly payments of principal and interest increased from $3,933 to $3,993 and extended three months through December 2023	87,611	126,005
Note payable to an equipment financing company bearing interest at 5.94%. Monthly payments of principal and interest of $1,174 beginning January 2022 through March 2028	73,217	-0-
Note payable to an equipment financing company bearing interest at 8%. Due to three month COVID-19 payment suspension, monthly payments of principal and interest increased from $2,410 to $2,452 and extended three months through December 2023	54,397	78,628
Convertible note payable to a private investor bearing interest at 10%. Principal and accrued interest are due January 2021. The Company has the option of granting conversion rights at a 30% discount on the average closing price over the last 10 trading days. The Company is also obligated to issue 300,000 shares of common stock as an inducement on the issuance of the note	-0-	75,000
Note payable to an equipment financing company bearing interest at 9%. Due to three month COVID-19 payment suspension, monthly payments of principal and interest increased from $1,861 to $1,890 and extended three months through December 2023	41,466	59,633
Note payable to an equipment financing company bearing interest at 8%. Due to three month COVID-19 payment suspension, monthly payments of principal and interest increased from $1,808 to $1,840 and extended three months through December 2023	40,764	58,892
Note payable to an equipment financing company bearing interest at 11%. Due to five month COVID-19 payment suspension, monthly payments of principal and interest of $1,692 due from August through July 2023 with a $10,152 balloon payment in August 2023	36,446	51,753
Note payable to an equipment financing company bearing interest at 12%. Due to five month COVID-19 payment suspension, monthly payments of principal and interest of $1,749 due from August 2020 through June 2023 with a $10,496 balloon payment in July 2023	37,220	52,540
Note payable to an equipment financing company bearing interest at 8%. Monthly payments of principal and interest of $977 due through August 2024	28,071	37,153
Note payable to an equipment financing company bearing interest at 8%. Monthly payments of principal and interest of $932 due through September 2024	27,581	35,525
Note payable to an equipment financing company bearing interest at 8%. Monthly payments of principal and interest of $766 due through August 2024	22,395	29,746
Note payable to an investment company non-interest bearing with		

monthly payments of $5,000 principal due through March 2021.	-0-	15,000
Note payable to an equipment financing company bearing interest at 8%. Due to three month COVID-19 payment suspension, monthly payments of principal and interest increased from $751 to $765 and extended three months through January 2024	17,512	24,908
Note payable to an equipment financing company bearing interest at 14%. Due to three month COVID-19 payment suspension, monthly payments of principal and interest increased from $1,874 to $1,900 and extended three months through February 2021	-0-	3,736
Total notes payable to unrelated parties	21,967,082	7,254,486
Short-term portion of notes payable	4,486,461	2,459,945
Long-term portion of notes payable	$ 17,480,621	$ 4,794,541

The schedule of future maturities on the above notes are as follows:

Year	Amount
2022	$ 4,486,461
2023	4,135,389
2024	12,440,896
2025	825,632
2026	61,774
2027 & after	16,930
	$ 21,967,082

The above notes include three Paycheck Protection Program (PPP) loans between MM and NSR LLC totaling $2,849,208, of which the $1,458,200 and $154,928 loans were forgiven during the year ended January 1, 2022. Under the PPP, to the extent the Company uses the loan proceeds on qualifying disbursements, these loans may be forgiven. Although the Company believes that the majority of the proceeds under the remaining loan of $1,236,080 has been spent on qualifying expenditures, it has not recorded any gain on forgiveness of this indebtedness for the year ended January 1, 2022.

Related Party

On the January 31, 2020, date of the Mulch Acquisition, there was a balance on a note payable to MM's sole shareholder in the amount of $14,223,046. This note was adjusted for the receivables and inventory of MM that was excluded from the share exchange resulting in a restated and amended $15,402,355 promissory note bearing 4% interest. Also on January 31, 2020, this shareholder placed a $6,240,670 deposit with the Company. To the extent the Company consumed this cash deposit for operations, this shareholder was paid 4% interest. In August 2021 the outstanding balance on these two obligations plus accrued interest as of January 2, 2021, totaled $17,484,728, which was contributed to the capital of the Company. Interest accrued on these obligations for 2021 was credited against interest expense. Accordingly, the balance on the shareholder deposit as of January 1, 2022, and January 2, 2021, was $-0- and $2,382,417, respectively. The balance on the restated and amended promissory note was $-0- and $15,402,355 as of January 1, 2022, and January 2, 2021, respectively.

In January 2019, MM issued a promissory note to an employee in the amount of $6,000,000, $2,000,000 of which was paid during the year ended December 28, 2019. The note bore interest at 3% per annum payable quarterly, required semi-annual principal payments of $300,000 starting on June 1, 2021 and had no maturity date. As part of the Mulch Acquisition, this note was assumed by the Company. In August 2021, the holder of this note exchanged his, at that time, $3,700,000 balance in the note for 6,000,000 Company shares. As of January 1, 2022, and January 2, 2021, the balance on this note was $-0- and $4,000,000, respectively.

Total interest expense (credit) on the above related party notes and deposit was approximately $ -0- and $184,000 for the three months ended January 1, 2022, and January 2, 2021, respectively. Total interest expense on the above related party notes and deposit for the year ended January 1, 2022, and January 2, 2021, was approximately $77,000 and $722,000, respectively.

NOTE 9 - STOCKHOLDERS' EQUITY

Preferred Stock

On December 31, 2019, the Company's Board of Directors adopted articles of incorporation in the state of Delaware authorizing, without further vote or action by the stockholders, to create out of the unissued shares of the Company's common stock, $0.0001 par value Preferred Stock. The Board of Directors is authorized to establish, from the authorized and unissued shares of Preferred Stock, one or more classes or series of shares, to designate each such class and series, and fix the rights and preferences of each such class of Preferred Stock; which class or series shall have such voting powers, such preferences, relative, participating, optional or other special rights, and such qualifications, limitations or restrictions as shall be stated and expressed in the resolution or resolutions providing for the issuance of such class or series of Preferred Stock as may be adopted from time to time by the Board of Directors prior to the issuance of any shares thereof. The articles of incorporation and designation authorizes the issuance of 5,000,000 shares of Preferred Stock, of which 100 shares have been designated as Series A Preferred Stock, of which 90 of Series A are issued and outstanding as of January 1, 2022. Each holder of outstanding shares of Series A Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Series A Preferred Stock held by such holder as of the record date for determining stockholders entitled to vote on such matter, with each share casting a vote equal to: the quotient of the sum of all outstanding shares of common stock together with any and all other securities of the Company that provide for voting on an "as converted" basis divided by 0.99.

Equity Transactions During the Period

The following issuances of common stock affected the Company's Stockholders' Equity:

On January 31, 2020, as a result of the Mulch Acquisition, 40,000,000 shares of common stock were issued along with 1,000,000 shares cancelled from the October 2, 2019, effective issuance to the same shareholder (Note 5).

On February 26, 2020, the Company issued 4,000,000 shares of common stock at par value as part of the amended and restated share purchase and equity exchange agreement with SGCP.

Between April 9 and May 20, 2020, the Company issued 1,250,000 shares in connection with a $100,000 stock subscription on November 26, 2019.

On May 14, 2020 the Company issued 25,000 shares in satisfaction of an obligation assumed pursuant to the reverse merger with SGCP in 2019.

On May 20, 2020 the Company issued 786,045 shares upon a note holder's exercise of a conversion feature permitting the holder to acquire shares at a 30% discount to the prior 12 day average price as of May 15, 2020, $0.349417 per share, in satisfaction of $250,000 principal and $24,658 accrued interest on the note.

On June 12, 2020 the Company issued 354,724 shares upon a note holder's exercise of a conversion feature permitting the holder to acquire shares at a 30% discount to the prior 12 day average price as of June 10, 2020, $0.310010 per share, in satisfaction of $100,000 principal and $10,000 accrued interest on the note.

On January 13, 2021, the Company issued 300,000 shares in satisfaction of a 2020 accrual for debt financing cost.

On March 5, 2021, the Company issued 25,000 shares to an employee as compensation.

On August 16, 2021, the Company recognized a $17,484,728 capital contribution from the extinguishment of debt.

On August 25, 2021, the Company issued 6,000,000 shares in exchange for a $3,400,000 note.

On October 4, 2021, the Company issued 125,000 shares for consulting service compensation.

Between October 15, and December 15, 2021, the Company redeemed 11,397,984 shares pursuant to a stock repurchase agreement (see Note 12).

Between October and December 15, 2021, the Company issued 5,640,004 shares pursuant to subscription agreements at a price of $0.75 per share. These agreements provided for piggyback registration rights on a potential future registration of Company stock. The agreements also provided stock warrants equal to the number of subscribed shares. These warrants can be exercised at a price of

$1.50 per share and expire after one year. No allocation of proceeds was made to the warrants since the subscribed shares of common stock were issued at a price below that of the publicly traded shares.

On December 30, 2021, the Company issued 200,000 shares pursuant to an agreement to acquire 100% of the membership interest in Day Dreamer Production, LLC.

On December 31, 2021, the Company issued 400,000 shares to acquire equipment in Beaver, WA.

NOTE 10 – LEASES

A lease is defined as a contract that conveys the right to control the use of identified tangible property for a period of time in exchange for consideration. On January 1, 2019, the Company adopted ASC Topic 842 which primarily affected the accounting treatment for operating and finance lease agreements in which the Company is the lessee including Company leases of vehicles and equipment for use in the storm and disaster recovery work. The Company elected to not recognize ROU assets and lease liabilities arising from short-term leases with initial lease terms of twelve months or less (deemed immaterial) on the accompanying consolidated balance sheets.

ROU assets include any prepaid lease payments and exclude any lease incentives and initial direct costs incurred. Lease expense for minimum lease payments is recognized on the effective interest plus: for finance type leases, straight-line amortization of the asset's original ROU over its lease term; or, for operating leases, the effective amortization on the lease liability. The lease terms may include options to extend or terminate the lease if it is reasonably certain that the Company will exercise that option.

When measuring lease liabilities for leases that were classified as operating and financing leases as of January 1, 2019, NSR LLC discounted lease payments using its estimated incremental borrowing rate of 10% at January 1, 2019. From April 2020, to September 2021, MM entered into operating leases using its incremental borrowing rate of 4% to discount lease payments. Since October 2021, MM uses a 6% incremental borrowing rate.

The following table presents supplemental lease information:

	Three Months Ended		Year Ended	
Lease cost	January 1, 2022	January 2, 2021	January 1, 2022	January 2, 2021
Finance lease cost				
Amortization on ROU assets	$ 17,792	$ 20,301	$ 71,169	$ 79,273
Interest on lease liabilities	4,120	9,327	19,275	30,707
Operating lease cost	65,098	17,806	177,034	36,371
Short-term lease cost	28,876	73,114	387,517	457,085
Total lease cost	$115,886	$120,548	$654,995	$603,436

Cash paid for amounts included in the measurement of lease liabilities for:				
Finance leases:				
Financing cash flows	$ 23,366	$ 23,366	$93,465	$103,768
Operating leases:				
Operating cash flows	$ 65,098	$ 17,806	$ 177,034	$ 36,371

Weighted-average remaining lease term:		
Finance leases	1.8 years	2.2 years
Operating leases	4.3 years	1.9 years
Weighted-average discount rate:		
Finance leases	10.0%	10.0%
Operating leases	4.3%	5.0%

Supplemental balance sheet information related to leases is as follows:

	Financial Statement Line Item		January 1, 2022		Jan 2, 2021
Assets:					
Operating lease assets		$	848,840	$	113,854
Finance lease assets			128,515		199,684
Total leased assets	ROU asset	$	977,355	$	313,538
Liabilities:					
Current:					
Operating lease assets		$	183,874	$	58,478
Finance lease assets			65,312		74,190
	Current portion of lease liability		249,186		132,668
Non-current					
Operating lease assets			664,966		55,376
Finance lease assets			86,639		151,952
	Lease liabilities, net of current portion		751,605		207,328
Total lease liabilities		$	1,000,791	$	339,996

As of January 1, 2022, remaining maturities of lease liabilities were as follows:

		Finance		Operating
2022	$	77,094	$	216,600
2023		54,172		168,570
2024		40,629		139,469
2025		-		107,969
2026		-		106,553
2027 and thereafter		-		220,235
Total	$	171,895	$	959,396
Amount representing interest		(19,944)		(110,556)
Lease liability	$	151,951	$	848,840

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Legal Claims

The Sustainable Green Team, LTD is currently involved in arbitration with Emerging Markets Consulting, LLC ("EMC"), a former service provider of the Company. On October 21, 2020, EMC initiated arbitration against the Company, alleging, among other things, breach of contract related to an agreement entered into between the Company (via NSR LLC) and EMC, in which the Company engaged EMC to provide it with consulting services related to the Company's capital structure, investor relations strategies, and fundraising plans, including the filing of an S-1 registration statement at some point in the future, in exchange for equity compensation in the Company. EMC seeks relief against the Company in the form of the equity compensation pursuant to the agreement (2,000,000 shares of the Company's Common Stock) and damages. The Company denies EMC's allegations, and has also initiated counterclaims against EMC for breach of the agreement by EMC, in which it is seeking damages resulting from EMC's breach of its duties under the agreement.

In addition, the Company named in its counterclaim to EMC's claim another similar service provider, Rainmaker Group Consulting, LLC ("Rainmaker"), as a pre-emptive defense against any actions brought by Rainmaker against the Company. Rainmaker engaged by the Company in 2019 to provide similar consulting services as EMC was engaged to provide in exchange for the same compensation (2,000,000 shares of the Company's Common Stock). The Company alleges that Rainmaker breached its agreement with the Company by not providing the services provided in the agreement between the Company and Rainmaker, and therefore Rainmaker is not entitled to any equity compensation by the Company. The Company has taken this action as a defensive measure against potential (in the Company's opinion) frivolous lawsuits brought by Rainmaker against the Company.

The Company is confident it will prevail in the ongoing arbitration described above being overseen by the American Arbitration Association.

On March 25, 2021, the Company filed a civil complaint in the Ninth Judicial Circuit Court in Orange County, Florida against Ralph Spencer, the former owner and CEO of Mulch Manufacturing, Inc., alleging certain tortious interference with the Company's business operations and dealings. On April 1, 2021, the Company was granted an Emergency Temporary Injunction by the Ninth Judicial Circuit Court in Orange County, Florida enjoining Mr. Spencer from, among other things, further attempts to interfere with the Company's business operations. On August 16, 2021, the Company settled this dispute and has released Ralph Spencer from the Emergency Temporary Injunction.

Stock Redemptions

The Company is committed to buying back 40,000,000 shares of its common stock over 24 months beginning in October, 2021, at a price of $0.375 per share.

NOTE 12 – CONCENTRATION OF CREDIT RISK

Cash Deposits

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. As of January 1, 2022, the excess of the insured limit in one account was $130,930. As of January 2, 2021, the Company had $78,688 in excess of the FDIC insured limit in one account.

Revenues

For the three months ending January 1, 2022, one customer accounted for 19% of revenue. For the year ending January 1, 2022, another customer accounted for 17% of revenue. For the three months and year ended January 2, 2021, there was no customer accounting for more than 10% and one customer accounting for 19% of revenue, respectively.

Accounts Receivable

As of January 1, 2022, one customer accounted for 24% of the Company's accounts receivable. As of January 2, 2021, one customer accounted for 14% of the accounts receivable.

NOTE 13 – SUBSEQUENT EVENTS

There are no material subsequent events.