

Enviro-Serv, Inc.
Notes to the Financial Statements
Period ending Q3- 09/30/2021

Business

Enviro-Serv, Inc. (the "Company") is a Delaware Corporation seeking to build a portfolio of highly profitable enterprises that offer year-round services such as full-service pest control management with an emphasis on non-fumigation termite control and prevention. The company already has secured many local municipal pest control contracts but in July 2019 secured a relationship with Native American Pride Constructors LLC to aggressively pursue Federal government business in the areas of pest control, Land scape management and high-level environmental clean-up services.

Enviro-Serv other business operates in Wisconsin and in May 2019 commenced a comprehensive Hemp operation beginning with seed germination and then onto the transplanting of over 12,000 hemp plants into 10 acres of farmland located in Beaver Dam Wis. The company has not generated material revenue on this hemp operation harvest at the time of this report. At the time of this report 100 % of our 2019 hemp biomass has been converted into full spectrum winterized crude located at our partnering facility located in Plymouth Wisconsin. Enviro-Serv through our partnership with Canna Capital Holding and Jim Reitzner at the time of this report invested a total of \$342,000 into the processing facility in Plymouth which equals an equity stake of up to 19% and the legal ownership of certain high-end processing equipment located at the Plymouth facility. In 2020 The company spent about \$7500 monthly in cash and certain stock options for services rendered to operate the Hemp initiatives in Wisconsin throughout calendar year 2020 at both locations. The company does not expect revenues to be generated from the 2020 hemp harvest until late Q4 2021 as we await further processing and crude oil prices to increase upward throughout the year. In Q4 2020 we successfully harvested 900 lbs. of high quality high tested CBG flower bio mass from our Beaver Dam operation which is currently stored at a secure controlled warehouse in Plymouth Wi. Additionally, in Q4 2020 we successfully harvested 8200 CBD plants at our other farm located near Fond du Lac Wisconsin. This entire harvested bio-mass is also stored at the above-mentioned facility. The key factors for the above-mentioned delays in hemp monetization and processing were delays in key processing equipment coming in from China severely delayed due to Covid 19 shipment holdup. The company will be making key decisions during the Q2 2021 regarding the processing of the hemp biomass for the usage of CBD oil vs. smokable flower and what percentage will be used towards both. In the months of October and early November 2020 we successfully harvested 10,000 total plants combining both CBD and CBG plants from both locations. At time of this report all hemp biomass has been dried and stored at our Mason Jar processing facility in Plymouth Wisconsin. Since this report Enviro Serv has stepped up its equity position to just under 20% with Mason Jar which we are now currently the second largest stake holders. We are processing our CBG into smokable flower and our CBD will be processed into crude oil to then be converted into THC free oil for sale or distillate. We believe about half of this oil will be produced by late 2021 and all remaining bio mass will be processed into crude oil form by Q1 2022.

COVID 19 REVENUE DECLINE 2020

-We have experienced a total decline in our pest control division of 28% during 2020 due to the affects of Covid 19 directly to our Termite and GHP business lines but expect to rebound significantly in 2021 and are already seeing a robust increase in sales in Q1 and Q2 2021 proving that the pandemic issues are being resolved and people are willing to hire un into their homes again. Q3 2021 sales revenues are up about 22% from the year prior a great sign that the pandemic woes are reaching the end.

The principal methods of competition in the Company's pest and termite control business are quality of service and guarantees, including service quality, product availability, terms of guarantees, and reputation for safety, technical proficiency and price.

The Company's pest control business is subject to various legislative and regulatory enactments that are designed to protect the environment, public health and consumers. Compliance with these requirements has not had a material negative impact on the Company's financial position, results of operations or liquidity.

The federal law grants to the states the responsibility to be the primary agent in the enforcement and conditions under which pest control companies operate. Each state must meet certain guidelines of the Environmental protection Agency in regulating the following: licensing, record keeping, contracts, standards of application, training and registration of products. Each state has their regulatory programs to handle the special interests of citizens within their state. The pest control industry is impacted by these federal and state agencies.

Risk Factors

The Company operates in a highly competitive industry. The Company's revenues and earnings may be affected by changes in competitors' prices, and general economic issues. The Company competes with other large and small pest control companies for a finite number of customers. Although the Company believes that their experience and reputation for safety and quality service is excellent, they cannot assure investors that we will be able to maintain our competitive advantage. There was clear evidence of revenue decrease in Q2 and Q3 in comparison to last year same quarter due to the underlying issues concerning the COVID 19 Pandemic. This has been mainly in short falls of expected revenue in our termite division as homeowners and the government are "putting off" non mandatory or items deemed "optional" that can be done at a later time.

Pest and termite services represent discretionary expenditures of our residential customers. If consumers restrict their discretionary spending, the Company may suffer a decline in revenues. Covid 19 stay at home policy in Tampa Bay is currently affecting residential revenue and will be for the foreseeable future. Enviro-Serv has applied for and yet to receive PPP funding or small business loan assistance at this time. Our GoFarmHemp division applied for and received \$149,000 in SBA repayable loans during Q3 2020.

Acquisitions have been and will continue to be an important element of the Company's business strategy. The Company cannot assure investors that future acquisition candidates will be identified and acquired on favorable terms to the Company. The Company cannot assure investors that the Company will be able to successfully integrate the operations and assets of acquired businesses with their own

business. The inability to integrate and manage acquired businesses could have an adverse effect on the results of operations and financial condition of the Company.

The Company's ability to remain productive and profitable will depend on the ability to attract and retain skilled workers. Either the need to pay higher wages or the shortage of skilled employees could reduce the Company's capacity for growth or profitability could be reduced.

The Company is significantly affected by environmental laws and regulations within the pest control industry. Management believes that present operations are in substantial compliance with such laws and have had no material adverse effect on operations to date. Such laws could be changed and the Company is unable to predict if changes could affect operations and financial condition of the Company.

Accounting Policies

The accounting principles that compose the framework are appropriate for the presentation of small entity financial statements, based on the needs of the financial statement users and cost and benefit considerations.

Prior Period Adjustment

Prior to Enviro-Serv taking over the corporate structure of the business, there were numerous contingent liabilities relating to services performed for the previous management group. Current management had contested these liabilities. Management has settled all active filings against the Company. The Company has not been contacted about the remaining contingencies in over seven years. Management now believes that these remaining contingencies have a low probability of resulting in any costs to the Company. Because the probability of these liabilities resulting in a cost to the Company is unlikely, Management has elected to reverse these contingent liabilities

Use of Estimates

Preparation of financial statements 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 period. Actual amounts could differ from these estimates.

Accrual for Termite Contracts:

The Company has no accrual for the estimated costs for reapplications, repairs, labor and chemicals and other costs related to termite control applications. Services to date have been limited and management expects losses to be immaterial at this point.

Revenue Recognition:

The Company recognizes revenue at the time the service is performed and paid for.

Depreciation and amortization:

Assets are depreciated or amortized on the straight-line basis over the useful life of the asset.

Forward-Looking Statements

Management believes that environmental remediation costs estimated to be incurred are not material to the Company's financial condition or operating results; the Company has no litigation that will have

an adverse effect on the Company's financial condition, results of operations or liquidity; the Company has adequate resources and borrowings to fund operations and obligations; the impact and amount of the Company's obligations; management's expectations regarding future claims; the expected collectability of billings; expected tax consequences; and the impact of future regulations and accounting pronouncements.