THE SUSTAINABLE GREEN TEAM, LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL QUARTER ENDED OCTOBER 2, 2021

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THE SUSTAINABLE GREEN TEAM AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	October 2, 2021	January 2, 2021
ASSETS		
Current Assets		
Cash	$ 916,427	$ 506,287
Short-term investments	2,999,898	2,801,263
Accounts receivable, net of allowance for doubtful accounts	1,922,806	1,631,921
Inventories	7,764,562	9,806,776
Prepaid expenses and other current assets	894,393	628,364
Total Current Assets	14,498,086	15,374,611
Property and equipment, net	33,631,437	24,158,297
Other Assets		
Long-term investments	1,107,303	842,272
Goodwill	100,000	100,000
Intangibles	87,080	95,000
ROU asset	901,306	313,538
Total Other Assets	2,195,689	1,350,810
Total Assets	$ 50,325,212	$ 40,883,718
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$ 965,675	$ 711,605
Current portion of lease liability	214,801	132,668
Notes payable	1,878,860	2,459,945
Notes payable - related party	-	2,982,417
Total Current Liabilities	3,059,336	6,286,635
Long-term Liabilities		
Lease liabilities, net of current portion	711,395	207,328
Notes payable, net of current portion	14,798,345	4,794,541
Note payable - related party, net of current portion	-	18,802,355
Total Long-term Liabilities	15,509,740	23,804,224
Total Liabilities	18,569,076	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; 95,493,405 and 89,168,405 shares issued and outstanding, respectively	9,550	8,917
Additional paid-in capital	28,101,891	6,825,996
Retained earnings	3,644,695	3,957,946
Total Stockholders' Equity	31,756,136	10,792,859
Total Liabilities and Stockholders' Equity	$ 50,325,212	$ 40,883,718

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

THE SUSTAINABLE GREEN TEAM AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Nine Months Ended	
	Oct 2, 2021	Oct 3, 2020	Oct 2, 2021	Oct 3, 2020
Net Revenue	$ 4,898,300	$ 5,907,155	$ 25,887,652	$ 26,031,096
Cost of revenue	5,430,641	6,002,861	24,320,521	21,844,602
Total gross profit	(532,341)	(95,706)	1,567,131	4,186,494
Operating expenses				
Selling, general and administrative	1,238,412	1,033,146	3,461,715	2,953,802
Depreciation and amortization	8,620	33,908	23,220	101,123
Total operating expenses	1,247,032	1,067,054	3,484,935	3,054,925
Income (loss) from operations	(1,779,373)	(1,162,760)	(1,917,804)	1,131,569
Other income (expense)				
Interest expense, net	194,130	(244,912)	(291,455)	(736,947)
Bargain purchase gain		-		7,488,585
Debt forgiveness	154,928		1,613,128	
Other income, net	(3,912)	38,407	(3,959)	161,578
Total other expense	345,146	(206,505)	1,317,714	6,913,216
Income (loss) before provision for income taxes	(1,434,227)	(1,369,265)	(600,090)	8,044,785
Provision for income taxes	(325,496)	(259,846)	(286,840)	432,657
Net Income (loss)	$ (1,108,731)	$ (1,109,419)	$ (313,250)	$ 7,612,128
Net income (loss) per common share - basic	$ (0.01)	$ (0.01)	$ (0.00)	$ 0.09
Net income (loss) per common share - diluted	$ (0.01)	$ (0.01)	$ (0.00)	$ 0.09
Weighted average shares outstanding - basic	91,932,965	89,168,405	90,288,826	82,450,979
Weighted average shares outstanding - diluted	91,932,965	89,655,905	90,288,826	82,905,399

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

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

Nine Months Ended October 2, 2021:	**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 income						(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 income			.			(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

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

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

Nine Months Ended October 3, 2020:	**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 income						(1,109,419)	(1,109,419)
Balance as of October 3, 2020	90	$ -	89,168,405	$ 8,917	$ 6,825,996	$ 5,968,782	$ 12,803,695

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

THE SUSTAINABLE GREEN TEAM AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended	
	Oct 2, 2021	**Oct 3, 2020**
Cash flows from operating activities:		
Net Income (Loss)	$ (313,250)	$ 7,612,128
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for (recovery of) doubtful accounts	10,051	52,374
Depreciation and amortization	2,580,426	1,894,235
Common stock issued as compensation	28,800	
(Gain) loss on sale of fixed assets		(60,900)
Gain on Paycheck Protection Program debt forgiveness	(1,613,128)	
Equity increase in long term investment	(371,390)	
Bargain purchase gain		(7,488,585)
Changes in operating assets and liabilities:		
Accounts receivable, net	(300,936)	(186,533)
Inventory	2,042,215	685,653
Prepaid expenses and other current assets	59,466	501,757
Accounts payable and accrued expenses	89,724	6,196
Net cash from (used in) operating activities	2,211,978	3,016,325
Cash flows from investing activities:		
Purchases of property and equipment	(1,054,473)	(2,924,403)
Proceeds from sale of property and equipment		60,900
Net short-term investment redemptions (purchases)	(198,635)	2,466,540
Purchases of long-term investments		(253,500)
Proceeds from long-term investments	106,358	265,654
Net cash from (used in) investing activities	(1,146,750)	(384,809)
Cash flows from financing activities:		
Principal payments on leases	(145,226)	(71,949)
Proceeds from notes payable	1,236,080	1,688,127
Payment on notes payable	(1,047,748)	(396,186)
Payment on notes payable, related parties	(698,194)	(4,450,454)
Proceeds from notes payable, related parties		8,889,979
Distributions		(7,844,979)
Net cash provided by (used in) financing activities	(655,088)	(2,185,462)
Net increase (decrease) in cash	410,140	446,054
Cash - beginning of period	506,287	32,088
Cash - end of period	$ 916,427	$ 478,142

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

THE SUSTAINABLE GREEN TEAM AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(Unaudited)

	Nine Months Ended	
	Oct 2, 2021	**Oct 3, 2020**
Supplemental cash flow information:		
Cash paid for:		
Interest	$ 291,202	$ 743,902
Income taxes	$ 50	$ 166,071
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	$ 10,847,515	$ 2,782,765
Acquisition of right of use assets for lease obligations	$ 731,426	$ 74,521
Stock issued for accrued interest and compensation		$ 134,657
Stock issued for stock subscription payable		$ 100,000
Stock issued for accrued debt inducement	$ 63,000	
Conversion of notes payable to stock	$ 3,700,000	$ 350,000
Stock issued and liabilities assumed for equipment		$ 7,856,052
Property and equipment bargain purchase recognition		$ 7,488,585
Distribution of property and equipment		$ 5,042,424

The accompanying footnotes are an integral part of these condensed 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 effect 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).

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 –LIQUIDITY

The accompanying unaudited condensed consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business. As of October 2, 2021, the Company had retained earnings of approximately $3,645,000 and working capital surplus of about $11,439,000. For the nine months ended October 2, 2021, the Company had a loss from operations of approximately $1,918,000 and positive cash flows from operations of approximately $2,212,000.

To date, the Company has funded operations primarily through the issuance of debt instruments, revenue generated through its acquisition of MM, and through its issuance of stock. During the nine months ended October 2, 2021, the Company received approximately $1,236,000 from a Paycheck Protection Program loan.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements as of October 2, 2021 and January 2, 2021 and for the three and nine months ended October 2, 2021 and October 3, 2020 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 and nine months ended October 2, 2021 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.

These unaudited condensed consolidated financial statements and related notes should be read in conjunction with the audited financial statements included in the Company’s Independent Audit for Years Ended January 2, 2021 and December 28, 2019 filed with the OTC Markets on July 8, 2021.

Principles of Consolidation

The unaudited condensed consolidated financial statements are presented on a comparative basis. The unaudited condensed consolidated balance sheets at October 2, 2021 and January 2, 2021 includes the accounts of SGTM, NRS LLC, MM, Rose, and SGMC.

The unaudited condensed consolidated statements of operations for the periods ended October 2, 2021 and three months ended October 3, 2020 include the accounts of SGTM, NRS LLC, MM, Rose, and SGMC. For the nine months ended October 3, 2020, which includes the one month period ended January 31, 2020, the date of the Business Combination, the accounts of SGTM, NRS LLC, MM, and Rose are consolidated on a pro forma basis.

The unaudited condensed consolidated statement of changes in stockholders’ equity for the nine months ended October 2, 2021, includes the account balances of SGTM, NRS LLC, MM, Rose, and SGMC. For the nine months ended October 3, 2020, the accounts of SGTM, NRS LLC, MM, Rose, and SGMC are presented on a pro forma basis. The net income for these nine months includes that of MM and Rose for the one month ending January 31, 2020 on a pro forma basis.

The unaudited condensed consolidated statement of cash flows for the period ended October 2, 2021 includes the accounts of SGTM, NRS LLC, MM and Rose. The nine months ended October 3, 2020, 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 unaudited condensed 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.

Practical Expedients

The Company has adopted several practical expedients including that the Company has determined that it need not adjust promised amount of consideration for the effects of a significant financing component since the Company expects, at contract inception, that the period between when the Company transfers a promised services to the client and when the client pays for that service will be one year or less.

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 October 2, 2021:

Landscaping Recovery Services	Manufacturing and Sales of Mulch	Total
$ 1,078,878	$ 3,819,422	$ 4,898,300

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

Landscaping Recovery Services	Manufacturing and Sales of Mulch	Total
$ 2,655,425	$ 23,232,227	$ 25,887,652

Revenue consists of the following by service and product offering for the three months ended October 3, 2020:

Landscaping Recovery Services	Manufacturing and Sales of Mulch	Total
$ 1,059,179	$ 4,847,976	$ 5,907,155

Revenue consists of the following by service and product offering for the nine months ended October 3, 2020:

Landscaping Recovery Services	Manufacturing and Sales of Mulch	Total
$ 2,147,597	$ 23,883,499	$ 26,031,096

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 October 2, 2021 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 October 2, 2021 and January 2, 2021, the Company's allowance for doubtful accounts was $150,000.

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 October 2 and January 2, 2021, the Company was due approximately $-0- and $11,000, respectively, in such retainage.

Property and Equipment

Property and equipment are recorded at cost. During the nine months ended October 3, 2020, previously charged off rental deposits of approximately $455,000 were capitalized and applied to the buy-out of assets pursuant to their rental purchase agreements. 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 years. Vehicles are generally depreciated over 5 years. MM's machinery and equipment was written up by $15,344,638, the difference between its appraised fair market value and its net book value at the time MM was acquired (See Note 6). This additional book value is being depreciated over 10 years using the straight-line method.

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 Asset

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 and nine months ended October 2, 2021 and October 3, 2020, the Company did not record a loss on impairment.

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 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 \$102,647 and \$212,973 for the three and nine months ended October 2, 2021, respectively, and \$121,341 and \$235,424 for the three and nine months ended October 3, 2020, 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 October 2, 2021 and January 2, 2021, consisted of the following:

	Total fair value at October 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	$ 2,999,898	$ 2,999,898	$ -	$ -

	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		**Nine Months Ended**	
	October 2, 2021	**October 3, 2020**	**October 2, 2021**	**October 3, 2020**
Numerator for basic and diluted earnings (loss) per share:				
Net income (loss)	$ (1,108,731)	$ (1,109,419)	$ (313,250)	$ 7,612,128
Denominator for basic earnings (loss) per share -				
weighted average shares outstanding	91,932,965	89,168,405	90,288,826	82,450,979
Convertible notes	-	487,500	-	454,420

Denominator for diluted earnings (loss) per share – weighted average and assumed conversion	91,932,965	89,655,905	90,288,826	82,905,399
Net income (loss) per share:				
Basic net income (loss) per share	$ (0.01)	$ (0.01)	$ 0.00	$ 0.09
Diluted net income (loss) per share	$ (0.01)	$ (0.01)	$ 0.00	$ 0.09

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 October 2, 2021 and October 3, 2020, the Company recognized approximately $325,000 and $260,000 tax benefit, respectively, and $287,000 tax benefit and $433,000 tax expense for the nine months ended October 2, 2021 and October 3, 2020, 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 $462,311 and $175,471 deferred tax asset, net of a valuation allowance, as of October 2 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 4 – INVENTORIES

Inventories are stated at the lower of cost or net realizable value, with cost determined by the weighted-average cost method. The Company's inventories are comprised of the following for the periods ended October 2, 2021 and January 2, 2021:

	October 2, 2021	January 2, 2021
Raw Materials	$5,483,721	$ 6,968,808
Work in process	1,270,932	1,712,380
Finished goods	1,009,909	1,125,588
	$7,764,562	$9,806,776

The Company has also advanced deposits for the production and delivery of mulch products in the amount of $26,157 and $250,000 as of October 2, 2021and January 2, 2021, respectively, which are included in “Prepaid expenses and other current assets.”

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

		October 2, 2021		**January 2, 2021**
Machinery and equipment	$	20,557,626	$	20,135,720
Vehicles		4,259,827		4,177,851
Land		6,735,850		1,502,024
Buildings		5,791,214		-
Leasehold improvements		826,736		826,737
Construction in process		700,225		465,750
		38,871,478		27,108,082
Less: accumulated depreciation		(5,240,041)		(2,949,785)
Property and equipment, net	$	33,631,437	$	24,158,297

Total depreciation expense between cost of revenue and operating expenses for the three and nine months ended October 2, 2021 was $827,616 and $2,428,848, respectively. For the three and nine months ended October 3, 2020, the total depreciation expense between cost of revenue and operating expenses was $694,832 and $1,785,416, respectively.

NOTE 6 – 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 has the option of either leasing or purchasing it at the fair market value (see Note 12).
- 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 has 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 unaudited condensed consolidated balance sheets as of October 2 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

National Storm Recovery LLC Merger

As discussed under Note 1, on April 18, 2019 SGCP, an inactive shell corporation, became the parent company of NSR LLC. Due to NSR LLC's active operations, NSR LLC is regarded as the acquirer and its historical financials are used for reporting purposes. At the effective time of the Merger:

- All of NSR LLC's outstanding common equity units were exchanged for an aggregate of 40,000,000 shares of SGCP's Common Stock by the members of NSR LLC.

- There was a note obliging SGCP to pay the holder of the note $100,000, or the holder may exercise its conversion rights. Pursuant to the note's subsequent amendments, SGCP will issue 25,000 post-reverse split shares of the Company's common stock. On May 5, 2020, SGTM, as SGCP's successor, issued these shares.

- The holder of 90 shares of Preferred Series A stock sold their shares to Tony Raynor, the Chief Executive Officer of NSR LLC, for a cash payment of $25,000 plus the issuance of 4,000,000 shares of SGCP common stock or payment of $100,000 by February 28, 2020. The Company recorded accrued compensation for this $100,000 for 2019, which was satisfied by SGTM issuing the 4,000,000 shares on February 26, 2020.

Immediately following the Merger, the Company had 40,602,636 shares of common stock and 90 shares of Series A preferred stock issued and outstanding on an after stock split basis. The pre-Merger stockholders of the Company retained an aggregate of 602,636 shares of common stock of the Company, representing approximately 1% ownership of the post-Merger Company. Additionally, the 90 shares of Preferred Stock Series A representing 90% voting control, were also transferred as part of the Merger (see Note 10). Therefore, upon consummation of the Merger, there was a change in control of the Company, with the former owners of NSR LLC effectively acquiring control of the Company.

The Company accounted for these transactions in accordance with the acquisition method of accounting for business combinations. Assets and liabilities of the acquired business were included in the consolidated balance sheets as of October 2 and January 2, 2021, based on the respective estimated fair value on the date of acquisition as determined in a purchase price allocation using available information and making assumptions management believed are reasonable. NSR LLC did not provide any consideration for SGCP. This transaction was an exchange made by its members of their interest in NSR LLC for the 40,000,000 shares of SGCP. SGCP had no identifiable assets and its only liability was for a $100,000 note payable, which was assumed as part of this merger. Therefore, the Company has recorded $100,000 of goodwill from this transaction as the excess of purchase price over the fair value of the net identifiable assets. In accordance with applicable accounting standards, goodwill is not amortized but instead is tested for impairment at least annually or more frequently if certain indicators are present. In management's judgement, the $100,000 assumed and creating this goodwill represents the cost of acquiring a publicly traded shell company. Based on the market for such an asset, management does not recognize any impairment of goodwill for the periods ended October 2, 2021and October 3, 2020, respectively.

NOTE 7 – INTANGIBLE ASSETS

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

		Useful life		October 2. 2021		January 2, 2021
Supply contract [(1)]		10	$	453,750	$	453,750
Less:	Accumulated amortization			(49,170)		(41,250)
	Impairment			(317,500)		(317,500)
Total			$	87,080	$	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 8.3 years.

Amortization of identifiable intangible assets for the three and nine months ended October 2, 2021 was $3,520 and $7,920, respectively. Amortization of identifiable intangible assets for the three and nine months ended October 3, 2020 was $11,250 and $33,750, respectively.

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

		October 2, 2021
2021	$	2,640
2022		10,560
2023		10,560
2024		10,560
2025		10,560
Thereafter		42,200
	$	87,080

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following amounts:

	October 2, 2021		January 2, 2021	
Accounts payable	$	736,136	$	557,145
Accrued interest		5,047		91,983
Accrued expenses		224,492		62,477
	$	965,675	$	711,605

NOTE 9 –NOTES PAYABLE

	October 2, 2021		January 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	$	10,650,000	$	-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		1,373,964		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.		365,395		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.		347,309		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.		365,006		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.	352,753	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.	236,288	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.	230,584	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.	226,142	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.	223,067	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.	221,685	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	208,228	244,656
Non-interest bearing note payable to an equipment financing company with monthly principal payments of $16,460 due May 2021 through April 2022.	115,217	-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	90,907	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	97,526	126,005
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	60,630	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	46,158	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	45,428	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	40,433	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	41,229	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	30,410	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	29,068	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	24,281	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	19,417	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	16,677,205	7,254,486
Short-term portion of notes payable	1,878,860	2,459,945
Long-term portion of notes payable	$ 14,798,345	$ 4,794,541

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

Year	Amount
2021	$ 417,694
2022	2,249,203
2023	2,153,260
2024	10,994,247
2025	813,693
2026 & after	49,108
	$ 16,677,205

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 nine months ended October 2, 2021. 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 or will be spent on qualifying expenditures, it has not recorded any gain on forgiveness of this indebtedness for the nine months ended October 2, 2021.

Related Party

In June 2015, MM paid cash distributions to its shareholders in the amount of $16,500,000 and paid cash of $1,000,000 on outstanding shareholders' notes payable. On June 26, 2015, the shareholders loaned the $17,500,000 back to the Company in the form of subordinated notes payable that bear interest at the short-term Applicable Federal Rate. On the date of the Mulch Acquisition, January 31, 2020, the balance on these notes was $14,223,046. On January 31, 2020, in connection with the Mulch Acquisition, the Company adjusted and amended these promissory notes payable to its sole shareholder for the existing notes and accounts receivable and inventory of MM that was excluded from the share exchange. This restated and amended promissory note had a principal balance due of $15,402,355 and bore an interest rate of 4% per annum. Also on January 31, 2020, this shareholder placed a $6,240,670 deposit with the Company. To the extent the Company consumed this cash for operations, this shareholder was paid 4% interest. In August 2021, these obligations, along with accrued interest as of January 2, 2021, were contributed to the capital of the Company. Interest accrued in connection with these obligations for 2021 was credited against interest expense. Accordingly, the balance on the shareholder deposit as of October 2 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 October 2 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 October 2 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 $ (295,000) and $184,000 for the three months ended October 2, 2021 and October 3, 2020, respectively. Total interest expense on the above related party notes and deposit for the nine months ended October 2, 2021 and October 3, 2020 was approximately $77,000 and $538,000, respectively.

NOTE 10 - 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 October 2, 2021. 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 6).

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.

NOTE 11 – 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. Since April 1, 2020, MM has entered into operating leases using its incremental borrowing rate of 4% to discount lease payments.

The following table presents supplemental lease information:

	Three Months Ended		Nine Months Ended	
Lease cost	October 2, 2021	October 3, 2020	October 2, 2021	October 3, 2020
Finance lease cost				
Amortization on ROU assets	$ 17,792	$ 19,818	$ 53,377	$ 61,481
Interest on lease liabilities	4,594	6,847	15,154	22,463
Operating lease cost	46,932	1,788	111,937	5,364
Short-term lease cost	132,209	104,203	358,641	378,607
Total lease cost	$201,527	$132,656	$539,109	$467,915

Cash paid for amounts included in the measurement of lease liabilities for:				
Finance leases:				
Financing cash flows	$ 23,366	$ 25,942	$70,099	$80,402
Operating leases:				
Operating cash flows	$ 46,932	$ 1,788	$ 111,937	$ 5,364

Weighted-average remaining lease term:		
Finance leases	2.1 years	3.1 years
Operating leases	5.1 years	1.8 years
Weighted-average discount rate:		
Finance leases	10.0%	10.0%
Operating leases	4.0%	10.0%

Supplemental balance sheet information related to leases is as follows:

	Financial Statement Line Item	**October 2, 2021**	**Jan 2, 2021**
Assets:			
Operating lease assets		$ 754,999	$ 113,854
Finance lease assets		146,307	199,684
Total leased assets	ROU asset	$ 901,306	$ 313,538
Liabilities:			
Current:			
Operating lease assets		$ 141,433	$ 58,478
Finance lease assets		73,368	74,190
	Current portion of lease liability	214,801	132,668
Non-current			
Operating lease assets		613,566	55,376
Finance lease assets		97,829	151,952
	Lease liabilities, net of current portion	711,395	207,328
Total lease liabilities		$ 926,196	$ 339,996

As of October 2, 2021, remaining maturities of lease liabilities were as follows:

	Finance	Operating
2021	$ 23,366	$ 40,810
2022	77,093	158,428
2023	54,172	114,570
2024	40,629	107,969
2025	-	107,969
2026 and thereafter	-	326,788
Total	$ 195,260	$ 856,534
Amount representing interest	(24,063)	(101,535)
Lease liability	$ 171,197	$ 754,999

NOTE 12 – 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 13 – 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 October 2, 2021, the excess of the insured limit in one account was $130,986 and in another was $179,738. 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 October 2, 2021, no customer accounted for more than 10% of revenue. For the nine months ending October 2, 2021, one customer accounted for 20% of revenue. For the three and nine months ended October 3, 2020, one customer accounted for 13% and 21%, respectively, of revenue.

Accounts Receivable

As of October 2, 2021, one customer accounted for 14% and another 10% of the Company's accounts receivable. As of January 2, 2021, one customer accounted for 14% of the accounts receivable.

NOTE 14 – SUBSEQUENT EVENTS

There are no material subsequent events.