

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **THE SUSTAINABLE GREEN TEAM, LTD**

A Delaware corporation

24200 County Road

Astatula, FL 34705

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Telephone: (407) 886-8733

Corporate Website: [www.thesustainablegreenteam.com](http://www.thesustainablegreenteam.com)

Corporation Email: [info@nationalarborcare.com](mailto:info@nationalarborcare.com)

SIC:0783

## **Annual Report**

**For the period ending December 31, 2022 (the "Reporting Period")**

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

74,631,743 as of December 31, 2022

90,460,425 as of January 1, 2022

### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

### **Change in Control**

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

### **1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

The immediate predecessor of The Sustainable Green Team, Ltd., a Delaware corporation (the “Company”, “we”, “us”, “our”, the “issuer” or “SGTM”) was National Storm Recovery, Inc. (“NSRI”), a Wyoming corporation, which held all of the membership interests in National Storm Recovery, LLC (“NSR LLC”), a Florida limited liability company. The management team of NSRI determined that it was in the best interest of the Company and its shareholders to change domiciles for both NSRI and NSR LLC to the State of Delaware for the purpose of reorganizing the Company and its operations into a holding company structure, pursuant to Delaware General Corporation Law (“DGCL”) §251(g). In December 2019, NSRI and NSR LLC were re-domiciled to the State of Delaware. After the domicile changes, NSRI incorporated SGTM as a wholly owned subsidiary and NSR LLC issued membership interests to SGTM. SGTM then incorporated Sierra Gold Merger Corp. (“SGMC”) as its wholly owned subsidiary. With each of the new corporations formed, NSRI merged down into SGMC, with SGMC surviving as a wholly owned subsidiary of SGTM. The assets and liabilities of NSRI were succeeded to by SGMC. As part of the merger agreement, the issued and outstanding shares of NSRI were exchangeable into shares of SGTM on a one for one basis. Similarly, the equity securities held by NSRI in SGTM and NSR LLC were canceled under the terms of the merger agreement leaving SGTM as the sole shareholder and member of SGMC and NSR LLC, respectively. The Company obtained Financial Industry Regulatory Authority (“FINRA”) approval and published a press release announcing the forgoing and allowing the Company to trade under the name “The Sustainable Green Team, Ltd.” and new trading symbol, SGTM.

Currently, the Company is incorporated and in good standing in the State of Delaware under the name The Sustainable Green Team, Ltd., the Company’s original predecessor was incorporated in the State of Nevada on January 22, 1997, under the name Alpha Diamond Corporation. The Company changed its name to African Resources on June 28, 1998, to Viking Exploration, Inc. on April 9, 1999, and then to Sierra Gold Corporation on July 12, 2006. Then on February 15, 2011, Sierra Gold Corporation changed its domicile to the State of Wyoming by filing Articles of Continuance with the Wyoming Secretary of State. On July 22, 2019, the Company changed its name to National Storm Recovery, Inc. by filing a Certificate of Amendment with the Wyoming Secretary of State’s office. The Company then notified the Financial Industry Regulatory Authority (“FINRA”) of its name change, as well as the resolution it had passed to affect a 1:10,000 reverse stock split and, as part of its name change, effected a voluntary change in its trading symbol, all of which were approved for announcement by FINRA on or about August 22, 2019. Finally, the Company changed domiciles to the State of Delaware by filing a Certificate of Conversion and Certificate of Incorporation with the Delaware Division of Corporations, Secretary of State’s office on December 30, 2019 as part of its plan to reorganize into a holding company pursuant to DGCL§251(g). The Company has now changed its name to The Sustainable Green Team, Ltd. and trading symbol to SGTM after obtaining FINRA approval on July 21, 2020.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer’s current standing in its state of incorporation (e.g. active, default, inactive):

Currently, the Company is incorporated and in good standing in the State of Delaware under the name The Sustainable Green Team, Ltd., the Company’s original predecessor was incorporated in the State of Nevada on January 22, 1997, under the name Alpha Diamond Corporation. The Company changed its name to African Resources on June 28, 1998, to Viking Exploration, Inc. on April 9, 1999, and then to Sierra Gold Corporation on July 12, 2006. Then on February 15, 2011, Sierra Gold Corporation changed its domicile to the State of Wyoming by filing Articles of Continuance with the Wyoming Secretary of State. On July 22, 2019, the Company changed its name to National Storm Recovery, Inc. by filing a Certificate of Amendment with the Wyoming Secretary of State’s office. The Company then notified the Financial Industry Regulatory Authority (“FINRA”) of its name change, as well as the resolution it had passed to affect a 1:10,000 reverse stock split and, as part of its name change, effected a voluntary change in its trading symbol, all of which were approved for announcement by FINRA on or about August 22, 2019. Finally, the Company changed domiciles to the State of Delaware by filing a Certificate of Conversion and Certificate of Incorporation with the Delaware Division of Corporations, Secretary of State’s office on December 30, 2019, as part of its plan to reorganize into a holding company pursuant to DGCL§251(g). The Company has now changed its name to The Sustainable Green Team, Ltd. and trading symbol to SGTM after obtaining FINRA approval on July 21, 2020.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None.

The address(es) of the issuer's principal executive office:

24200 County Road, Astatula, FL 34705

The address(es) of the issuer's principal place of business:

☒ Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

## 2) Security Information

### Transfer Agent

Name: Pacific Stock Transfer Company  
Phone: (702) 361-3033  
Email: joslyn@pacificstocktransfer.com  
Address: 6725 Via Austi Parkway, Suite 300, Las Vegas, NV 89119

### Publicly Quoted or Traded Securities:

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

Trading symbol:	<u>SGTM</u>	
Exact title and class of securities outstanding:	<u>Common Stock</u>	
CUSIP:	<u>86934B</u>	
Par or stated value:	<u>\$0.0001</u>	
Total shares authorized:	<u>245,000,000</u>	<u>as of date: December 31, 2022</u>
Total shares outstanding:	<u>74,631,743</u>	<u>as of date: December 31, 2022</u>
Total number of shareholders of record:	<u>185</u>	<u>as of date: December 31, 2022</u>

### Other classes of authorized or outstanding equity securities:

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

Exact title and class of the security:	<u>Preferred Stock</u>	
CUSIP (if applicable):	<u></u>	
Par or stated value:	<u>\$0.0001</u>	
Total shares authorized:	<u>100</u>	<u>as of date: December 31, 2022</u>
Total shares outstanding (if applicable):	<u>90</u>	<u>as of date: December 31, 2022</u>
Total number of shareholders of record (if applicable):	<u>1</u>	<u>as of date: December 31, 2022</u>

### Security Description:

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

1. For common equity, describe any dividend, voting and preemption rights.

#### Voting

The holders of our common stock are entitled to one vote for each share held on all matters to be voted on by the Company's stockholders. There shall be no cumulative voting. The holders of our common stock have the exclusive right to vote for election and removal of directors and for all other purposes.

### Dividends

The holders of shares of our common stock are entitled to dividends when and as declared by the Board from funds legally available therefor if, as and when determined by the Board of Directors of the Company in their sole discretion, subject to provisions of law, and any provision of the Company's Certificate of Incorporation, as amended from time to time. There are no preemptive, conversion or redemption privileges, nor sinking fund provisions with respect to the common stock.

### Liquidation

In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, the holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of or provision for all of our debts and other liabilities.

2. **For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

Each one share of Series A Preferred Stock has voting rights 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.

3. **Describe any other material rights of common or preferred stockholders.**

None.

4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

None.

## 3) **Issuance History**

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

### **A. Changes to the Number of Outstanding Shares**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End:			*Right-click the rows below and select "Insert" to add rows as needed.													
		<u>Opening Balance</u>														
Date <u>January 2, 2021</u>	Common: <u>89,168,405</u>															
Preferred: <u>90</u>																
Date of Transaction	Transaction type (e.g., new issuance, cancellation,	Number of Shares	Class of Securities	Value of shares issued (\$/per	Were the shares issued at a discount	Individual/ Entity Shares were issued to.	Reason for share issuance (e.g. for cash or debt conversion) -	Restricted or Unrestricted	Exemption or							

	shares returned to treasury)	Issued (or cancelled)		share) at Issuance	to market price at the time of issuance? (Yes/No)	*You must disclose the control person(s) for any entities listed.	OR- Nature of Services Provided	as of this filing.	Registration Type.
<u>1/13/2021</u>	<u>New Issuance</u>	<u>300,000</u>	<u>Common Stock</u>	<u>\$1.06</u>	<u>No</u>	<u>Kent Hamill &amp; Cathy Hamill</u>	<u>Prior Year Loan Incentive</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>3/5/2021</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common Stock</u>	<u>\$1.15</u>	<u>No</u>	<u>John Schultz</u>	<u>Bonus for Managerial Services for the Company</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>8/26/2021</u>	<u>New Issuance</u>	<u>6,000,000</u>	<u>Common Stock</u>	<u>\$0.62</u>	<u>Yes</u>	<u>John Spencer</u>	<u>Debt conversion</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>10/4/21</u>	<u>New Issuance</u>	<u>125,000</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>First Apex International Inc<sup>1</sup></u>	<u>Compensation for Investor Relation Services</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>10/15/21</u>	<u>Cancellation</u>	<u>(8,797,800)</u>	<u>Common Stock</u>	<u>\$0.15</u>	<u>No</u>	<u>Ralph Spencer</u>	<u>10/11/21 Settlement Agreement</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>10/22/21</u>	<u>New Issuance</u>	<u>300,000</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Charles &amp; Lisa Roberts</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>10/22/21</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Leslie Schultz</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>10/22/21</u>	<u>New Issuance</u>	<u>133,333</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Todd Hoepker Revocable Trust<sup>2</sup></u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>11/15/21</u>	<u>Cancellation</u>	<u>(1,300,092)</u>	<u>Common Stock</u>	<u>\$0.15</u>	<u>Yes</u>	<u>Ralph Spencer</u>	<u>10/11/21 Settlement Agreement</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>11/29/21</u>	<u>New Issuance</u>	<u>800,000</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Charles &amp; Lisa Roberts</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>11/29/21</u>	<u>New Issuance</u>	<u>66,667</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Christopher Lahiji</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>11/29/21</u>	<u>New Issuance</u>	<u>2,000,000</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Leslie Schultz</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>11/29/21</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Philip Simeone</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>11/29/21</u>	<u>New Issuance</u>	<u>66,667</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Quick Capital, LLC<sup>3</sup></u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>11/29/21</u>	<u>New Issuance</u>	<u>106,670</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Ryan Nilsen</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>11/29/21</u>	<u>New Issuance</u>	<u>66,667</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Ryan Polk</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/2/21</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Leslie Schultz</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/15/21</u>	<u>Cancellation</u>	<u>(1,300,092)</u>	<u>Common Stock</u>	<u>\$0.15</u>	<u>Yes</u>	<u>Ralph Spencer</u>	<u>10/11/21 Settlement Agreement</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/30/21</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common Stock</u>	<u>\$1.12</u>	<u>Yes</u>	<u>Victor Spangler</u>	<u>Day Dreamer Production Acquisition</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/31/21</u>	<u>New Issuance</u>	<u>400,000</u>	<u>Common Stock</u>	<u>\$9.24</u>	<u>Yes</u>	<u>Charles Lepinski</u>	<u>Equipment Purchase</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>1/18/22</u>	<u>New Issuance</u>	<u>266,667</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Todd Hoepker Revocable Trust<sup>2</sup></u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>

<u>1/19/22</u>	<u>Cancellation</u>	<u>(1,300,092)</u>	<u>Common Stock</u>	<u>\$0.15</u>	<u>Yes</u>	<u>Ralph Spencer</u>	<u>10/11/21 Settlement Agreement</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>1/21/22</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Charles &amp; Lisa Roberts</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>2/17/22</u>	<u>Cancellation</u>	<u>(1,300,092)</u>	<u>Common Stock</u>	<u>\$0.15</u>	<u>Yes</u>	<u>Ralph Spencer</u>	<u>10/11/21 Settlement Agreement</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>3/15/22</u>	<u>Cancellation</u>	<u>(1,300,092)</u>	<u>Common Stock</u>	<u>\$0.15</u>	<u>Yes</u>	<u>Ralph Spencer</u>	<u>10/11/21 Settlement Agreement</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>3/23/2022</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Leslie Schultz</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>04/15/22</u>	<u>Cancellation</u>	<u>(1,300,092)</u>	<u>Common Stock</u>	<u>\$0.15</u>	<u>Yes</u>	<u>Ralph Spencer</u>	<u>10/11/21 Settlement Agreement</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>04/18/22</u>	<u>New Issuance</u>	<u>266,667</u>	<u>Common Stock</u>	<u>\$0.75</u>	<u>Yes</u>	<u>Todd Hoepker Revocable Trust<sup>2</sup></u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>05/12/22</u>	<u>Cancellation</u>	<u>(1,300,092)</u>	<u>Common Stock</u>	<u>\$0.15</u>	<u>Yes</u>	<u>Ralph Spencer</u>	<u>10/11/21 Settlement Agreement</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>08/15/22</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common Stock</u>	<u>\$3.00</u>	<u>No</u>	<u>VRM Global Holdings PTY LTD<sup>4</sup></u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>10/05/22</u>	<u>New Issuance</u>	<u>3,500,000</u>	<u>Common Stock</u>	<u>\$2.05</u>	<u>No</u>	<u>Accel Media International, Inc.<sup>5</sup></u>	<u>Compensation for Marketing Services</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>10/05/22</u>	<u>New Issuance</u>	<u>30,000</u>	<u>Common Stock</u>	<u>\$2.05</u>	<u>No</u>	<u>PCG Advisory, Inc.<sup>6</sup></u>	<u>Compensation for PR Services</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>10/12/22</u>	<u>New Issuance</u>	<u>6,000,000</u>	<u>Common Stock</u>	<u>\$2.40</u>	<u>No</u>	<u>VRM Global Holdings PTY LTD<sup>4</sup></u>	<u>Compensation for Licensing Agreement</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>10/13/22</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common Stock</u>	<u>\$0.50</u>	<u>No</u>	<u>Todd Michael Hoepker Revocable Trust<sup>2</sup></u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>11/07/22</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common Stock</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Proactive Capital Partners LP<sup>7</sup></u>	<u>Warrant Option</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>11/07/22</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common Stock</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Accel Media International, Inc.<sup>5</sup></u>	<u>Warrant Option</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>11/21/22</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common Stock</u>	<u>\$2.00</u>	<u>Yes</u>	<u>David C Newingham</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>11/23/22</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common Stock</u>	<u>\$2.00</u>	<u>Yes</u>	<u>Louis Brinisi &amp; Marry Anne Brindisi JT Ten</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/02/22</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common Stock</u>	<u>\$2.00</u>	<u>Yes</u>	<u>Stanton C Hawthorne &amp; Sherri J Hawthorne</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/02/22</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common Stock</u>	<u>\$2.00</u>	<u>Yes</u>	<u>Michael Ray Spradlin</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/02/22</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common Stock</u>	<u>\$2.00</u>	<u>Yes</u>	<u>Darin &amp; LLisa Brindisi JT Ten</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/13/22</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common Stock</u>	<u>\$2.00</u>	<u>Yes</u>	<u>Roger Lee Kunau &amp; Cindy Lynn Mackinnon</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>

<u>12/13/22</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common Stock</u>	<u>\$2.00</u>	<u>Yes</u>	<u>John Voss</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/22/22</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common Stock</u>	<u>\$2.00</u>	<u>Yes</u>	<u>Dean Pappas</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/22/22</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common Stock</u>	<u>\$2.00</u>	<u>Yes</u>	<u>Douglas Cernek</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/22/22</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common Stock</u>	<u>\$2.00</u>	<u>Yes</u>	<u>Thomas West</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/22/22</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common Stock</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Evan Greenberg</u>	<u>Warrant Option</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/22/22</u>	<u>New Issuance</u>	<u>35,000</u>	<u>Common Stock</u>	<u>\$2.00</u>	<u>Yes</u>	<u>Shari &amp; Richard Mackinnin JT TE</u>	<u>Subscription</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/23/22</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common Stock</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Rose Petals Realty, LLC.<sup>8</sup></u>	<u>Warrant Option</u>	<u>Restricted</u>	<u>4(a)2</u>
<u>12/27/22</u>	<u>Cancellation</u>	<u>(22,101,556)</u>	<u>Common Stock</u>	<u>\$0.15</u>	<u>Yes</u>	<u>Ralph Spencer</u>	<u>12/13/22 Settlement Agreement</u>	<u>Restricted</u>	<u>4(a)2</u>
Shares Outstanding on Date of This Report:									
<u>Ending</u> _____ <u>Balance</u>									
<u>Ending Balance:</u>									
Date <u>December 31, 2022</u> Common: <u>74,631,743</u> Preferred: 90									

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

1. Scott Biddick has sole dispositive power over the shares.
2. Todd Hoepker has sole dispositive power over the shares.
3. Eilon Natan has sole dispositive power over the shares.
4. Kenneth Michael Bellamy has sole dispositive power over the shares.
5. Vince Caruso has sole dispositive power over the shares.
6. Jeff Ramson has sole dispositive power over the shares.
7. Jeff Ramson has sole dispositive power over the shares.
8. Rose Palmer has sole dispositive power over the shares.

## B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☒ Yes: ☐ (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. <small>*You must disclose the control person(s) for any entities listed.</small>	Reason for Issuance (e.g. Loan, Services, etc.)
<u>11/8/22</u>	<u>\$1,100,000</u>	<u>\$1,100,000</u>	<u>10% APR</u>	<u>11/7/23</u>	<u>\$0.50 cents per share</u>	<u>Charles &amp; Lisa Roberts</u>	<u>Loan</u>

Use the space below to provide any additional details, including footnotes to the table above:

#### 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.  
(Please ensure that these descriptions are updated on the Company's Profile on [www.otcmarkets.com](http://www.otcmarkets.com)).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Sustainable Green Team, Ltd. is a provider of environmentally conscious solutions in the arbor care, disposal, and recycling industries. The Company is a collector of tree debris ("feedstock"), throughout the southeast region of the United States. The Company beneficially-reuses feedstock to manufacture wood-based mulch and lumber products that are sold nationwide. The Company has a division that manufactures and sells proprietary mulch colorants and coloring equipment. The Company has installed the appropriate equipment to commence production of its new soil products in February 2023 and expects to start selling these products by the end of 2023.

Historically, the harvest and processing of wood has resulted in timber waste and feedstock being sent to landfills and disposal sites, essentially collecting and disposing of useful products. The Sustainable Green Team's mission is to address this traditional "collect-and-dispose" wasteful model, partly by partnering with a large waste management company, thereby turning feedstock that would otherwise be thrown away into reusable products such as mulch and soil.

The Sustainable Green Team operates as a holding company with two operating subsidiaries:

National Storm Recovery, LLC., a Delaware LLC, operating as "Central Florida Arborcare", provides arbor care, tree trimming, and storm debris clean-up and disposal services, primarily in the southeastern United States with nationwide capabilities; and

Mulch Manufacturing, Inc. ("MMI"), an Ohio corporation, manufactures mulch, lumber and soil products in the United States Midwest and southeast regions, and the Ohio Valley. MMI has nationwide distribution channels.

B. List any subsidiaries, parent company, or affiliated companies.

Currently incorporated and in good standing in the State of Delaware under the name "The Sustainable Green Team, Ltd.", the Company's original predecessor was originally incorporated in the State of Nevada on January 22, 1997, under the name Alpha Diamond Corporation. The Company changed its name to African Resources on June 28, 1998, to Viking Exploration, Inc. on April 9, 1999, and then to Sierra Gold Corporation on July 12, 2006. Then on February 15, 2011, Sierra Gold Corporation changed its domicile to the State of Wyoming by filing Articles of Continuance with the Wyoming Secretary of State. Thereafter, on July 22, 2019, in preparation for an anticipated share/equity exchange with National Storm Recovery, LLC, the Company changed its name to National Storm Recovery, Inc., by filing a Certificate of Amendment with the Wyoming Secretary of State's office. The Company then notified the Financial Industry Regulatory Authority ("FINRA") of its name change, as well as the resolution it had passed to affect a 1:10,000 reverse stock split and as part of its name change, effected a voluntary change in its trading symbol, all of which were approved for announcement by FINRA on or about August 22, 2019. The Company changed domiciles to the State of Delaware by filing a Certificate of Conversion and Certificate of Incorporation with the Delaware Division of Corporations, Secretary of State's office on December 30, 2019 as part of its plan to reorganize into a holding company pursuant to DGCL §251(g) as previously contemplated and agreed to by Sierra Gold Corporation and National Storm Recovery, LLC in their Amended and Restated Share Purchase and Equity Exchange Agreement, and in anticipation of a transaction with Mulch Manufacturing, Inc. The Company has changed its name to The Sustainable Green Team Ltd and trading symbol to SGTM in connection with its reorganization into a holding company pursuant to DGCL §251(g), after obtaining FINRA approval and has formally announced this action.

National Storm Recovery, Inc., a Wyoming corporation, previously known as Sierra Gold Corporation, a Wyoming corporation, executed a share/membership exchange agreement with the managing member of National Storm Recovery, LLC, a Florida corporation, as a path for National Storm Recovery, LLC to become publicly traded. Following, execution of that agreement and prior to closing, the Managing Member of National Storm Recovery, LLC, and National Storm Recovery, Inc. each agreed that the business plan and operations of National Storm Recovery, LLC could be accommodated best with the publicly traded company (its successor The Sustainable Green Team, Ltd.), as the parent corporation and the operating companies, as wholly owned subsidiaries. This is best accomplished under Delaware General Corporation Law ("DGCL") §251(g) for three primary reasons. First



because Delaware has a specific statute that provides for the exact process and structure that is needed; Second, because it ensures that there are no contingent and unrecorded liabilities that could impact new investors. Third, because the management's business plan calls for expansion that comes, in part, from strategic acquisitions with companies that are both accretive to earnings and that are positioned for rapid growth from the synergistic opportunities that management identifies. One of the requirements of DGCL §251(g) is that each of the entities must be a Delaware entity and the corporations must have certificates of incorporation that are the same as each other. Therefore, the information provided in this report regarding securities will be the same for each entity, even for National Storm Recovery, LLC, although the statute does not specifically require this. Thus, the shares of National Storm Recovery, Inc. issued and outstanding prior to the reorganization will be the same number of issued and outstanding shares for The Sustainable Green Team, Ltd. and shareholders may begin exchanging their shares for shares of The Sustainable Green Team, Ltd.

#### *Effect of DGCL §251(g) in Doing Business with the Company and on Trading of Common Stock.*

As of the date of this report, the holding company structure has been approved and all of the requirements under DGCL §251(g) have been met so the Company has already taken each of the steps required under state law to legally effect the reorganization. Therefore, as a matter of law, The Sustainable Green Team, Ltd. is the successor publicly traded company. Thus for purposes of transacting business with the Company, the proper name (and actual entity) is, and will continue to be from July 21, 2020, The Sustainable Green Team, Ltd. (note that the Secretary of State's Office in Delaware ignores "the" as the first word in a company name, but the Certificate of Incorporation states it is "The" Sustainable Green Team, Ltd. The Delaware Secretary of State's Office has processed: 1.) the change in corporate domiciles of National Storm Recovery, Inc., a Wyoming corporation to National Storm Recovery, Inc. a Delaware corporation (which was required in order to work under and apply Delaware law); 2.) the change in domiciles of National Storm Recovery, LLC, a Florida limited liability company to National Storm Recovery, LLC, a Delaware limited liability company (which was required in order to work under and apply Delaware law); 3.) the incorporation of The Sustainable Green Team, Ltd., a Delaware corporation and Sierra Gold Merger Corp., a Delaware corporation and 4.) the Certificate of Merger under DGCL §251(g) for National Storm Recovery, Inc. a Delaware corporation. Therefore, with the forgoing processed, the reorganization has been completed and anyone wishing to enter into an agreement with the parent publicly traded company will enter into it with "The Sustainable Green Team, Ltd." The shares of National Storm Recovery, Inc., formerly a Wyoming corporation, that are trading in the market and any that were or are subsequently issued will be exchanged for shares of The Sustainable Green Team, Ltd. on a one for one basis.

#### *Pre-DGCL §251(g) Reorganization*

National Storm Recovery, Inc., formerly a Wyoming corporation, is the beneficial owner of National Storm Recovery, LLC, a Florida limited liability company.

#### *Post-DGCL §251(g) Reorganization*

The Sustainable Green Team, Ltd. holds three subsidiaries, Sierra Gold Merger Corp., National Storm Recovery, LLC and Mulch Manufacturing, Inc., which was acquired effective January 31, 2020.

#### *Mulch Manufacturing, Inc.*

For a description of Mulch Manufacturing, Inc.'s facilities, see Section 6 of this Annual Report.

#### *Day Dreamer Productions, LLC*

The Company acquired 100% of the membership interests in Day Dreamer Productions, LLC (DDP), a Florida LLC, on December 30, 2021, by issuing 200,000 shares of common stock. DDP provides videography services for documentaries and promotional projects. The Company uses DDP for its own promotions and documentation and intends to offer these services to outside organizations.

#### *Beaver, Washington Real Estate*

On March 18, 2022, the Company closed on the Beaver, Washington real estate property for \$1,025,475, of which, \$200,000 was previously put down as deposits, and \$825,475 was paid at closing. The acquisition of the Beaver, Washington sawmill was closed in December 2021. We expect to begin producing pine bark and marketable lumber at the Beaver mill in 2024.

C. Describe the issuers' principal products or services.

The Company operates primarily through its wholly owned operating subsidiaries. The principal products of each of the Company's operating subsidiaries is described below.

*National Storm Recovery, LLC*

National Storm Recovery, LLC (DBA Central Florida ArborCare) was initially founded to provide tree maintenance, disaster recovery, debris hauling, removal, and disposal services. Each of these services is provided to residential, commercial and governmental customers and was structured to drive revenue for the company. Examples include the company's multi-year contract with the Town of Oakland, Florida, (an area known for its large old oak trees), for emergency debris hauling and tree removal; and its multi-year contract with the Orange County Florida School District, (covering 267 properties, that includes schools, administrative sites, and maintenance facilities) for tree removal, trimming and maintenance services. In each case, these contracts are renewable following their initial multi-year terms with aggregate terms of five years.

During its first year in operation, National Storm Recovery, LLC continued to build positive momentum under its CEO, Anthony J. Raynor's leadership, when it entered into an agreement for the acquisition of certain complementary assets owned by Central Florida Arbor Care. Building this earlier success, in 2019, the company began to expand its business plan to include the complementary vertical market of mulch manufacturing. In order to expedite this plan of building a completely vertically integrated company and having identified a substantial number of advantages with being publicly traded, the company decided to bring its business to the public markets; and in the 2019, executed a share purchase and equity exchange agreement as part of the series of transactions related to the "reverse takeover."

One of the Company's over-arching strengths, in addition to management's scores of years of industry experience, is management's ability to build and manage teams. The importance of its relationships with employees, independent contractors, customers, vendors and anyone else with whom they interact, cannot be overstated. Although management believes its industry expertise, competence and reliability are each important factors, ultimately its commitment to its employees, independent contractors and the belief that they are all important members of its "Sustainable Green Team" have been significant contributing factors to being provided opportunities in every market entered. . Each of the opportunities received and the ways in which they have been managed, have also contributed to the Company's positive momentum, helping shape management's ultimate vision for the Company as a fully integrated mulch manufacturing and sales company, with operations that make sound business sense and create a positive environmental impact.

Again, National Storm Recovery, LLC was established as a company to provide tree maintenance, disaster recovery, debris hauling, removal, and disposal services – services that provide it with access to a large amount of wood or tree debris. Thought of from a different perspective, the Company has access to a large amount of "feedstock" that is required to manufacture wood-based mulch products. But, unlike traditional wood-based mulch manufacturers who *purchase* their feedstock, the Company is *paid* to cut it, *paid* to haul it and *paid* to dispose of it. Its cost, in that limited equation, was its own disposal cost. However, by processing the tree material into mulch and selling it, the Company:

- i) eliminates its disposal costs,
- ii) receives the feedstock it would need as a mulch manufacturer, for free,
- iii) does not have to police its suppliers to ensure responsible tree harvesting, because the trees and material the company handles are either from trees and branches downed in storms or cut as part of the care and maintenance of the trees it is paid to care for, and
- iv) has a "cost structure" for its feedstock that is even better than a competitor that secures feedstock using unscrupulous or irresponsible harvesting methods and/or sources.

So, by grinding, screening and packaging the tree material that it is already receiving (and is paid to receive), the Company is able to leverage its existing activities, create additional value, and position itself to substantially increase its overall revenue and earnings prospects; and decrease the burden that this material would otherwise place on the local landfills or collection sites.

*Sierra Gold Merger Corp.*

There are no operations under The Sustainable Green Team, Ltd.'s subsidiary Sierra Gold Merger Corp.

Notwithstanding the fact that the applicable statutes of limitations have expired for any foreseeable claims that could have been made based on the assets and liabilities last disclosed many years ago by Sierra Gold Corporation, Sierra Gold Merger Corp. was formed as part of the Company's corporate organizational shift into a parent-subsidary structure with discrete operations contained in separate subsidiaries. This parent subsidiary structure was affected pursuant to DGCL §251(g) and has the additional benefit of allowing any legacy issues (such as contingent liabilities, unrecorded liabilities and any other issues involving the prior business or activities of Sierra Gold Corporation) to remain isolated in the wholly owned subsidiary, Sierra Gold Merger Corp., so that they do not affect assets or the operations of any other entity.

#### Mulch Manufacturing, Inc.

Mulch Manufacturing, Inc. ("MM") is a large producers of packaged mulch products in the United States. It harvests the raw materials, processes the mulch at several locations, packages it and ships it when required in its own fleet of trucks or by contract carriers. MM's products are distributed through the largest of mass merchandisers as well as small independent retailers. MM provides customer service and sales support to the retailer as well as the end user.

#### Day Dreamer Productions, LLC

Day Dreamer Productions, LLC provides videography services for clients producing documentary and promotional services. Much of its work has been for the Company and its subsidiaries.

### **5) Issuer's Facilities**

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties, or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

For purposes of this section, unless otherwise noted, references to the "Company" refer to The Sustainable Green Team, LTD and its wholly owned subsidiaries on a consolidated basis.

#### Principal Executive Offices

Currently the Company's principal executive offices are located at 24-200 County Road 561, Astatula, FL 34705. The Company owns these premises, which are approximately 5,000 square feet. The premises are described more fully below (under "Astatula, Florida Site"). and are described below.

#### Astatula, Florida Site

The Astatula, Florida site is a 100-acre parcel of property located in Lake County, Astatula, Florida at 24200 CR 561. The Company initially entered into a purchase option on it that was contingent on receiving zoning approval for use as a storm debris and collection site. After a series of successful hearings without opposition, the City Council granted final zoning approval in January 2019. Most efforts of this nature are extremely time consuming because of significant opposition from the community. In this case however, there was a complete lack of opposition and the Company received quick approval from the City Council. Management of the Company saw this approval both as: i) an endorsement of its vision for the environmental solutions the Company offered to the community and ii) evidence of City Council's enthusiastic acceptance of the Company's plan of operations. After receiving approval from the City Council, the Company exercised its purchase option in December 2020, and now owns the property. With its prime location and 5,000 square foot building containing warehouse and office space, the 100-acre site is ideal for the Company's purposes.

The Company has been using the site as its corporate headquarters since February 2021, after preparing the site to serve as its flagship tree debris collection site, mulch manufacturing facility, soil composting and production bagging site. In addition, the Company is using the property (which can accommodate millions of cubic yards of organic storm debris) for collection and storage of storm debris during hurricanes and other storms and for tree

waste generated from the Company's tree services operations. The site provides an opportunity for the Company to increase its revenues and earnings from disposal fees the Company collects from new Lake County customers and other tree service companies who pay for disposal. It also is another source of feedstock for the Company's mulch operations.

#### Two Landfills of a National Waste Disposal Company

Prior to the addition to its 100 acre Astatula site, as management began expanding the Company's business model, the Company entered into a collaborative agreement with a large, national waste disposal company that allows the Company to use two of its sites located at 242 West Keene Road, Apopka FL and 5400 Rex Drive, Winter Garden, Florida for collection and storage of tree debris collected in connection with its disaster recovery services as well as collection sites for its tree maintenance, hauling and disposal. In addition, the Company has been given the right to install and operate its mulch manufacturing and bagging equipment at these sites under very favorable lease terms. Logistically, the Company benefits from these locations which are optimally positioned for use in connection with its tree services operations. Further, the agreement allows the Company to execute on its mulch manufacturing, bagging and sales plans under a significantly expedited timeline with pre-approved zoning and at significantly lower costs. Both parties have expressed satisfaction with these arrangements. Management believes that this is in part due to the fact that, although both receive entirely different benefits, the benefits to each are quite important. For example, the Company is given the right to use tree debris that is generated from other parties as feedstock in its mulch manufacturing operations. The waste disposal company also benefits significantly. Although it is a common misconception that because wood is biodegradable it is also compostable. But in reality, wood and particularly large logs take many years to decompose. As such, by repurposing and removing the materials from these sites, the Company is solving a significant problem for its partner. Yard waste, and in particular, the large volume of tree waste brought to landfills around the country each year is a real problem with which those managing them must contend and the Company's use of this material presents an ideal solution. In many ways, this is an ideal solution because not only does it decrease the burden on the landfills where they operate, it provides a sustainable alternative to other feedstock sourcing methods.

#### Beaver, Washington Sawmill

We expect to begin producing pine bark and marketable lumber at the Beaver mill in 2024.

#### Jasper, FL Sawmill

We expect to begin producing pine bark and marketable lumber at the Jasper mill in Q4 2022.

#### Mulch Manufacturing, Inc. Facilities

The below Apopka, FL, and Reynoldsburg, OH facilities are leased under customary industry terms and conditions. The rest of the facilities are owned. Of these owned facilities, all but Astatula are mortgaged.

##### Callahan, Florida

- ☐ 6 Bagging lines
- ☐ 100 Acres of storage
- ☐ Cypress, Pine, Colored & A-Grade, Softscape

##### Homerville, Georgia

- ☐ Cypress Sawmill & mulch production
- ☐ 3 Bagging lines
- ☐ 40 Acres of storage
- ☐ Cypress A & B grade, Chips, Softscape

##### Jacksonville, Florida (Colorant Plant)

- ☐ Production of mulch colorants

- ☐ Sale of mulch coloring machinery
- ☐ R & D division for new products

Jacksonville, Florida (Bagging Facility)

- ☐ Production & Bagging
- ☐ Mulch production, bagging & prepack
- ☐ Wood recycling collection site
- ☐ Retail sales

Apopka, Florida

- ☐ Full line of bagged and bulk mulch products
- ☐ Wood recycling collection site
- ☐ Retail sales

Astatula, Florida (same as Company's Corporate Headquarters)

- ☐ Full line of bagged and bulk mulch products
- ☐ 100 Acres of storage
- ☐ Wood recycling collection site
- ☐ Retail sales
- ☐ Central Florida Arborcare

Reynoldsburg, Ohio

- ☐ Sales and administrative offices

Equipment:

The Company uses a variety of heavy equipment from Boom (Cranes), Pickup and Bucket Trucks to Grinders, Front-end and Skid Steer Loaders and Bagging and Coloring Machines in its operations. The majority of the equipment used by the Company (and its operating subsidiaries) is owned outright by the Company, but the Company does lease or pledge as collateral certain equipment. The leases and secured promissory notes for such equipment contain terms that are customary in the industry(ies) that the Company and its subsidiaries operate in for such equipment.

## 6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuer's securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>Anthony J. Raynor</u>	<u>Chief Executive Officer (CEO), President and Director</u>	<u>Winter Garden, Florida</u>	<u>38,524,500</u>	<u>Common</u>	<u>51.62%</u>	<u>Issued in Connection with Share/Equity Exchange</u>
<u>VRM Global Holdings PTY Ltd<sup>1</sup></u>	<u>Owner of &gt;5%</u>	<u>Australia</u>	<u>6,500,000</u>	<u>Common</u>	<u>8.71</u>	<u>Issued in connection with Share/Equity Exchange</u>
<u>John Spencer</u>	<u>Owner of &gt; 5%</u>	<u>Columbus, Ohio</u>	<u>6,000,000</u>	<u>Common</u>	<u>8.04%</u>	<u>Issued in Connection with a Debt Conversion</u>
<u>Leslie Schultz</u>	<u>Owner of &gt; 5%</u>	<u>Rancho Sante Fe, CA</u>	<u>5,000,000</u>	<u>Common</u>	<u>6.7%</u>	<u>Investment</u>
<u>Thistle Investment, LLC.<sup>2</sup></u>	<u>Owner of &gt;5%</u>	<u>Aurora, CO</u>	<u>3,860,000</u>	<u>Common</u>	<u>5.17%</u>	<u>Issued in connection with share/Equity Exchange</u>
<u>Bradford Baker</u>	<u>Independent Member of the Board of Directors and Audit Committee</u>	<u>Sarasota, FL</u>	<u>0</u>	<u>Common</u>	<u>0.0%</u>	<u>N/A</u>
<u>Colleen M McAleer</u>	<u>Independent Member of the Board of Directors and Compensation Committee</u>	<u>Sequim, WA</u>	<u>0</u>	<u>Common</u>	<u>0.0%</u>	<u>N/A</u>
<u>Ned L. Siegel</u>	<u>Former Independent Member of the Board of Directors and Governance Committee</u>	<u>Boca, FL</u>	<u>0</u>	<u>Common</u>	<u>0.0%</u>	<u>N/A</u>
<u>Brian Meier</u>	<u>Chief Operating Officer (COO)</u>	<u>Homerville, Georgia</u>	<u>500</u>	<u>Common</u>	<u>0.0%</u>	<u>Gift Recipient</u>
<u>Michael Mete</u>	<u>Former Chief Financial Officer (CFO)</u>	<u>Oakland, Florida</u>	<u>0</u>	<u>NA</u>	<u>0.0%</u>	<u>N/A</u>
<u>Total Officers, Directors and 5% Shareholders as a Group</u>			<u>59,885,000</u>	<u>Common</u>	<u>80.24%</u>	

Use the space below to provide any additional details, including footnotes to the table above:

1. Kevin Michael Bellamy has sole dispositive power over the shares.
2. Jodi Stevens has sole dispositive power over the shares.

\*Presented as a percentage of 74,631,743 shares of the Company's Common Stock outstanding as of December 31, 2022.

Anthony "Tony" J. Raynor – Currently serves as the President, Chief Executive Officer and as a Director.

Joshua Wethington – Currently serves as the Company's Chief Financial Officer.

Brian Meier – Currently serves as the Company's Chief Operating Officer.

Bradford Baker – Currently serves as the Company's Independent Member of the Board of Directors and Audit Committee.

Colleen M. McAleer – Independent Member of the Board of Director and Compensation Committee.

## 7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

No

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

No

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding, or judgment has not been reversed, suspended, or vacated; or

No

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

No

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

### EMC Arbitration and Settlement Agreement

- We were 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 sought 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 denied EMC's allegations and has also initiated counterclaims against EMC for breach of the agreement by EMC, in which it sought 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 took this action as a defensive measure against potential (in the Company's opinion) frivolous lawsuits brought by Rainmaker against the Company. The Company believed it had adequate defenses in the ongoing arbitration described above being overseen by the American Arbitration Association.

- On October 6, 2022, the Company entered into a Settlement Agreement and Mutual Release (the "EMC Agreement") with EMC, Rainmaker, Mr. Painter, Mr. Cohen, and Mr. Lehrer, pursuant to which the parties agreed to amicably resolve all disputes between them without admitting any wrongdoing or liability. In full and final settlement of all claims and counterclaims between the parties, the Company agreed to pay EMC a total sum of \$250,000, to be paid out monthly, in \$50,000 or \$25,000 increments, beginning on October 15, 2022 and ending on April 15, 2023. Rainmaker, Mr. Painter, Mr.

Cohen, and Mr. Lehrer acknowledged and agreed that they are not entitled to receive any money or property from the Company or its CEO, Anthony J. Raynor.

In addition, Mr. Raynor, agreed to transfer 100,000 of his personal shares of the Company's Common Stock to EMC and 100,000 of his personal shares of the Company's Common Stock to The Pink Butterfly Foundation, a Florida not for profit corporation ("Pink Butterfly") dedicated to assisting families with acute financial needs accompanying a heartbreaking and devastating sudden loss of a child. Both share transfers were to take place within twenty (20) days of the date of the EMC Agreement.

The share transfers are each subject to a lock-up agreement, dated October 6, 2022, by and between each the Company and EMC and the Company and Pink Butterfly (together, the "Lock-Up Agreements"). Under the terms of the Lock-Up Agreements, EMC and Pink Butterfly cannot sell, transfer, assign or otherwise dispose of the shares received for a period of one (1) year from the date of the Lock-Up Agreement (the "Lock-Up Period"). In the event the Company's Common Stock is listed for trading on the New York Stock Exchange or the NASDAQ Stock Market during the Lock-Up Period, the "Lock-Up Period" shall be adjusted to last until the six (6) month anniversary of the listing date.

If the Company or Mr. Raynor default under the terms of the EMC Agreement by failing to make a payment when due or failing to transfer the shares, EMC must provide notice of the default and the Company will have fifteen (15) business days from the date of the notice to cure the default. If the Company fails to cure the default, a final judgment will be entered against the Company for \$250,000, less any payments already made, and/or the cash value of the shares, if the shares have not been transferred in default of the EMC Agreement.

The parties filed a joint motion for dismissal of all claims and counterclaims and agreed to request that the American Arbitration Association enter an order staying and abating the arbitration and retaining jurisdiction to enforce the terms of the EMC Agreement. All parties expressly agreed that they are forever barred from instituting, maintaining or asserting any and all claims and causes of action released under the EMC Agreement.

#### Ralph Spencer Litigation

##### First Complaint and Settlement.

On March 25, 2021, the Company filed a civil complaint (the "First Complaint") in Florida's Ninth Judicial Circuit Court in Orange County, Florida against Ralph Spencer ("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 Court enjoining Mr. Spencer from, among other things, further attempts to interfere with the Company's business operations.

On August 16, 2021, the parties entered into a Settlement Agreement and Mutual Release (the "Settlement Agreement"), wherein, among other provisions, all outstanding debt was extinguished. The Company recognized a \$17,484,728 capital contribution, credited to Additional Paid-in Capital, from the extinguishment of debt.

The Company also agreed to pay Spencer \$25,650,000 plus interest as follows:

- (a) Issuing Spencer a promissory note in the amount of \$10,650,000 accruing interest at 6% per annum secured by four properties located in Florida and another in Georgia (the "Settlement Note"). The Settlement Note is amortized monthly over 20 years with a balloon payment of any outstanding balance on its third anniversary. The Company is current on all Settlement Note obligations as of the date of this Registration statement.
- (b) Paying Spencer a total of \$15,000,000 in exchange for the redemption of Spencer's 40,000,000 shares of common stock and any and all ownership interests in which he may have or claim (the "Redemption Payment"). The Redemption Payment is to be paid to Spencer according to the following schedule: (i) \$3,300,000 on October 15, 2021 in exchange for 8,797,800 common stock shares; and (ii) twenty-four (24) payments of \$487,500 on the 15<sup>th</sup> of each month, commencing November 15, 2021, each for 1,300,091.67 common stock shares. Spencer executed a letter of instruction to the Company's transfer agent, Pacific Stock Transfer, and provided all shares to the transfer agent to allow for the immediate redemption upon each payment.



On October 11, 2021, the First Complaint was voluntarily dismissed with prejudice as provided for in the Settlement Agreement.

Second Complaint.

On April 19, 2022, the Company together with its wholly owned subsidiary Mulch Manufacturing, Inc., (referred to together as the “Plaintiffs”) filed a civil complaint in Florida’s Ninth Judicial Circuit Court in Orange County, Florida Case No. 2022-CA-003280-O (the “Second Complaint”) against Spencer alleging that (i) Spencer breached the Settlement Agreement by disclosing confidential settlement terms to third parties and violating the non-disparagement provisions by repeatedly disparaging and defaming Anthony Raynor, Tami Raynor, and other officers, agents, and employees of the Plaintiffs, (ii) that Spencer engaged in certain tortious interference with the Company’s advantageous business relationships, and (iii) that Spencer engaged in a systematic campaign to defame, disparage and spread false statements about the Company and its employees, agents and representatives, including family members of Company employees.

On December 13, 2022 (the “Effective Date”), the Plaintiffs, Tami Raynor and Anthony Raynor (collectively, “Raynor”), and Ralph Spencer (“Spencer”), by and through his attorney-in-fact Christie Spencer and his court-appointed attorney, Christine J. Lomas, and Christie Spencer, as Ralph Spencer’s attorney-in-fact (together with Spencer, the “Spencer Parties”) ( hereafter “the “Parties” or a “Party”), entered into a Settlement Agreement, (hereafter the “December 2022 Settlement Agreement”), in relation to the Second Complaint (the “Business Court Litigation”).

As a complete settlement of the dispute that is the subject of the Business Court Litigation, the Parties agreed to the following material terms as provided for in the December 2022 Settlement Agreement:

Terms Regarding Promissory Note, Mortgage, and Deed to Secure Debt. Within five days of the Effective Date, Spencer and RJ Enterprises of Florida, LLC (“RJ Enterprises”) agreed to convey certain real estate located in Nassau County, Florida (the “RJ Parcels”) to the Company’s wholly owned subsidiary Mulch Manufacturing, Inc. (“Mulch Manufacturing”) free and clear from any and all interests, mortgages, liens, encumbrances, and clouds on the title, including a \$200,000 mortgage from RJ Enterprises to Weber Holdings, Ltd. The RJ Parcels are comprised of two tracts of land, one of which is approximately 2.93 acres and the other is approximately 14.9 acres, both of which are located off of U.S. Highway 301 in Callahan, Florida 32011.

In addition, Spencer agreed to release the real property located at 108 Copeland Street, Jacksonville, Florida 32204 (the “Copeland Parcel”) from the mortgage securing a debt in the original principal amount of \$10,650,000 issued by the Company in favor of Spencer as provided for in the Settlement Agreement (the “August 2021 Mortgage”). Further, the Parties agreed to amend the August 2021 Mortgage and the underlying promissory note to increase the principal balance to \$11,500,000, which amount will be amortized over twenty (20) years with any and all remaining amounts of principal and interest becoming due and payable sixty months after the date of amendment. The August 2021 Mortgage will be further modified to add the RJ Parcels as collateral security and limit the inspection rights of Spencer and certain other persons and restrict Spencer from selling, transferring, assigning, gifting, encumbering, or placing any liens on the August 2021 Mortgage for a period of two years from the date it is amended.

Terms Regarding Common Stock of the Company. According to the terms of the December 2022 Settlement Agreement, the Company agreed with Spencer to redeem 22,101,556 shares of the Company’s common stock he owns (the “Spencer Shares”) in exchange for the Company’s payment to Spencer of \$1,000,000. The Company’s obligation to pay Spencer is conditioned on Spencer delivering: (i) a letter of instruction directing the Company’s transfer agent to rescind the issuance of the Spencer Shares, (ii) a quit claim deed to the RJ Parcels to Mulch Manufacturing and (iii) a release of the Copeland Property from the August 2021 Mortgage. In addition, Spencer has represented that he has no rights, options, or warrants to buy additional shares of common stock or any other stock or ownership interests in the Company, that Spencer has not sold, assigned, transferred, encumbered, or gifted, directly or indirectly, any stock, rights, options, warrants, or other ownership interests in the Company to any person or party and that he has no other ownership interests whatsoever in the Company or Mulch Manufacturing.

The December 2022 Settlement Agreement also provides that the Company shall pay Spencer an aggregate of \$1,500,000 in installments of \$500,000 on April 1, 2023, August 1, 2023 and December 1, 2023 conditioned on Spencer complying with his obligations under the December 2022 Settlement Agreement (the “Additional Amounts”). On December 27, 2022, these conditions were fulfilled and the Company completed the redemption of the 22,101,556 shares of common stock.

Finally, the December 2022 Settlement Agreement provided that the Parties would execute and file a joint stipulation in Business Court Litigation that provides in the event Ralph Spencer and Christie Spencer fail to comply with certain non-harassment obligations provided for in the December 2022 Settlement Agreement, then the unpaid balance of the Additional

Amounts will be paid into the registry of the court or an agreed-upon third party as they become due to be held in escrow and released upon agreement or as directed by an order of the court. Accordingly, the stipulation was filed in the Circuit Court of the Ninth Judicial Circuit in and for Orange County, Florida, on January 26, 2023.

## 8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Jessica Haggard, Esq.  
Address 1: 625 N. Flagler Drive, Ste. 600  
Address 2: West Palm Beach, FL 33401  
Phone: (561) 514-0936  
Email: JHaggard@anthonypllc.com

Accountant or Auditor

Name: Benjamin Borgers, CPA  
Firm: BF Borgers, CPA, PC  
Address 1: 5400 West Cedar Avenue  
Address 2: Lakewood, CO 80226  
Phone: (303) 953-1454  
Email: Ben@bfbcpa.us

Investor Relations

Name: N/A  
Firm: N/A  
Address 1: N/A  
Address 2: N/A  
Phone: N/A  
Email: N/A

*All other means of Investor Communication:*

Twitter: Yes  
Discord: N/A  
LinkedIn: Yes  
Facebook: Yes  
[Other ] IG

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: N/A  
Firm: N/A  
Nature of Services: N/A  
Address 1: N/A  
Address 2: N/A  
Phone: N/A  
Email: N/A

## 9) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☐ IFRS  
☒ U.S. GAAP

B. The following financial statements were prepared by (name of individual)<sup>2</sup>:

Name: Joshua Wethington  
Title: CFO  
Relationship to Issuer: Employee

Describe the qualifications of the person or persons who prepared the financial statements: Mr. Wethington serves as CFO to the Company, and is the Principal Financial Officer.

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

## 10) Issuer Certification

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Anthony J. Raynor certify that:

1. I have reviewed this Disclosure Statement for The Sustainable Green Team, Ltd.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 17, 2023 [Date]

/s/ Anthony J. Raynor [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

*Principal Financial Officer:*

I, Joshua Wethington certify that:

1. I have reviewed this Disclosure Statement for The Sustainable Green Team, Ltd.;

<sup>2</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 17, 2023 [Date]

/s/ Joshua Wethington [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

**THE SUSTAINABLE GREEN TEAM, LTD. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED -- DECEMBER 31, 2022**

## **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 December 31, 2022 and as of January 1, 2022, 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 December 31, 2022 and January 1, 2022, 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.

### **Substantial Doubt about the Company's Ability to Continue as a Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered negative cash flows and has a significant accumulated deficit. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our 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 (PCAOB ID 5041)**

We have served as the Company's auditor since 2020

Lakewood, CO

April 13, 2023

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

	<b><u>FY2022</u></b> <i>(Dec 31, 2022)</i>	<b><u>FY2021</u></b> <i>(Jan 1, 2022)</i>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 0	\$ 788,242
Short-term investments	52	52
Accounts receivable, net of allowance for doubtful accounts	2,436,324	2,538,626
Inventories	18,656,179	7,588,085
Prepaid expenses and other current assets	8,797,966	1,503,504
Total Current Assets	29,890,522	12,418,510
Property and equipment, net	64,333,763	52,049,146
Other Assets		
Long-term investments	968,513	1,051,702
Goodwill	224,000	224,000
Intangibles	14,473,880	84,440
ROU asset	10,474,406	977,355
Total Other Assets	26,140,798	2,337,497
<b>Total Assets</b>	<b><u>\$ 120,365,084</u></b>	<b><u>\$ 66,805,152</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ (4,765,019)	\$ (2,671,776)
Current portion of lease liability	(3,350,145)	(249,186)
Notes payable	(6,712,178)	(4,486,461)
Notes payable - related party	(1,500,000)	-
Total Current Liabilities	(16,327,342)	(7,407,423)
Long-term Liabilities		
Lease liabilities, net of current portion	(7,140,632)	(751,605)
Notes payable, net of current portion	(24,221,403)	(17,480,621)
Note payable - related party, net of current portion	-	-
Total Long-term Liabilities	(31,362,035)	(18,232,227)
Total Liabilities	(47,689,378)	(25,639,650)
Stockholders' Equity		
Common Stock	(7,463)	(8,646)
Additional paid-in capital	(56,294,220)	(34,536,850)
Retained earnings	(16,374,022)	(6,620,006)
Total Stockholders' Equity	(72,675,706)	(41,165,502)
<b>Total Liabilities and Stockholders' Equity</b>	<b><u>\$ (120,365,084)</u></b>	<b><u>\$ (66,805,152)</u></b>

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

**THE SUSTAINABLE GREEN TEAM AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**(Audited)**

	<b>Full Year</b>	
	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Net Revenue	\$ 35,513,231	\$ 31,925,731
Cost of Revenue		
Cost of Goods (excl Depreciation & Amortization)	23,972,319	27,070,234
Depreciation & Amortization (COGs)	3,540,760	3,534,331
Total Cost of Revenue	27,513,079	30,604,565
Gross Profit	8,000,152	1,321,166
Operating Expenses		
Selling, General and Administrative	7,254,009	5,033,382
Depreciation and Amortization (OpEx)	262,550	31,581
Total Operating Expenses	7,516,559	5,064,963
Income (loss) from Operations	483,593	(3,743,797)
Other Income (expense)		
Interest Expense, net	(2,177,284)	(508,034)
Bargain Purchase Gain (loss)	8,846,635	7,123,084
Debt Forgiveness	1,236,080	1,613,128
Gain on Sale of Fixed Assets	16,833	-
Other Income, net	176,813	26,979
Total Other Income (expense)	8,099,077	8,255,158
Income (loss) before provision for Income Taxes	8,582,670	4,511,361
Provision for Income Taxes	(318,544)	(716,002)
<b>Net Income (loss)</b>	<b>\$ 8,901,214</b>	<b>\$ 5,227,362</b>
Net income (loss) per common share - basic	\$ 0.10	\$ 0.06
Net income (loss) per common share - diluted	\$ 0.10	\$ 0.05
Wt. Avg shares outstanding - basic	88,902,029	90,161,612
Wt. Avg shares outstanding - diluted	92,752,029	95,801,616

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**  
**(Audited)**

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Paid-in</u>	<u>Retained</u>	
	Shares	Amount	Shares	Amount	Capital	Earnings	Total
<b>Balance at January 2, 2021</b>	<b>90</b>	<b>\$ -</b>	<b>89,168,405</b>	<b>\$ 8,517</b>	<b>\$ 6,726,396</b>	<b>\$ 3,957,946</b>	<b>\$ 10,692,859</b>
Note payable converted to stock			6,000,000	600	3,699,400	-	3,700,000
Related party contribution on debt forgiveness			-	-	17,484,728	-	17,484,728
Stock issued for 2020 debt inducement			300,000	30	62,970	-	63,000
Stock issued for acquisitions			600,000	60	3,919,940	-	3,920,000
Stock issued for compensation			150,000	15	122,535	-	122,550
Stock Subscriptions			5,640,004	564	4,229,439	-	4,230,003
Stock Repurchase (R. Spencer)			(11,397,984)	(1,140)	(1,708,558)	(2,565,301)	(4,274,999)
Net Income			-	-	-	5,227,361	5,227,361
<b>Balance at January 1, 2022</b>	<b>90</b>	<b>\$ -</b>	<b>90,460,425</b>	<b>\$ 8,646</b>	<b>\$ 34,536,850</b>	<b>\$ 6,620,006</b>	<b>\$ 41,165,502</b>
Stock Subscriptions			12,773,333	1,277	25,805,223	-	25,806,500
Stock Repurchase (R. Spencer)			-28,602,014	-2,860	-4,287,442	852,802	-3,437,500
Net Income			0	0	0	8,901,212	8,901,212
<b>Balance at December 31, 2022</b>	<b>90</b>	<b>\$ -</b>	<b>74,631,744</b>	<b>\$7,463</b>	<b>\$56,054,631</b>	<b>\$16,374,022</b>	<b>\$72,435,715</b>

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**  
**(Audited)**

	<b>Year Ended</b>	
	<b>December 31, 2022</b>	<b>January 1, 2022</b>
<u>Cash flows from operating activities:</u>		
Net Income (Loss)	\$ 8,901,214	\$ 5,227,362
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for (recovery of) doubtful accounts		(79,598)
Depreciation and amortization	3,803,310	3,565,912
Common stock issued as compensation	-	122,550
Equity increase in long term investment	66,389	(315,281)
Bargain purchase gain	(8,846,635)	(7,123,084)
(Gain) loss on sale of fixed assets	(16,833)	-
Gain on Paycheck Protection Program debt forgiveness	(1,236,080)	(1,613,128)
Changes in operating assets and liabilities:		
Accounts receivable, net	102,301	(827,107)
Inventory	(5,679,770)	2,218,691
Prepaid expenses and other current assets	(478,211)	(875,140)
Accounts payable and accrued expenses	2,093,243	2,121,321
Net cash from (used in) operating activities	(1,291,072)	2,422,498
<u>Cash flows from investing activities:</u>		
Purchases of property and equipment	(4,462,216)	(3,835,636)
Net short-term investment redemptions (purchases)	-	2,801,210
Proceeds from sale of property and equipment	7,238,000	-
Proceeds from long-term investments	26,595	105,850
Net cash from (used in) investing activities	2,802,379	(928,576)
<u>Cash flows from financing activities:</u>		
Principal payments on leases	(819,401)	(233,575)
Proceeds from notes payable	6,916,005	1,236,080
Payment on notes payable	(7,690,153)	(1,471,282)
Payment on notes payable, related parties	-	(698,194)
Stock subscriptions/redemptions	2,731,500	(44,996)
Stock redemptions	(3,437,500)	
Distributions		
Net cash provided by (used in) financing activities	(2,299,549)	(1,211,967)
Net increase (decrease) in cash	(788,242)	281,955
Cash - beginning of period	788,242	506,287
Cash - end of period	\$ 0	\$ 788,242

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

**THE SUSTAINABLE GREEN TEAM, LTD. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 – ORGANIZATION AND BUSINESS OPERATIONS**

***Background***

Our common stock is traded in the United States on the OTCQX tier of the OTC Market Group Inc. (the “OTCQX”) under the symbol “SGTM.”

We are a provider of arbor care, tree trimming, and storm debris clean-up and disposal services, primarily in the southeastern United States with nationwide capabilities and a manufacturer of mulch, lumber and soil products in the Midwest and Southeast regions of the United States and the Ohio Valley. Our products are distributed through our national distribution channels. We are also installing equipment for producing soil products which we expect to start selling in 2023 and coming online with a soil and sawmill facility in late 2024 in Beaver, Washington.

***Corporate History***

The Sustainable Green Team, Ltd., (f/k/a Sierra Gold Corp.)”, a Delaware corporation (the “Company”), conducts business activities principally through its two wholly owned subsidiaries: National Storm Recovery LLC (“NSR LLC”), a Delaware limited liability company and Mulch Manufacturing, Inc., an Ohio corporation (“MM”).

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 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 affect this restructuring, NSRI and NSR LLC each changed domiciles to the State of Delaware. 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 which was filed with the Delaware Secretary of State 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 became our 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.

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.

On August 9, 2022, the Company entered into a restricted sublicense agreement (collectively with the VRM Sublicense Amendment defined below, the “VRM Sublicense”) with a soil technology company, VRM Global Holdings Pty Ltd (“VRM Global”), and its wholly owned subsidiary VRM International PTY LTD (“VRM International,” together with VRM Global, collectively referred to herein together as the “Licensor”). The VRM Sublicense was amended on October 12, 2022 (the “VRM Sublicense Amendment”), to expand collaboration between the Company and Licensor and add the Licensor’s wholly owned subsidiary VRM Biologik Inc. (the “VRM Biologik”), among other things.

Pursuant to the VRM Sublicense, the Licensor granted the Company a restricted sub-license, pursuant to which the Licensor will allow the Company to use certain rights and entitlements and provide the Company with certain catalyst ingredients which will allow the Company to manufacture Humisoil® and XLR8® Bio (the “VRM Products”). These products are made using wood materials provided by the Company and the Licensor’s technology and catalyst ingredients to be acquired by the Company from the Licensor or produced by the Company pursuant to the VRM Sublicense. In addition, the VRM Sublicense grants the Company the non-exclusive right to distribute the VRM Products throughout the U.S., the exclusive right to market and distribute these products in packaging of less than one cubic yard in addition to the right to exclusively manufacture the Licensor’s catalyst ingredients in Florida, Washington State and the Caribbean (the “Exclusive Territory”).

The Company agreed to sell to Licensor the VRM Products manufactured by the Company in amounts determined in the sole discretion of the Company at an agreed-on price. In addition, Licensor has agreed to assign to the Company rights held by the Licensor to repurchase the VRM Products manufactured by others within the Exclusive Territory and an option to acquire such rights outside such territory.

In addition, pursuant to the VRM Sublicense Amendment, the Company acquired from Licensor 10% of VRM Biologik, certain catalyst ingredients for future delivery to be used in the Company’s production of Humisoil®, XLR8® Bio and other products, co-location of Licensor’s production facilities with the Company’s facilities in Florida and the state of Washington and development of an agreed plan to complete licensed manufacture of soil amendment catalysts in other strategic locations across the U.S. The catalyst ingredients to be acquired by the Company from the Licensor are expected to be sufficient to produce a minimum of 4,000,000 cubic yards of Humisoil® and its companion products that, along with other inputs, has the potential to generate revenue in excess of \$987,000,000. This value as provided for the VRM Sublicense Amendment is equivalent to the Company’s potential revenue from the sale of these products.

The Term of the VRM Sublicense is for a period of ten years from October 12, 2022 with the option to renew it for a five-year period. The VRM Sublicense may be terminated by written agreement of the parties, or immediately by the Licensor if the Company amends or alters any of the inputs, outputs, products, marks, materials, media, recipes, or any of the processes as described in any of the manuals provided by Licensor to the Company except as permitted by the VRM Sublicense or appointment of a liquidator, administrator, receiver, receiver and manager, mortgagee in possession or other external controller appointed by virtue of the laws of insolvency or appointed by a creditor, by VRM Global or by the holder of security over the assets of VRM Global or an assignment of VRM Global’s rights pursuant to the VRM Sublicense without the approval of VRM Global. VRM Global may terminate the VRM Sublicense if at any time the Company is in breach of any of the terms or conditions of the VRM Sublicense and it fails to remedy such breach within 30 days of notice from Licensor. In consideration of the grant of the VRM Sublicense, the Company initially issued to the Licensor, 500,000 shares of the Company’s common stock upon execution of the VRM Sublicense and an additional 6,000,000 shares upon execution of the VRM Sublicense Amendment. Additionally, the Company agreed to pay the Licensor an aggregate of \$1,000,000 in cash in two installments, with the first installment of \$500,000 payable within 10 days of the Company’s completing an initial public offering of its common stock (the “IPO”) and the second payment due on the one-year anniversary of the date of the IPO. In addition, pursuant to the VRM Sublicense Amendment, the Company agreed to issue the Licensor 6,000,000 shares of the Company’s common stock and pay an aggregate of \$7,200,000 payable in tranches of \$3,600,000 by December 31, 2022 and two payments of \$1,800,000 on each of May 31, 2023 and October 31, 2023. If the Company does not complete the IPO by February 4, 2023 or make the \$500,000 payment within 10 days of such date, VRM Global may terminate the VRM Sublicense and, the Company will be obligated to pay the Licensor its then market rates for all inputs utilized by the Company in the production of Humisoil®, XLR8® Bio and other products produced using these inputs during the term of the VRM Sublicense. Due to the delay in funding in the year 2022 and delay on the catalyst ingredient

shipment, arriving in January 30, 2023, instead of making payments in December 2022, the parties have mutually agreed to discuss a payment plan later in 2023.

The Company, Day Dreamer Productions, LLC (“DDP”) and ACCEL Media International LLC, FMW Media Works LLC (collectively, “ACCEL”) entered into a Corporate Communications Services Agreement dated as of October 4, 2022 (the “ACCEL Agreement”). Pursuant to the terms of the ACCEL Agreement, ACCEL agreed to provide the Company with a variety of television, production, promotional media, media analysis, and media procurement to assist the Company in generating positive media awareness about its business. The term of the ACCEL Agreement is for a period of five years and any breach of the agreement may be remedied by injunctive or other equitable relief and specific performance. Neither party has a right to terminate the agreement prior to its expiration. The promotional media services provided by ACCEL are expected to have a market value of no less than \$30,700,000. In addition, the ACCEL Agreement requires ACCEL to exclusively rely on and use DDP to offer, create and distribute any custom 30 minute or longer program for all ACCEL in-house video production and marketing content that is tendered to ACCEL customers.

In consideration for the services to be provided by ACCEL, the Company issued to ACCEL 3,500,000 shares of unregistered Common Stock, an option to acquire 5,000,000 shares of unregistered Common Stock at an exercise price of \$2.00 per share (the “ACCEL Stock Option”) and a warrant to purchase up to 2,000,000 shares of Common Stock at an exercise price of \$1.00 per share (the “ACCEL Warrant”). The ACCEL Option expires three years after the date of issuance and the ACCEL Warrant expires 90 days after the date of issuance. In the event the ACCEL Warrant is exercised in whole or in part, then upon each exercise thereof, if any, the Company agreed to issue to ACCEL a three-year option to acquire a number of shares of Common Stock equal to the number of shares of Common Stock acquired by ACCEL upon exercise of the ACCEL Warrant, at an option exercise price of \$2.00 per share. The exercise price of the ACCEL Stock Options and the ACCEL Warrants is subject to proportional adjustment in the event of stock splits, stock dividends and similar corporate events.

ACCEL agreed that it will not, directly or indirectly, for a period of one year after October 4, 2022, lend, offer, pledge, hypothecate, encumber, donate, assign, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future of), directly or indirectly, any of the shares of Common Stock issued to ACCEL pursuant to the ACCEL Agreement, the ACCEL Stock Option or the ACCEL Warrant.

The ACCEL Agreement, ACCEL Stock Option and ACCEL Warrant also contains additional customary covenants, representations and warranties.

The address of our principal place of business is 24200 CR-561, Astatula, FL 34705.

## DESCRIPTION OF THE BUSINESS

### Overview

The Sustainable Green Team is a provider of environmentally conscious solutions in the arbor care, disposal, recycling, mulch and manufactured soil amendments business. The Company is a collector of tree debris (“feedstock”), throughout the southeast region of the United States. The Company beneficially-reuses feedstock to manufacture wood-based mulch and lumber products that are sold nationwide. The Company has a division that manufactures and sells proprietary mulch colorants and coloring equipment.

Historically, the harvest and processing of wood has resulted in timber waste and feedstock being sent to landfills and disposal sites, essentially collecting, and disposing of useful products. The Sustainable Green Team’s mission is to address this traditional “collect-and-dispose” wasteful model, partly by partnering with a large waste management company, thereby turning feedstock that would otherwise be thrown away into reusable products such as mulch and soil. We believe that our efforts to recycle waste into a biodegradable water conserving mulch product, use of machinery powered by electricity instead of diesel fuel and our planned production of manufactured soil enhancing amendments forms the basis of our environmentally conscious solutions.

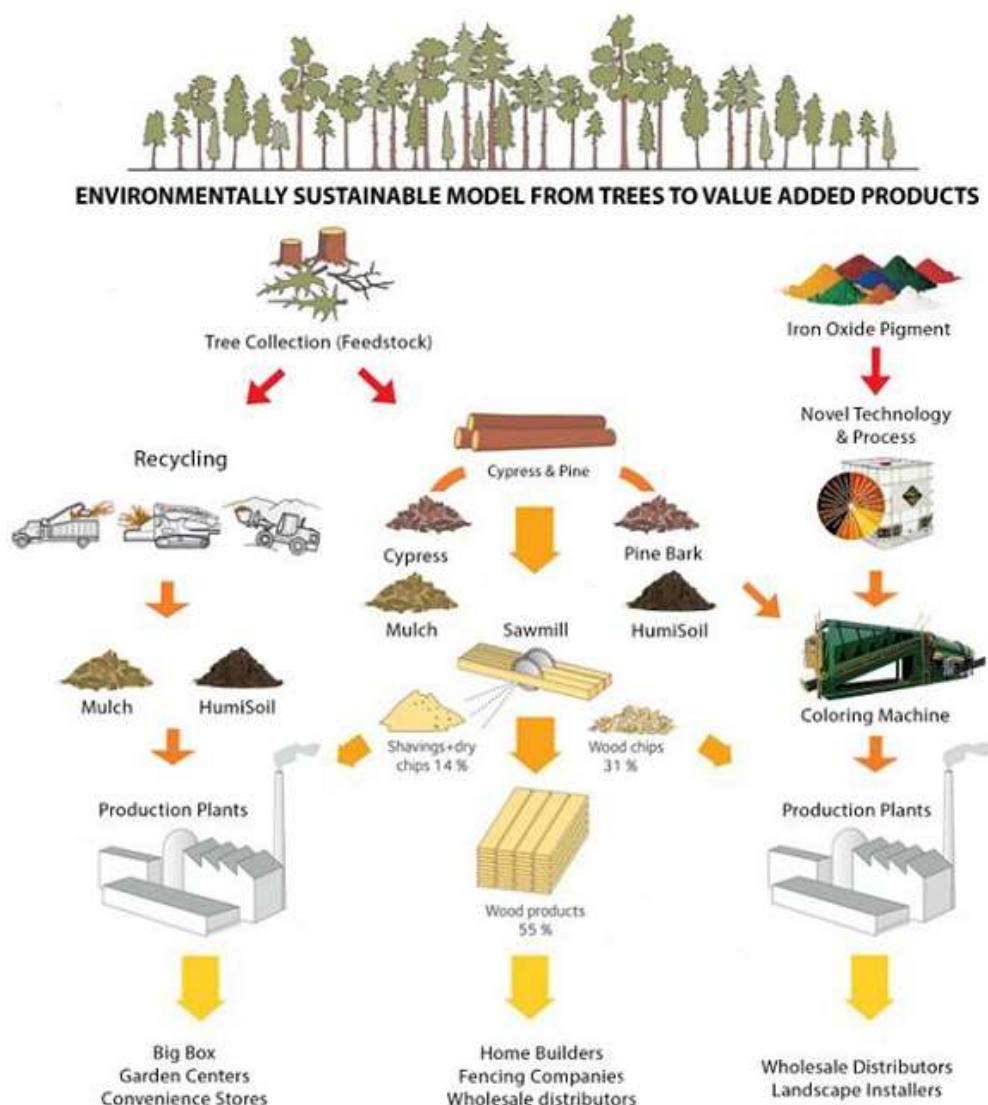
The Sustainable Green Team operates as a holding company with two vertically aligned operating subsidiaries:

- National Storm Recovery, LLC (“NSR”), a Delaware LLC, operating as “Central Florida Arborcare”, provides arbor care, tree trimming, and storm debris clean-up and disposal services, primarily in the southeastern United States with nationwide capabilities; and

- Mulch Manufacturing, Inc. (“MMI”), an Ohio corporation, manufactures mulch, lumber and soil products in the United States Midwest and southeast regions, and the Ohio Valley. MMI has nationwide distribution channels.

As illustrated below, the Company’s vertically integrated business begins with the collection of feedstock through NSR. Feedstock is then beneficially reused by MMI, for recycling and manufacturing of lumber and organic mulch. We package our products and sell them to retailers, wholesalers, landscapers, and garden centers nationwide. The diagram also includes soil products that we expect to begin manufacturing and selling in 2023.

The Company also currently holds all of the issued and outstanding capital stock of a non-operating direct subsidiary, Sierra Gold Merger Corp., a Delaware corporation, which was formed for the sole purpose of facilitating the restructuring of the Company as a holding company pursuant to Delaware General Corporation Law (“DGCL”) §251(g) known as “the Delaware Holding Company Statute.” In addition, the Company indirectly holds through MMI all of the issued and outstanding capital stock of a non-operating subsidiary, Rose Transport Inc., an Ohio Corporation, which was utilized for transporting feedstock and packaged mulch between locations owned and operated by MMI.



We process feedstock through several processing facilities we own that are strategically located in the southeast region of the United States. The Company owns sawmills in Homerville, Georgia; Jasper, Florida; and Beaver, Washington. The Homerville sawmill produces cypress bark for our mulch product lines, as well as marketable lumber. We closed on the acquisitions of the Jasper and Beaver sawmills in December 2021. We currently purchase our pine bark from other sawmills in addition to pine bark produced at the Jasper mill that commenced limited production of lumber and mulch in October 2022. We expect to ramp up both lumber and mulch production at the Jasper mill in the first quarter of 2023 and the Beaver mill once a funding source has been secured and we have completed a retrofit of the sawmill equipment at that location.

The MMI division also creates proprietary mulch dyes, colorants, and mulch processing equipment. We manufacture a range of mulch products with different textures and colors for specific landscape needs using our coloring technology. For example, MMI's capabilities were instrumental in developing our innovative line of colored mulches that we market under our Nature's Reflections™ brand, including our patented Softscape® products. The Company also sells to other companies that produce landscaping materials colorants and Cheetah brand coloring equipment that it manufactures.

## Industry Overview

The Sustainable Green Team's vertically integrated product categories operate in five interrelated divisions:

(1) tree care and removal services, (2) mulch products, (3) lumber, (4) manufactured soils, and (5) colorants and coloring equipment.

### *Tree Care and Removal Industry*

Over the last five years, favorable macroeconomic trends, higher levels of construction activity and extreme weather conditions have increased demand for tree care and green waste removal. Housing starts have been growing at historic rates driving demand for these services. Residential construction is forecasted to increase at least through 2028. Extreme weather events across the United States have led to high demand for tree care and green waste removal. Restoration following extreme weather events also creates demand for products like lumber and mulches.

The market for tree trimming services in the United States has grown at a compound annual growth rate (CAGR) of 9.1% for the past five years, which is faster than the overall U.S. economy. The U.S. tree trimming service market is expected to generate \$29 billion in revenue in 2022, according to research published by IBIS World in January 2022.

### *Mulch Industry*

Over the past decade, demand has been increasing for pine needle, pine bark, hardwood, and cypress mulches world-wide. Many landscape venues, across publicly and privately owned land, such as gardens, parks, schools, and resorts, are converting to mulching materials, manufactured soils, and improved environmental practices to achieve cost savings. Manufactured products can be used as environmentally safe substitutes for traditional ground covers, such as grass and other plants, that require costly and wasteful watering. Traditional ground covers also require fertilizers and pest control products that are expensive and often harmful to the environment. There is also a trend towards environmentally friendly mulch products among homeowners and other retail customers.

According to statistics gathered by AmeriMulch, the color-enhanced landscape mulch market grew to 55 million cubic yards in 2015, from just 5 million yards in 2005. According to AmeriMulch, some 1,070 global mulch producers produced over 53 million yards of mulch in 2019. Further, according to HomeAdvisor.com, the national average cost of a cubic yard of mulch is roughly \$30, suggesting the 2019 U.S. retail mulch market was roughly \$1.6 billion. Looking forward, Grandview Research, Inc. forecasts the North American Lawn & Gardening Consumables Market, which includes mulch, to grow to \$25.94 billion in 2027, from \$20.13 billion in 2020. This represents a 3.6% CAGR. Extrapolating the 3.6% CAGR to the North American Mulch market suggests that market could grow to approximately \$2.1 billion in 2027.

### *Lumber Industry*

The historic demand for lumber was triggered by a perfect storm of factors set off during the pandemic. When COVID-19 broke out in spring 2020, sawmills cut production and unloaded inventory in fears of a looming housing crash. The crash did not happen—instead, the opposite occurred. Americans rushed to home improvement stores to buy materials for do-it-yourself projects. Favorable interest rates facilitated a housing boom. That boom, which was intensified by a large number of millennials starting to hit their peak home buying years, dried up housing inventory. This sent buyers in search of new construction. Home improvements and

construction require significant amounts of lumber, exceeding the supply available from sawmills. The market for wholesale lumber in the United States is predicted to generate \$131.6 billion in revenue in 2022, according to research published by IBIS World in August 2021. Between 2017 and 2022, the market grew by at CAGR of 6.2%.

#### *Manufactured Soil Industry*

Manufactured soil refers to a composition of different soils, soil components and other like materials used for various purposes in horticulture, gardening, and other applications such as site restoration. The primary purpose of manufactured soil is to modify and, in most cases, enhance the properties of soil to meet specific needs. The market continues to gain momentum with increasing development and innovations driven by increased demand for organic gardening, a growing market for horticulture, a growth in lawn and garden consumables, and government support and initiatives. The market for the soil treatment market in the United States is predicted to generate \$58 billion in revenue in 2028, according to research published by Zion Market Research in August 2021. Between 2021 and 2028, the market is expected to grow by at CAGR of 5.7%.

#### *Colorants Industry*

Color treated mulch is appealing to homeowners that want to customize their landscaping and gardens. The demand for mulch treatment materials, including color tint and preservatives, has grown steadily. Therefore, we believe mulch manufacturers with the ability to treat and color process lower grades of wood could have a significant competitive advantage. The colorants market was valued at \$34.7 Billion in 2021 and is projected to reach \$98.3 Billion by 2030, according to research published by Precedence Research in July 2022. Between 2021 and 2030, the market is expected to grow by at CAGR of 12.27%.

### **Our Products and Services**

Our tree services and storm recovery services collect some of the feedstock that we use to manufacture our products. The feedstock is processed at the recovery sites and the sawmills that we own to produce marketable lumber and the materials for our innovative mulch products. Our products include a variety of attractive, next-generation mulches that we sell to distributors, big box stores and other retailers for use by landscapers, installers, and other consumers. Most of our revenues are derived from our manufacturing and sales of mulch, and we expect that to continue for the near future. We also wholesale manufactured soil products manufactured by other companies and expect to begin manufacturing our own soil products in 2023.

#### *Tree Care and Removal Services*

Our subsidiary NSR, operating as “Central Florida Arborcare”, provides tree maintenance, disaster recovery, debris removal, and disposal services to residential, commercial, and government customers. The Company’s customers include all levels of government, from federal disaster recovery projects to county schools. We have multi-year contracts with hundreds of municipal properties in Florida. We are paid by other companies in the disaster recovery, tree care and waste management industries to haul away and dispose of tree wood and debris.

In addition to the revenue generated by the services NSR provides, the feedstock we collect is valuable to our manufacturing operations. It provides us with raw material that our other lines of business use to produce mulch and soil products.

#### *Mulch Products*

In January 2020, the Company acquired Mulch Manufacturing, Inc., a company with decades of experience in manufacturing mulch products. Through the MMI acquisition, we were able to diversify our product lines. We now manufacture a wide variety of mulch products, including cypress and pine mulches, in an array of colors for many different applications. For example, our playground chips are used by schools, parks, and other play areas. They are manufactured in several colors and they are certified to be safe by the International Play Equipment Manufacturer’s Association (IPEMA).

We sell our mulch products to wholesalers, retailers (including garden centers, nurseries, hardware stores, supermarkets and convenience stores), and direct to customers in the landscaping industry.

#### *Lumber Products*



The feedstock we collect is processed into lumber at the sawmill we own in Homerville, Georgia. We sell this cypress lumber wholesale to log home builders, specialty lumberyard outlets and backyard fence installers and direct to retail customers looking for durable and aesthetically pleasing building material resistant to rot and insects.

In December 2021, we closed on the acquisitions of sawmills in Jasper, Florida and Beaver, Washington. We began limited production of pine bark and marketable lumber at the Jasper mill in the third quarter of 2022, with the Beaver mill expected to begin production in 2024 once a funding source has been secured and we have completed a retrofit of the sawmill equipment at that location.

#### *Manufactured Soil Products*

We currently resell manufactured soil products produced by third parties. We sell these products wholesale to big box retailers and to retail customers in the landscaping industry.

In 2021, the Company purchased an automated soil blending system and production line which is being installed at our Jacksonville, Florida facility. This equipment, along with the raw materials we recently received from VRM Biologik pursuant to the terms of the VRM Sublicense, allows us to blend and produce our own manufactured soil products. Utilizing this equipment and recently received raw materials, we commenced production of HumiSoil® in February 2023 and several proprietary blends of manufactured soil products which we expect to begin shipping to our customers in the third quarter of 2023. We expect to have the same channels of distribution for the soils we will be manufacturing that we have for our current reselling activities.

#### *Colorants Products and Machinery*

The Company manufactures colorants to dye its cypress and pine mulches. Customers can choose from a wide range of appealing colors for their landscaping needs. We also sell colorants for use by other third-party manufacturers of landscape materials.

The Company manufactures coloring machines in two different sizes for mulches under the brand Cheetah Coloring Systems™. We believe that our Cheetah coloring machines are highly regarded by our customers because they use water-based coatings made from quality ingredients and utilize a quality control process designed to produce consistent results during the production process. In addition, we believe that the Cheetah coloring machines that we manufacture, and sell are energy efficient because they use electricity instead of diesel fuel and water efficient because they use less water than other competing machines, making them cost effective to operate and better for the environment than less water efficient machines. Among other reasons, the Cheetah™ coloring machines operate at a high speed, are capable of supporting multiple simultaneous conveyor belts and are powered by electricity which is cleaner energy than diesel power used by some competing products.

We are actively pursuing locally sourcing raw materials for colorants. By locally sourcing, we mitigate the environmental impact of our operations and eliminate shipping expenses and tariffs associated with importing materials from China.

### **Our Vision and Competitive Advantages**

Our wholesale customers work with us due to our ability to provide a broad array of products for landscaping needs. Our products include over two dozen varieties of mulches in different textures and colors, and various soils for different uses such as potting, garden and blends that enhances the organic matter at the applied location. We operate with a high level of expertise and a focus on customer retention through responsiveness and reliability. We have grown our workforce and now have over 200 employees in season.

We view ourselves as a “one-stop-shop” solutions provider for superior quality mulch products. This ability to provide more than one style of mulch product is in direct response to the landscape industry tastes and preferences to have various wood fiber sources, such as pine or cypress, color, texture, and an environmentally friendly product line. We devote substantial resources to research and development, having developed proprietary products in the mulch, colorant and colorant machine manufacturing segments of our business.

We believe our vertically integrated business model sets us apart from our competitors because we provide the services and facilities necessary to collect our own feedstock. We have expanded our operations and we now collect feedstock in three regions and sell our products in 33 states. We have established relationships with four big box retail customers — Lowe’s Home Improvement, Menard’s, 7-Eleven, and Circle-K — and more than 400 other customers.

We have consistently expanded our product lines in innovative ways. We hold over 20 trademarks and a patent on our innovative Nature’s Reflections™ Softscape®.

We have also focused on cost containment and entered into direct rail contracts with CSX and Norfolk Southern to transport our manufactured products.

#### *Vertical Integration*

We believe that our vertically integrated, environmentally friendly business model provides us with substantial competitive advantages in the industries in which we operate. These competitive advantages of our business model include:

- lower disposal costs as an arborist and storm recovery service provider because we do not pay landfills to accept our feedstock as waste;
- lower manufacturing costs for mulch, lumber and manufactured soil products due to plentiful multi-channel sources for our feedstock;
- cost advantages due to geographic proximity of our feedstock collection and end-use consumers;
- cost advantages through our long-term direct (not brokered) rail transport and trucking contracts, improving our efficiency and logistics; and
- improved quality controls that position the products to compete effectively in the wholesale and retail markets.

#### *Environmentally Friendly*

The Company's ethos is rooted in environmental sustainability. We begin with the collection of tree debris from our tree services and lumber divisions which would otherwise end up in landfill sites. The feedstock collected is then moved through the processing division for recycling and manufacturing into lumber and attractive, next-generation mulches that we sell to wholesalers, retailers, landscapers, installers, and garden centers.

#### *Our Executive Leadership Team*

Anthony Raynor is the founder and CEO of The Sustainable Green Team. His vision is supported by a strong operational team, especially after the acquisition of MMI in 2020. Mr. Raynor has a focused business strategy to identify areas to manage costs and enhance quality, to build out supply chain security through targeted acquisitions and to empower his leadership team to identify areas of improvement for the Company. We believe these efforts are a driving factor of our success.

#### *Recent Expansion and Growth*

The Company plans to expand its operations through a combination of organic growth, strategic acquisition, and through its partnership with a leading waste disposal company. We believe executing on our strategy will result in rapid growth and geographic expansion.

Since inception, we have actively grown and vertically integrated by acquiring additional companies and assets. We have completed the acquisition of multiple companies since our formation. In January 2020, we acquired Mulch Manufacturing, Inc. We announced the strategic acquisition of a marketing firm, Day Dreamer Productions, LLC, in December 2021. The Founder, Victor Spangler, became our Chief Marketing Officer (CMO) and continues to serve as President of Day Dreamer Productions, LLC. This acquisition enhances our previous in-house marketing resources. In December 2021, we acquired sawmills in Jasper, Florida and Beaver, Washington. The addition of these mills is expected to increase our sawing capacity to over 100 million board feet of lumber annually and significantly expand our mulch manufacturing.

On July 1, 2019, NSR LLC and Vista Landfill, LLC, a Waste Management Inc. company ("Waste Management") entered into a Contractor Agreement which was amended on December 3, 2021 (collectively, the "Contractor Agreement"). Waste Management is a one of the largest disposal waste companies that own landfills throughout the United States. The Contractor Agreement permits the Company to use two of Waste Management's sites, one in Apopka, Florida and the other in Winter Garden, Florida, where we collect, store, grind, screen, color, and bag our own top-quality mulches for distribution. The Contractor Agreement requires us to store and grind at our cost and expense an agreed amount of vegetative waste belonging to Waste Management at certain agreed on prices Waste Management pays us. We are obligated to provide Waste Management with certain regulatory reports regarding the amounts of materials

received and processed at these sites and to comply with all Federal, state and local regulations regarding vegetative waste processing and maintain liability insurance in amounts provided for in the Contractor Agreement. In addition to any other rights or remedies Waste Management may have under applicable law, in the event we fail to perform our obligations under the Contractor Agreement for a period of five days (unless due to an event of Force Majeure as defined in the agreement), Waste Management has the right to terminate all or part of the Contractor Agreement and to take over the Company's obligations under the agreement or have such work by another person at the Company's expense. Waste Management is permitted to further terminate the Contractor Agreement on thirty days prior written notice with or without cause. The Company is obligated to relocate its activities at the sites in the event Waste Management the areas occupied by the Company are needed by Waste Management for its operations. In the event the parties are unable to resolve any issues regarding a relocation, they are obligated to use good faith efforts to resolve the issues and if they are unable to do so, either party may terminate the agreement within a reasonable time. In addition, we pay rent for the use of the use of the sites, a fee for each ton of ground vegetative waste leaving the sites and for our use of the electricity we consume in our operations at these sites. The Contractor Agreement expires on June 30, 2025.

We use the vegetated waste that Waste Management collects at these sites as feedstock for the production of the mulch we process and sell. We also use the Waste Management sites for feedstock storage for National Storm Recovery. We believe that our rights under the Contractor Agreement helps us execute our business strategy because it provides us with significant efficiencies, such as pre-approved zoning, lower operational costs, access to a substantial amount of additional raw materials, and a faster production cycle. We believe our continued relationship is desirable for Waste Management because feedstock would take many years to decompose in a landfill and we can supply them with finely processed biomass that is beneficial to their landfill operations.

We have also diversified our distribution channels for our products. We have grown our distribution, which now include many retail stores, including Lowe's Home Improvement, Menard's, 7-Eleven, Circle-K, ACE Hardware and other retail chains.

We have been communicating with a myriad of companies in the mulch, waste management, and tree trimming industries to expand operations through additional strategic acquisitions. Several of these discussions have progressed to non-binding letters of intent to acquire companies or their assets.

On August 9, 2022, the Company entered into the VRM Sublicense and an amendment to that agreement on October 12, 2022 which will enable the Company to produce a soil amendment product, HumiSoil® and XLR8® Bio. See Item 1. Business - Corporate History and Item 1. Business - Description of the Business - Diverse Products Offerings.

On October 4, 2022, the Company entered into the Corporate Communications Services Agreement with ACCEL to procure a variety of television, production, promotional media, media analysis, and media procurement to assist the Company in generating positive media awareness about its business and to expand DDP's video production and marketing business to ACCEL customers. See Item 1. Business - Corporate History.

#### *Management's Strategy Future Expansion and Growth*

Our core growth strategy includes:

##### Building Upon Strong Customer and Supplier Relationships to Expand Organically

Our national footprint and broad supplier relationships, combined with our regular interaction with a large and diverse base of over 450 customers, make us an important link in the supply chain for landscape products. Our suppliers benefit from us being a single point of contact for improved production planning and efficiency, and our ability to bring new product launches quickly to market on a national scale. We intend to continue to increase our size and scale in customer, geographic and product reach, which we believe will continue to benefit our supplier base. Our customers in turn benefit from our local market leadership, talented associates, high quality products, broad product offering and high inventory availability, timely delivery and complementary value-added services. We will continue to work with new and existing suppliers to maintain the most comprehensive, high quality product lines for our customers at competitive prices and enhance our role as a critical player in the supply chain. As we continue to grow, we believe our strong customer and supplier relationships will enable us to expand our market share in the landscape supplies industry.

##### Growing at the Local Level

The vast majority of our customers operate at a local level. We believe we can grow market share in our existing markets with limited capital investment by systematically executing local strategies to expand our customer base, increase the amount of our customers' total spending with us, optimize our network of locations, coordinate multi-site deliveries, partner with strategic local

suppliers, introduce new products and services, increase our share of underrepresented products in particular markets and improve sales force performance. We currently offer our full product line in only 24% of the United States.

#### Pursuing Value-Enhancing Strategic Acquisitions

Through recently completed strategic acquisitions, including the addition of sawmills in 2021 located in Jasper, Florida and Beaver, Washington, we have added new markets, new product lines, talented associates and operational best practices. In addition, we increased our sales by introducing products from our existing portfolio to customers of newly acquired companies. We intend to continue pursuing strategic acquisitions to grow our market share and enhance our local market leadership positions by taking advantage of our scale, operational experience and acquisition know-how to pursue and integrate attractive targets. We believe we have significant opportunities to add product categories in our existing markets through acquisitions. In addition, we are reviewing attractive new geographic markets for expansion through acquisitions. We will continue to apply a selective and disciplined acquisition strategy to maximize synergies obtained from enhanced sales and lower procurement and corporate costs.

#### Executing on Identified Operational Initiatives

We have undertaken significant operational initiatives, utilizing our scale to improve our profitability, enhance supply chain efficiency, strengthen our pricing and category management capabilities, streamline and refine our marketing process and invest in more sophisticated information technology systems and data analytics. In addition, we work closely with our local area team leaders to improve sales, delivery and branch productivity. Although we are still in the early stages of these initiatives, they have already contributed to improvement in our profitability, and we believe we will continue to benefit from these and other operational improvements.

#### Continuing to Value and Reward Our Employees

We believe our associates are the key drivers of our success, and we aim to recruit, train, promote and retain the most talented and success-driven personnel in the industry. Our size and scale enable us to offer structured training and career path opportunities for our associates, while at the area and branch level we have built a vibrant and entrepreneurial culture that rewards performance. We promote ongoing, open and honest communication with our associates to ensure mutual trust, engagement and performance improvement. We believe that high-performing local leaders coupled with creative, adaptable and engaged associates are critical to our success and to maintaining our competitive position, and we are committed to being the employer of choice in our industry.

#### Relationships with Additional Suppliers of Feedstock

We competitively source our feedstock effectively in a fragmented tree care industry, primarily from small businesses, because we provide arbor care and landscape contractor businesses opportunities to unload and profit from feedstock that they would consider to be waste. We believe we are the largest customer for many arborists across the southeastern region of the United States. Sourcing feedstock competitively and broadly allows us to keep the cost of our products highly competitive.

Our strategic relationship with Waste Management, Inc. pursuant to the Contractor Agreement provides us with cost savings that has saved us years of time it would have taken for acquiring permits and developing the valuable relationships they have developed. We utilize their site for collection of tree debris as well as ability to set up a production facility with coloring and bagging of mulch. In addition, in February 2023, we began production of HumiSoil on a portion of the land we occupy pursuant to the Contractor Agreement. In addition to the material, we process for Waste Management pursuant to this agreement, we are paid to collect the tree debris from other sources and use it as inventory for production of mulch products sold in bulk and bagged, unlike some competitors that have to purchase their feedstock.

#### Customer Relationships

The Company's customers include governmental, residential, and commercial customers. The Company has a diversified customer base consisting of more than 450 customers as of December 31, 2022. Our top 10 customers accounted for approximately 38% of our product sales for the twelve months ended December 31, 2022, with the largest five customers at 17%, 7%, 3%, 2% and 2%, respectively, of our product sales for the twelve months ended December 31, 2022, and the other five customers each 2% or less of our product sales for the twelve months ended December 31, 2022. Therefore, our sales are not concentrated in any single or a few customers. Our typical customer is a large, national retail chain that sells landscaping products.

#### Diverse Products Offerings

We have a wide array of mulch product offerings making our products competitive for many different purposes. In the mulch and manufactured soil industries, we introduced new mulch products in 2021, including our patent-protected Nature's Reflection™ Softscape®. Our Softscape® mulch is more uniform in shape and lighter in weight than traditional mulches, allowing water and air to penetrate soil and reach plant roots, while also inhibiting weed growth at the surface. We are continually working on new products and lines of business, including ways to diversify our coloring and pigment products.

Our current line of products include:

- Cypress Rose: This is our flagship product and our most popular mulch sold, a premium 100% cypress mulch.
- Nature's Reflections™ Softscape®: Nature's Reflections patented Softscape® mulch has an impressive 4-year color retention. It has the look of pine straw but will not blow or wash away. Softscape is lightweight, covering 50% more area and allowing for water penetration of soil which keeps plants healthy but also inhibits weed growth.
- Cypress Fargo: This is also made from 100% cypress. This product is carefully debarked from red pond cypress logs.
- All Bark Cypress Royal: A premium product in the mulch industry which is made only from the bark of the Cypress log.
- Natural Pine Straw: Southern pine straw (needles) have been a staple southern mulch, used for years by homeowners and landscapers.
- All Bark Cedar: Super Grade "A" mulch made from 100% cedar trees which is carefully shredded to a very soft texture.
- Color Enhanced Hardwood: This mulch is made from hardwood fiber products. Nature's Reflections™ colorant gives the mulch a vibrant color.
- Path 'N Play Chips: These chips are used primarily for playgrounds and schools. They are made from 100% Virgin Forest products with no foreign materials or chemicals. They are certified to be safe for play areas by the International Play Equipment Manufacturer's Association (IPEMA)
- Humisoil® & XLR8® BIO: technology uses any vegetative green waste or compostable material, including wood material such as sawdust or chips or grindings from wood material, and applies a catalyst to stimulate natural reactions that manufactures and stores soil moisture. The 100% organic material is converted into HumiSoil®, a valuable soil amendment, reducing the need for fertilizers and chemicals while increasing production of agricultural products, including livestock grazing on pastureland.

Private Label Mulch and Soil Products

Our ability to custom color and private label our mulch products is another source of flexibility valued by our industry and one that presents growth opportunities with large retail stores and other parties that are larger than ourselves. We expect to expand our private label product offerings in 2023 when we begin manufacturing our own soil products pursuant to the terms of the VRM Sublicense. See Item 1. Business - Corporate History).

Cheetah™ Coloring Systems

The Company manufactures coloring machines in two different sizes for mulches under the brand Cheetah Coloring Systems™. We believe that our Cheetah coloring machines are highly regarded by our customers because they use water-based coatings made from quality ingredients and utilize a quality control process designed to produce consistent results during the production process. In addition, we believe that the Cheetah coloring machines that we manufacture and sell are energy efficient because they use electricity instead of diesel fuel and water efficient because they use less water than other competing machines, making them cost effective to operate and better for the environment. Among other reasons, the Cheetah™ coloring machines operate at a high speed, are capable of supporting multiple simultaneous conveyor belts and are powered by electricity which is cleaner energy than diesel power used by some competing machines.

Long-Term Direct Transportation Contracts

The Company has directly negotiated with CSV and Norfolk Southern Railroads to haul high volume loads of our products for distribution across the United States. We believe that these contracts are more favorable than those of our principal competitors, which are typically negotiated through brokers. In fact, other companies in our industry have outsourced their shipping needs to us because of our relationships with rail companies and long-term contracts on favorable terms to the Company.

**Facilities**

*Corporate Headquarters, Warehouse and Retail Store in Astatula, Florida*

On December 1, 2020, the Company purchased a 100-acre parcel of property located in Lake County, Astatula, Florida. The mixed-use property includes 5,000 square feet of office space, which serves as our headquarters, a warehouse, and a retail store, providing us with ample room for expansion. The property is used for tree debris collection, mulch manufacturing, and soil composting. At the on-site retail store, we sell over 20 different varieties of mulch directly to consumers.

#### *Collection, Manufacturing and Bagging Site in Apopka, Florida*

Our Apopka, Florida facility recycles wood and serves as a home-base for our collection equipment in the Florida region. The facility also manufactures mulch and operates two bagging lines. It has on-site coloring capabilities to produce a variety of different mulch products.

#### *Storage and Mulch Manufacturing at Waste Management, Inc. Landfills in Apopka, Florida and Winter Garden, Florida*

Pursuant to the Contractor Agreement, we use two of Waste Management, Inc.'s sites, one in Apopka, Florida and the other in Winter Garden, Florida.

#### *Mulch Manufacturing Production and Storage Facility in Callahan, Florida*

Our Callahan plant has been in operation since 1989. At this plant we manufacture cypress, hardwood pine, Nature's Reflection™ Softscape® and colored mulch. The plant operates a bagging line for these products. This property includes 100 acres of storage.

#### *Colorant Manufacturing, Bagging Line Storage and R&D Facility in Jacksonville, Florida*

The 100,000 square feet Jacksonville site operates a manufacturing plant, our retail store and collection site. At the Jacksonville site the Company manufactures colorants and operates a bagging line. The retail sales provide customers with access to many of our products. The property is also our collection site for feedstock and operates as our R&D facility for colorants.

#### *Sawmills*

Homerville, Georgia. The Homerville Sawmill is a 50-acre property located in Homerville, Georgia, operating since 1981, that processes cypress lumber as well as residual products, including all bark mulches, playground chips and saw dust. The mill currently operates as the nation's only mill to exclusively saw cypress with a capacity to saw 6,500,000 board feet of cypress lumber annually and is being retrofitted with an optimized edger and optimized gang saw that will increase its capacity to 10,000,000 board feet. The mill currently produces lumber in a wide range of different lengths and widths for many different uses. The mill also has a drying capacity of 3,108,000 board feet annually. The mill also has milling capabilities and produces more than 2500 trucks of our mulch products annually. In 2022, the Company completed upgrades to this mill to optimize operations that included an optimized edger saw, an optimized gang saw and a robotic palletizer.

Jasper, Florida. In December 2021, we closed on an acquisition of a sawmill in Jasper, Florida. The Jasper Mill saws southern yellow pine lumber as well as residual products, including pine bark, pine chips, pine dust, and pine shavings. We expect to ramp up both lumber and mulch production at the Jasper mill in the first quarter of 2023 subject to working capital availability.

Beaver, Washington. In December 2021 and in March 2022, we closed on an acquisition of a sawmill including certain real estate in Beaver, Washington. The Beaver mill is approximately 100,000 square feet. It has over \$8 million in existing infrastructure. It will be capable of producing 100 million board feet of lumber per year once retrofitted for our production. The Company has already engaged experts in mill optimization, design, and buildout for the retrofit of the mill and are in the preliminary planning phase for this project. We won't commence any expansion work until a funding source has been secured. The planned operations at the Beaver Washington facility are expected to enable us to launch our initial operations on the West Coast, increase our lumber, mulch, woodchip and manufactured mulch production, expand into new markets and supplement our product offerings in the west coast region of the United States. The mill is located in a federally approved Economic Opportunity Zone and it is eligible for certain tax credits. Our ownership and operation of the mill is supported by the nearby municipal and state governments.

#### **Equipment**

The Company uses a variety of heavy equipment from boom cranes, pickup trucks, bucket trucks, grapple trucks, grinders, chippers, front-end loaders, excavators, log loaders, disc and trommel screens, de-barkers, forklifts, semi-trucks and trailers and skid steer loaders, automated bagging and palletizing/stretch wrap systems, sawmill, batch blending system, and coloring machines in its operations.

The majority of the equipment used by the Company (and its operating subsidiaries) is owned outright by the Company, but the Company does lease certain equipment. The leases for such equipment contain terms that are customary in the industries in which the Company and its subsidiaries operate in for such equipment.

### ***Sources and Availability of Materials***

We obtain feedstock for our mulch production from a variety of sources that include our arbor care and disposal services divisions, our Jasper sawmill as well as locally sourced from other sawmills and importing raw materials for colorants from China. In addition, we obtain certain raw materials for our soil amendment products from VRM Global pursuant to the VRM Sublicense, as well as electricity and other local utilities. All of the raw materials we use in the production of our products are in abundant supply in China and the United States. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs, such as the raw material cost of feedstock or colorants, could, however, materially impact our business, financial condition, results of operations or prospects. To the extent we are unable to obtain sufficient quantities of feedstock from our arbor care and disposal services divisions, we intend to purchase feedstock and colorants on a purchase order basis from local suppliers, or in the case of colorants from Chinese suppliers, at market prices based on our production requirements. In addition, we believe there will be adequate availability of electricity needed to power our Cheetah™ coloring machines and operate our sawmill production facilities. Consequently, our management believes that we will have access to a sufficient supply of the key inputs for the foreseeable future.

### **Company Contracts**

In October 2021, the Company renewed a July 2019 agreement with Waste Management, Inc. through July 2025. This agreement allows the Company to continue using two of Waste Management, Inc.'s sites, one in Apopka, Florida and the other in Winter Garden, Florida. The Company uses these sites for tree removal and feedstock storage for NSR's disaster recovery services. The Company also obtained lease rights to permit it to manufacture and bag mulch on the properties. It further provides access to Waste Management Inc.'s feedstock that it collects.

On August 14, 2019, the Company was awarded a three-year contract for emergency debris and tree removal services in Oakland, Florida. On December 6, 2022, the parties agreed to extend the term of this agreement for a period of two years.

On September 10, 2019, the Company was awarded, as the primary contractor, the tree trimming and removal services contract for the Orange County, Florida public school system. The agreement has a three-year term and covers 267 properties, including schools, administrative sites, technical colleges, and maintenance facilities.

On October 2, 2019, the Company signed an agreement to purchase certain equipment assets, including a dual line mulch bagging system, a mulch coloring system, a screening plant with regrind wood hog and a radial stacking conveyor. The equipment is expected to be installed at the Company's newly opened wood debris recycling facility, located within Waste Management Inc.'s Vista Landfill in Apopka, Florida.

On October 9, 2019, the Company took delivery of several new wood debris recycling equipment units to be used at its newly opened wood debris processing facility located within Waste Management Inc.'s Vista Landfill in Apopka, Florida. The equipment consists of a new horizontal grinder and new excavator with continuous rotating grapple supported by a new wheel loader.

In 2020, we entered into contracts to package Old Castle Law and Garden's mulch for distribution in the Midwest, which was later increased in September 2021 to 1.5 million bags of mulch. We expanded our relationship with Menard's, in which they agreed to a 25% location increase for our distribution. We entered into agreements to sell mulch to the Kroger Company; Circle K (which was expanded in November 2020). We also entered into contracts for disaster and storm recovery for Sulphur, Mississippi and Vero Beach, Florida.

In 2021, we renewed our contract to sell mulch to Lowe's Home Improvement, one of our largest customers, through 2023. The company expanded its relationship with Menard's which increased orders for our mulches by 50% for 2022. The company also entered into additional agreements to sell mulch to Circle K and Kroger.

In September 2021, the Company acquired a fully automated soil manufacturing and blending production system that is currently being installed in our Jacksonville, Florida facility. This equipment is expected to be operational in the fourth quarter of 2022.

In December 2021 and March 2022, the Company closed on the acquisitions of sawmills in Jasper, Florida and Beaver, Washington, which is expected to significantly expand our sawing capabilities and geographic reach once these mills ramp up expected production.

In February 2022, the Company entered into an agreement with Orange County, Florida to provide tree trimming and related services for roads and drainage for up to \$5.7 million over the three-year term of contract based on purchase orders if and when issued by Orange County during the contract term.

## **Corporate Information**

We are currently incorporated and in good standing in the State of Delaware. Our principal executive offices are located at 24200 CR-561, Astatula, Florida 34705, and our telephone number is (407) 886-8733. Our website address is [www.sustainablegreenteam.com](http://www.sustainablegreenteam.com). The information contained on our website is not incorporated by reference into this registration statement, and you should not consider any information contained on, or that can be accessed through, our website as part of this registration statement or in deciding whether to purchase our common shares.

## **REGULATORY**

We are subject to various federal, state and local laws and regulations, compliance with which increases our operating costs, limits or restricts the services and products provided by our operating segments or the methods by which our operating segments offer, sell and fulfill those services or products or conduct their respective businesses, or subjects us to the possibility of regulatory actions or proceedings. Noncompliance with these laws and regulations can subject us to fines or various forms of civil or criminal prosecution, any of which could have a material adverse effect on our reputation, business, financial position, results of operations and cash flows.

These federal, state and local laws and regulations include laws relating to wage and hour, immigration, permitting and licensing, workers' safety, tax, healthcare reforms, collective bargaining and other labor matters, environmental, federal motor carrier safety, employee benefits and privacy and customer data security. We must also meet certain requirements of federal and state transportation agencies, including requirements of the U.S. Department of Transportation and Federal Motor Carrier Safety Administration, with respect to certain types of vehicles in our fleets. We are also regulated by federal, state and local laws, ordinances and regulations which are enforced by Departments of Agriculture, the Environmental Protection Agency and similar government entities.

### ***Employee and Immigration Matters***

We are subject to various federal, state and local laws and regulations governing our relationship with and other matters pertaining to our employees, including regulations relating to wage and hour, health insurance, working conditions, safety, citizenship or work authorization and related requirements, insurance and workers' compensation, anti-discrimination, collective bargaining and other labor matters.

We are also subject to the regulations of U.S. Immigration and Customs Enforcement ("ICE"), and we are audited from time to time by ICE for compliance with work authorization requirements. In addition, some states in which we operate have adopted immigration employment protection laws. Even if we operate in strict compliance with ICE and state requirements, some of our employees may not meet federal work eligibility or residency requirements, despite our efforts and without our knowledge, which could lead to a disruption in our work force.

### ***Environmental Matters***

Our businesses and sites on which we operate are subject to various federal, state and local laws and regulations regarding environmental, health and safety matters, including the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Emergency Planning and Community Right-to-Know Act, the Oil Pollution Act and the Clean Water Act, each as amended. Among other things, these laws and regulations regulate the emission or discharge of materials into the environment, govern the use, storage, treatment, disposal, handling and management of hazardous substances and wastes, and protect the health and safety of our employees. These laws also impose liability for the costs of investigating and remediating, and damages resulting from, present and past releases of hazardous substances, including releases by us or prior owners or operators, at sites we currently own, lease or operate, customer sites or third-party sites to which we sent wastes. During fiscal year



2022, we did not incur any material capital expenditures for liabilities arising from the enforcement of any applicable environmental regulations.

### ***State and Municipal Regulation; Permitting and Licensing***

Each state in which we now operate or may operate in the future has laws and regulations governing (1) water and air pollution, and the generation, storage, treatment, handling, processing, transportation, incineration and disposal of storm debris; (2) in most cases, the siting, design, operation, maintenance, closure and post-closure maintenance of certain types of storm debris collection sites; and (3) in some cases, vehicle emissions limits or fuel types, which impact our collection operations. Such standards typically are as stringent as and may be more stringent and broader in scope than, federal regulations. Most of the federal statutes noted above authorize states to enact and enforce laws with standards that are more protective of the environment than the federal analog. These laws and regulations may impact our operations directly and indirectly from the obligations and restrictions they impose on our business partners, including Waste Management, Inc., which owns two of the sites we use.

Many municipalities in which we currently operate or may operate in the future also have ordinances, laws and regulations affecting our operations. These include zoning and health measures that limit our activities to specified sites or conduct, flow control provisions that direct the delivery of wastes to specific facilities or to facilities in specific areas, or other restrictions on the movement of wastes into a municipality.

Some states have enacted laws that allow agencies with jurisdiction over waste management facilities to deny or revoke permits based on the applicant's or permit holder's compliance status. Some states also consider the compliance history of the corporate parent, subsidiaries and affiliates of the applicant or permit holder.

Certain permits and approvals issued under state or local law may limit the types of waste that may be accepted at a solid waste management facility or the quantity of waste that may be accepted at a solid waste management facility during a specific time period. In addition, certain permits and approvals, as well as certain state and local regulations, may limit a solid waste management facility to accepting waste that originates from specified geographic areas or seek to restrict the importation of out-of-state waste or otherwise discriminate against out-of-state waste. Generally, restrictions on importing out-of-state waste have not withstood judicial challenge. However, from time-to-time federal legislation is proposed which would allow individual states to prohibit the disposal of out-of-state waste or to limit the amount of out-of-state waste that could be imported for disposal and would require states, under certain circumstances, to reduce the amounts of waste exported to other states. Although such legislation has not been passed by Congress, if similar legislation is enacted, states in which we operate solid waste management facilities could limit or prohibit the importation of out-of-state waste. Such actions could materially and adversely affect the business, financial condition and results of operations of any of our landfills within those states that receive a significant portion of waste originating from out-of-state.

Certain states and localities may restrict the export of waste from their jurisdiction or require that a specified amount of waste be disposed of at facilities within their jurisdiction. Some proposed federal legislation would allow states and localities to impose flow restrictions. Those restrictions could reduce the volume of waste going to solid waste management facilities in certain areas, which may materially adversely affect our ability to operate our facilities. Those restrictions also may result in higher disposal costs for our collection operations. Flow control restrictions could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

### **Employees**

In 2022, during the busiest times of the year for our business, we employed over 200 workers, none of whom are presently represented by a labor union. As of December 31, 2022, we have employed approximately 274 full time employees, 47 of them being seasonal. We consider our relations with our employees to be good.

### **Seasonality and Weather Conditions**

Our services and products have seasonal variability such as increased mulching in the spring, tree removal and cleanup work in the fall, and disaster (hurricane) recovery in the summer and the fall. This can drive fluctuations in revenue, costs and cash flows for interim periods.

Typically, our revenues and net income have been higher in the spring, which corresponds with our second fiscal quarter. Seasonality and extreme weather events cause our results of operations to vary from quarter to quarter and year to year for the same quarter.

Weather may impact the timing of performance of our services and sales of our products (mulch) from quarter to quarter. Certain extreme weather events, such as hurricanes and tropical storms, can result in increased revenues related to cleanup and other services. However, such weather events may also impact our ability to deliver other services and our products or cause damage to our facilities or equipment. These weather events can also result in higher fuel costs, higher labor costs and shortages of raw materials and products. As a result, a perceived earnings benefits related to extreme weather events may be moderated.

## **Intellectual Property**

We, primarily through our subsidiaries, hold or have rights to use various service marks, trademarks and trade names we use in the operation of our businesses that we deem particularly important to each of our businesses. As of December 31, 2022, we had over twenty trademarks for bag labels.

Mulch Manufacturing, Inc. was assigned a patent on our latest product line, Softscape®, which is lighter in weight and has a more uniform appearance than other mulches. The patent was issued by the U.S. Patent and Trademark Office on March 8, 2011 and expires on March 8, 2031, the 20 year initial standard patent protection period, at which time we may seek to renew it. The Softscape® patent covers the manufacturing process and the attributes making the mulch lighter in weight and more uniform in appearance other mulches. Although Softscape® is patent protected, we do not seek patent protection for the formulas of the colorants we manufacture.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### *Basis of Presentation*

The accompanying audited condensed consolidated financial statements as of December 31, 2022 and January 1, 2022 and for the three months and twelve months ended December 31, 2022 and January 1, 2022 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 nine months ended December 31, 2022, are not necessarily indicative of the results that may be expected 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.

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.

### *Principles of Consolidation*

The audited condensed consolidated financial statements are presented on a comparative basis. The audited condensed consolidated balance sheets at December 31, 2022 and January 1, 2022 includes the accounts of SGTM, NRS LLC, MM, DDP LLC, Rose, and SGMC.

The audited condensed consolidated statement of operations for the three- and twelve-months periods ended December 31, 2022 includes the accounts of SGTM, NRS LLC, MM, DDP LLC, Rose, and SGMC. For the three- and nine-months periods ended January 1, 2022 includes the accounts of SGTM, NRS LLC, MM, Rose, and SGMC.

The audited condensed consolidated statement of changes in stockholders' equity for the three and nine months ended December 31, 2022, includes the account balances of SGTM, NRS LLC, MM, DDP LLC, Rose, and SGMC. The three and nine months ended January 1, 2022, includes the account balances of SGTM, NRS LLC, MM, Rose, and SGMC.

The audited condensed consolidated statement of cash flows for the period ended December 31, 2022 includes the accounts of SGTM, NRS LLC, MM DDP LLC, and Rose. The twelve months ended January 1, 2022, includes the accounts of SGTM, NRS LLC, MM and Rose.

### *Use of Estimates*

The preparation of the audited 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.

## **NOTE 3 – FINCAIAL STATEMENTS**

### **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.

Revenue consists of the following by service and product offering for the three and twelve ended December 31, 2022 and January 1, 2022:

	<b>Full Year</b>	
	<b>Dec 31, 2022</b>	<b>Jan 1, 2022</b>
<b>Mulch Manufacturing (MMI)</b>	\$ 30,760,507	\$ 28,938,520
National Storm Recovery (NSR)	8,641,098	3,430,464
- less Intercompany Sales	(3,888,374)	-
<b>National Storm Recovery - External</b>	\$ 4,752,724	\$ 3,430,464
<b>Revenue</b>	<b>\$ 35,513,231</b>	<b>\$ 32,368,984</b>

The Company recorded \$3.9M in intercompany sales related to sales between NSR and MMI. These transactions were recorded at the entity level and eliminated in consolidations. Net of intercompany the Company revenues increased 9.7%, of which, 6.2% came from Mulch Manufacturing due to enhanced relationships with top customers (Lowe's and Home Depot via Old Castle). National Storm Recovery revenue increased by 38% due to contractual expansion with the local municipalities resulting in strong 4<sup>th</sup> quarter sales tied to fleet expansion and debris cleanup caused by Hurricane Ian.

### Advertising and Marketing Costs

The Company expenses advertising and marketing costs as they are incurred. Advertising and marketing expenses were \$584,643 vs. \$302,992 for the twelve months ending December 31, 2022 and January 1, 2022, respectively, and are recorded in selling, general and administrative expenses on the statement of operations. The increase in the year over year expense is due to the Company's 4<sup>th</sup> quarter relationship with ACCEL who has partnered with the Company to provide a retail value of \$30 million dollars in marketing expertise over a five-year term. These marketing expenses are focused on activities related to the Company's new product line, HumiSoil, and are expected to increase product awareness in 400 million television households on Fox & Bloomberg on a weekly base. The realized cost the marketing partnership was \$7.2M and will be expensed evenly over the next five years.

### Other Income/Expense

<u>Category</u>	<b>Full Year</b>	
	<b>Dec 31, 2022</b>	<b>Jan 1, 2022</b>
Interest expense, net	\$ (2,177,284)	\$ (508,034)
Bargain purchase gain	8,846,635	7,123,084
Debt Forgiveness	1,236,080	1,613,128
Gain on sale of fixed assets	16,833	-
Other income, net	176,813	26,979
<b>Total other expense</b>	<b>\$ 8,099,077</b>	<b>\$ 8,255,158</b>

The Company's increase in interest expense over the past twelve months results from high interest loans tied to operational cash requirements and finalization of the R. Spencer litigation (*additional context in Legal Claims*). The Company has proactively looked to mitigate this high borrowing expense through restructuring its debt through more traditional lending partners which it expects to complete by the end of the second quarter of 2023.

The Company realized bargain purchase gains resulting from equipment and building purchases in the 1<sup>st</sup> quarter of 2022 tied to the Beaver Washington facility. Building and equipment appraisals were obtained in conjunction with the Company's USDA loan application. The variance between appraised value vs. purchase price was recorded in accordance to ASC 805-30-25-2 (building and equipment acquired through auction and were sold through a distressed buyer).

The Company received debt forgiveness on PPP loans of \$1.2M realized in 2022 following \$1.6M relief realized in 2021.

The Company owns real estate which it rents to its seasonal employees and receives housing income. In 2022, the amount of this passive income was approximately \$150,000 and is reflected in "Other Income, net".

### Income Taxes

The Company received an income tax credit in the amount of \$318,544 for fiscal year ending December 31, 2022.

	<b>Dec 31, 2022</b>
Income (loss) before provision for income taxes	\$ 8,582,670
- less PPP Debt forgiveness	(1,236,080)
- less Bargain purchase gain	(8,863,468)
Taxable Income / (loss)	(1,516,878)
Effective rate	21%

SGTM consolidated tax benefit

\$ (318,544)

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 twelve months ended December 31, 2022, the Company recognized approximately \$0 tax expense and a \$318,544 tax benefit, respectively, on January 1, 2022 the company recognized a \$716,002 tax benefit. These tax provisions were based on a 21% effective rate for federal and state income taxes in 2022 and a 27% tax provision in 2021 after accounting for permanent differences between book and taxable income. 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.

### **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 December 31, 2022 and January 1, 2022. In December the Company had limited cash on hand due to litigation with former owner which concluded in December of 2022 resulting in the company purchasing back all shares of common stock, 28,602,014 shares, in the amount of \$4,937,500 of which \$3,437,500 occurred in 2022 with the remaining \$1,500,000 to be paid in accordance with the December Settle agreement outline in Note 5 below. The Company has engaged in financing activities to cure the current cash position and expect to restructure its debt position through traditional lending which is expected to be completed by the end of the 2<sup>nd</sup> quarter of 2023.

### **Account Receivable**

The Company periodically assesses its accounts receivable for collectability on a specific identification basis. Year over year the Company's net accounts receivable remained relatively constant which includes an increased to its allowance for doubtful accounts from \$60,000 for year ending January 1, 2022 to approximately \$180,000 for year ending December 31, 2022.

### **Due from Factor**

The Company entered into an accounts receivable factoring arrangement with a financial institution (the "Factor") on March 2, 2022. Pursuant to the terms of the arrangement, the Company transferred a portion of its receivables to the Factor, on a recourse basis. The eligible accounts receivable consists of accounts receivable generated by sales to certain customers. The eligible amount of customer accounts receivables which may be transferred under the Receivables Facility is \$5,000,000. The Receivables Facility was retired on August 22, 2022. As of October 1, 2022, there are \$0 receivables Due from factor on the Company's consolidated balance sheet.

### **Inventories**

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. During 2022 the company invested heavily in inventory for its new soil product line as reflected below within "Work in Progress":

	Full Year	
	Dec 31, 2022	Jan 2, 2022
Raw Materials	\$ 3,432,215	\$ 4,453,785

Work in Process	11,713,338	1,155,439
Finished Goods	3,510,626	1,978,861
<b>Total Inventory</b>	<b>\$ 18,656,179</b>	<b>\$ 7,588,085</b>

### **Prepaid Expenses and Other Current Assets**

The Company entered into a long-term marketing agreement on October 5, 2022 to increase brand awareness for its new product line, HumiSoil. The transaction reflected a market value of \$30 million over a 5 year term based upon television access to 400 million households on a weekly base weekly viewings scheduled on Bloomberg and Fox. The Company recorded this transaction as a prepaid advertising asset in October of 2022 at a value of \$7,175,000 (3,500,000 common shares valued at \$2.05 on the date of the transaction). The Company expensed 3 months of marketing services totaling \$358,750 in the 4<sup>th</sup> quarter of 2022 (straight line expense based upon the 60 month term). The Company reserves the right to adjust the monthly expense based upon marketing activity tied to the new product line. The below illustrates the year over year change in prepaid and other current assets:

	<b>Full Year</b>	
	<b>Dec 31, 2022</b>	<b>Jan 2, 2022</b>
Advances on inventory	\$ 20,000	\$ -
Prepaid expenses	7,150,344	206,584
Other assets	<u>1,627,622</u>	<u>1,296,920</u>
<b>PPD &amp; Other Current Asset Total</b>	<b>\$ 8,797,966</b>	<b>\$ 1,503,504</b>

### **Property and Equipment**

Property and equipment are recorded at cost. 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. 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.

	<b>Full Year</b>	
	<b>Dec 31, 2022</b>	<b>Jan 2, 2022</b>
Machinery and equipment	\$ 20,449,231	\$ 20,777,464
Vehicles	4,441,312	4,383,043
Land	407,691	283,268
Buildings	14,483,053	6,234,718
Leasehold improvements	8,140,973	6,807,573
Construction in process	<u>25,692,470</u>	<u>19,599,106</u>
Gross Property & Equipment	73,614,729	58,085,173
Less: accumulated depreciation	<u>(9,280,966)</u>	<u>(6,036,027)</u>
<b>Property and equipment, net</b>	<b>\$ 64,333,763</b>	<b>\$ 52,049,146</b>

The Company increased the net asset value of property and equipment by \$12.3M during FY2022 of which \$8.2M resulted in the 1<sup>st</sup> quarter building purchase of the Beaver Washington property. Additional increase in has come through capital investments in the Jasper and Beaver properties acquired in December of 2021 which include leasehold improvements of \$2.4M. The company also executed a sale/leaseback transaction associated with equipment totaling \$7.5M; this reduction in net assets was offset by the purchase of new equipment for both existing operations and acquired properties exceeding \$8.5M.

### **Other Assets**

<b>Full Year</b>	
<b>Dec 31, 2022</b>	<b>Jan 2, 2022</b>

Long-term investments	\$ 968,513	\$ 1,051,702
Goodwill	224,000	224,000
Intangibles	14,473,880	84,440
<u>ROU asset</u>	<u>10,474,406</u>	<u>977,355</u>
<b>Other Assets</b>	<b>\$ 26,140,798</b>	<b>\$ 2,337,497</b>

#### Long Term Investments

The Company has 0.39% ownership in an insurance group which provides annual dividends to the Company on a recurring basis. The Company valued this investment on December 31, 2022 in the amount of \$968,779.

#### 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. No impairment of goodwill was recorded by the Company for the three and twelve months ended December 31, 2022 and January 1, 2022.

#### Intangible Assets

The Company records its intangible assets at cost in accordance with Accounting Standards Codification ("ASC") 350. Finite lived intangible assets are amortized over their estimated useful life using the straight-line method, which is determined by identifying the period over the term of the agreement. During the three and twelve months ended December 31, 2022 and January 2, 2021, the Company performed valuation and impairment testing did not record a loss on impairment.

The Company entered into a 15-year licensing agreement with VRM Biologik on October 12, 2022 which provides the Company exclusive US and Caribbean distribution rights to VRM Biologik's HumiSoil IP (10-year base agreement with a 5-year option to extend at no cost). This IP is expected to provide a material disruption to the US and Caribbean fertilizer & soil industry. The Company issued 6,000,000 shares of common stock to VRM Biologik on October 12, 2022 for the IP and exclusive distribution rights. The Company values this investment at \$14,400,000 or \$2.40 per share transaction based upon the close price on the date of the transaction and the Company began expensing this transaction using the straight-line method.

#### Sale/Leaseback

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.

The Company entered into a lease agreement (the "Lease") with a third-party financing company (the "Lessor") on August 8, 2022 whereby the Lessor provided the Company with \$7,500,000 in financing to purchase equipment located at the Company's facilities in Jasper, Florida, Callahan, Florida and Homerville, Georgia (the "Equipment"). The Equipment was leased back to the Company pursuant to the Lease which includes the following key financial terms: an initial lease term of 30-months from the base period commencement date which period will automatically renew for successive one-year periods unless the Company notifies the Lessor at least 150 days prior to the end of the term of its intent to terminate the lease or exercise a buyout option. The Company has the right to buyout the Renewal Period obligations for an amount to be determined by Lessor and the Company. The monthly rental payments due by the Company under the Lease are initially \$262,125 plus applicable sales/use and property tax subject to increase by an amount equal to 0.0006776 for every five basis point increase in thirty-six (36) month U.S. Treasury Notes as of the date of the lease multiplied by

\$7,500,000. The thirty-six (36) month U.S. Treasury Note yield is used as the basis for the calculation of the increase is 3.56%. In addition, the Company granted the Lessor a security interest in the equipment which is the subject of the Lease. The sale/leaseback transaction was recorded as a ROU Asset and Liability in accordance with ASC 842 and the fixed assets were reduced accordingly.

	<b>Full Year</b>	
	<b><u>Dec 31, 2022</u></b>	<b><u>Jan 1, 2022</u></b>
ROU Liability	\$ 10,490,776	\$ 1,000,791
Finance Lease	6,410,537	151,951
Operational Lease	4,080,239	848,840

As of December 31, 2022, remaining maturities of lease liabilities were as follows:

	<b><u>Finance Lease</u></b>	<b><u>Operating Lease</u></b>
2023	2,795,741	554,403
2024	3,070,758	545,161
2025	544,038	534,643
2026		543,584
2027		553,238
2028 and thereafter		\$ 1,349,211

In addition to the sale/leaseback transaction, the company increased operating leases for Mulch Manufacturing from 4 leased vehicles to 16 leased vehicles during 2022, each lease was recorded based upon its 84-month term.

#### **Accounts Payable & Accrued Expense**

Accounts payable and accrued expenses consist of the following amounts:

<b><u>Category</u></b>	<b>Full Year</b>	
	<b><u>Dec 31, 2022</u></b>	<b><u>Jan 2, 2022</u></b>
Accounts Payable	\$ 4,491,100	\$ 2,350,056
Accrued Interest	34,392	8,076
Accrued Expenses	239,528	313,644
<b>Total</b>	<b>\$ 4,765,019</b>	<b>\$ 2,671,776</b>

The Company's increase in accounts payable is directly related to funds available resulting from the conclusion of litigation with the former owner. Accounts Payable increased further due to the seasonality of the business.



## Notes Payable

Notes Payable are summarized as follows:

	<u>Dec 31, 2022</u>	<u>Jan 2, 2022</u>
<b><u>Summary of Outstanding Debt</u></b>		
<b><u>Category</u></b>		
Real Estate	\$12,704,300	\$10,580,504
Equipment	\$11,311,148	\$4,454,719
Jasper Acquisition	\$5,276,354	\$5,500,000
Other Obligations	\$1,641,779	\$1,431,859
Related Parties	\$1,500,000	\$0
<b>Total Debt Obligation</b>	<b>\$32,433,582</b>	<b>\$21,967,082</b>

The Company increased its debt obligation by \$10.4 million due to equipment and resources needed for Jasper and Beaver acquisitions, Homerville sawmill improvements and the Company's new HumiSoil product line. The Company did engage in Merchant Cash Advances (MCA) in 2022 resulting in high interest expense and is in process of refinancing these obligations through a revolving line of credit and other traditional long term fixed rate instruments which are expected to be in place by the completion of the 2<sup>nd</sup> quarter of 2023.

The company did refinance its real estate debt obligations and deferred the 2024 real estate balloon payment from September of 2024 to December of 2028. Below is a detailed schedule of the company's debt obligations:

<b><u>Outstanding Note(s)</u></b>	<b><u>Dec 31, 2022</u></b>	<b><u>Jan 2, 2022</u></b>
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 <b>(Note Retired)</b>	\$0	\$10,580,504
Seller note payable bearing interest at 6.0%, monthly payments of principal and interest of \$82,390 beginning January 2023 with a \$9,476,902 balloon due December 2028, secured by mortgaged real estate	\$11,650,000	\$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 March 2027 <b>(notes separated)</b>	\$2,896,912 \$1,433,431	\$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	\$952,208	\$1,400,000
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	\$989,033	\$1,297,817
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. <b>(Note Forgiven)</b>	\$0	\$1,236,080
Note payable to an equipment financing company bearing interest at 3.95%. Monthly payments of principal and interest of <u>\$1,699</u> due August 2020 through July 2025. <b>(adjusted)</b>	\$48,460	\$66,335
Note payable to an equipment financing company bearing interest at 3.95%. Monthly payments of principal and interest of <u>\$7,050</u> due August 2020 through July 2025. <b>(adjusted)</b>	\$201,042	\$275,200
Note payable to an equipment financing company bearing interest at 3.95%. Monthly payments of principal and interest of <u>\$679</u> due August 2020 through July 2025. <b>(added to report)</b>	\$19,365	\$28,351
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.	\$237,151	\$325,718
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.	\$275,008	\$347,452
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.	\$256,538	\$334,000
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.	\$167,729	\$222,887
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.	\$162,214	\$217,213
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.	\$152,968	\$212,727
Note payable to an equipment financing company bearing interest at 3.95%. Monthly payments of principal and interest of <u>\$4,662</u> due August 2020 through July 2025 <b>(adjusted)</b>	\$132,952	\$181,993
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.	\$157,599	\$208,226
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	\$140,003	\$195,779
Non-interest bearing note payable to an equipment financing company with monthly principal payments of \$5,842 due December 2021 through November 2023	\$64,256	\$134,353

Non-interest bearing note payable to an equipment financing company with monthly principal payments of \$16,460 due May 2021 through April 2022 ( <b><u>note retired</u></b> ).	\$0	\$65,838
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 ( <b><u>note retired</u></b> ).	\$0	\$69,928
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	\$49,349	\$87,611
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	\$63,390	\$73,217
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	\$30,495	\$54,397
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	\$23,359	\$41,466
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	\$22,863	\$40,764
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	\$20,843	\$36,446
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	\$19,886	\$37,220
Note payable to an equipment financing company bearing interest at 8%. Monthly payments of principal and interest of \$977 due through Aug-24	\$18,236	\$28,071
Note payable to an equipment financing company bearing interest at 8%. Monthly payments of principal and interest of \$932 due through Sep-24	\$18,236	\$27,581
Note payable to an equipment financing company bearing interest at 8%. Monthly payments of principal and interest of \$766 due through Aug-24	\$14,514	\$22,395

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	\$10,175	\$17,512
Note payable to an equipment financing company bearing interest at 10.64%. Monthly payments of principal and interest of \$1,060 due through Feb-27	\$42,656	\$0
Note payable to an individual bearing interest at 12%. Monthly payments of interest of \$5,000 starting on March 17, 2022 and due through February 2023. The principal is due no later than February 17, 2023, with no penalty for prepayment	\$500,000	\$0
Note payable to an individual bearing interest at 12%. Monthly payments of interest of \$1,000 starting on March 17, 2022 and due through February 2023. The principal is due no later than February 17, 2023, <b>(Note Retired)</b>	\$0	\$0
Note payable to an individual bearing interest at 12%. Monthly payments of interest of \$10,000 starting on Dec 15, 2022 and due through Dec 2023. The principal is due no later than Dec 15, 2023, with no penalty for prepayment	\$1,000,000	\$0
Note payable to a financing company bearing interest at 25.0%. Weekly payments of principal and interest of \$46,875 due through May 2022 <b>(Note Retired)</b>	\$0	\$0
Note payable to a financing company bearing interest at 25.0%. Weekly payments of principal and interest of \$54,348 due through March 2023 <b>(Note Retired)</b>	\$0	\$0
Note payable to an equipment financing company bearing interest at 11.45%. Monthly payments of principal and interest of \$18,121 due through Mar-27	\$729,954	\$0
Note payable to an equipment financing company bearing interest at 11.45%. Monthly payments of principal and interest of \$11,312 due through Mar-27	\$455,668	\$0
Note payable to an equipment financing company bearing interest at 12.45%. Monthly payments of principal and interest of \$7,762 due through Apr-27	\$311,037	\$0
Note payable to an equipment financing company bearing interest at 12.13%. Monthly payments of principal and interest of \$2,610 due through Apr-27	\$105,273	\$0
Note payable to an equipment financing company bearing interest at 12.00%. Monthly payments of principal and interest of \$812 due through Jun-28	\$39,129	\$0
Note payable to an equipment financing company bearing interest at 10.59%. Monthly payments of principal and interest of \$7,067 due through Jun-28	\$352,562	\$0
Note payable to an equipment financing company bearing interest at 10.20%. Monthly payments of principal and interest of \$4,359 due through		

Apr-27	\$182,586	\$0
Note payable to an insurance financing company bearing interest at 5.5%. Monthly payments of principal and interest of \$21,774 due through February 2023 <b>(Note Retired)</b>	\$0	\$0
Note payable to an equipment financing company bearing interest at 11.86%. Monthly payments of principal and interest of \$2,588 due through May-25	\$65,101	\$0
Note payable to an equipment financing company bearing interest at 3.61%. Monthly payments of principal and interest of \$7,907 due through Apr-27	\$380,264	\$0
Note payable to an equipment financing company bearing interest at 3.61%. Monthly payments of principal and interest of \$6,937 due through Apr-27	\$333,606	\$0
Note payable to an equipment financing company bearing interest at 3.49%. Monthly payments of principal and interest of \$7,118 due through Apr-27	\$343,157	\$0
Note payable to an equipment financing company bearing interest at 7.70%. Monthly payments of principal and interest of \$2,416 due through May-27	\$108,319	\$0
Note payable to an equipment financing company bearing interest at 6.99%. Monthly payments of principal and interest of \$14,056 due through Jun-27	\$649,896	\$0
Note payable to an equipment financing company bearing interest at 6.99%. Monthly payments of principal and interest of \$2,307 due through Jun-27	\$106,658	\$0
Note payable to an equipment financing company bearing interest at 6.99%. Monthly payments of principal and interest of \$1,468 due through Jun-27	\$67,848	\$0
Note payable to an equipment financing company bearing interest at 6.99%. Monthly payments of principal and interest of \$2,780 due through Jun-27	\$128,513	\$0
Note payable to a financing company bearing interest at 78%. Weekly payments of principal and interest of \$8,719 due through Jun-23	\$143,257	\$0
Note payable to a financing company bearing interest at 100%. Weekly payments of principal and interest of \$5,346 due through Mar-23	<u>\$43,777</u>	<u>\$0</u>
Note payable to a financing company bearing interest at 117%. Weekly payments of principal and interest of \$3,000 due through Mar-23	<u>\$28,927</u>	<u>\$0</u>

Note payable to an equipment financing company bearing interest at 6.99%. Monthly payments of principal and interest of \$5,064 due through Sep-27	\$240,827	\$0
Note payable to an equipment financing company bearing interest at 8.3%. Monthly payments of principal and interest of \$6,474 due through Oct-27	\$304,244	\$0
Note payable to an equipment financing company bearing interest at 8.3%. Monthly payments of principal and interest of \$6,474 due through Oct-27	\$304,244	\$0
Note payable to an equipment financing company bearing interest at 10.6%. Monthly payments of principal and interest of \$3,618 due through Dec-27	\$165,809	\$0
Note payable to an equipment financing company bearing interest at 10.6%. Monthly payments of principal and interest of \$3,836 due through Dec-27	\$175,831	\$0
Note payable to an equipment financing company bearing interest at 3.4%. Monthly payments of principal and interest of \$12,767 due through Nov-24	\$271,826	\$0
Note payable for real estate bearing interest at 8.0% and balloon pmt at end of term Monthly interest of \$7,029 with balloon of \$1,054,300 due through Aug-25	\$1,054,300	\$0
Note payable to an equipment financing company bearing interest at 7.5%. Monthly payments of principal and interest of \$11,850 due through Sep-28	\$654,943	\$0
Note payable to an equipment financing company bearing interest at 7.5%. Monthly payments of principal and interest of \$2,689 due through Sep-28	\$148,601	\$0
Note payable to an equipment financing company bearing interest at 7.5%. Monthly payments of principal and interest of \$830 due through Sep-28	\$45,861	\$0
Note payable to an equipment financing company bearing interest at 8.0%. Monthly payments of principal and interest of \$12,135 due through Nov-28	\$677,231	\$0
Note payable to an equipment financing company bearing interest at 8.0%. Monthly payments of principal and interest of \$10,967 due through Nov-28	\$612,092	\$0
Note payable to an equipment financing company bearing interest at 10.0%. Monthly payments of principal and interest of \$2,032 due through Sep-24	\$40,690	\$0
Note payable to an equipment financing company bearing interest		

at 10.0%. Monthly payments of principal and interest of \$2,482\ due through Sep-24	\$49,711	\$0
Note payable to an equipment financing company bearing interest at 10.0%. Monthly payments of principal and interest of \$1,020 due through 12/31/2022 ( <b><u>note retired</u></b> )	\$0	\$0
Note payable to an equipment financing company bearing interest at 10.0%. Monthly payments of principal and interest of \$926 due through 12/31/2022 ( <b><u>note retired</u></b> )	\$0	\$0
Note payable to an equipment financing company bearing interest at 10.0%. Monthly payments of principal and interest of \$488 due through 12/31/2022 ( <b><u>note retired</u></b> )	\$0	\$0
Note payable to an equipment financing company bearing interest at 10.0%. Monthly payments of principal and interest of \$840 due through 12/31/2022 ( <b><u>note retired</u></b> )	\$0	\$0
Note payable to an equipment financing company bearing interest at 7.5%. Monthly payments of principal and interest of \$1,220 due through Sep-27	\$59,220	\$0
Note payable to a financing company bearing interest at 141%. Weekly payments of principal and interest of \$9,333 due through Jul-23	\$185,815	\$0
Convertible Note bearing interest only payments of 10% or \$9,167	\$1,100,000	\$0
<b>Total notes payable to unrelated parties</b>	<b>\$32,433,649</b>	<b>\$21,967,082</b>
Short-term portion of notes payable	<u>\$5,074,985</u>	<u>\$4,486,461</u>
Long-term portion of notes payable	<u>\$27,362,663</u>	<u>\$17,480,621</u>

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

<b><u>Year</u></b>	<b><u>Amount</u></b>
2023	\$5,074,985
2024	\$3,533,458
2025	\$3,319,147
2026	\$2,717,453
2027	\$4,918,006
2028 & after	\$12,874,599

\*The Company plans to consolidate its debt obligations by the close of the 2<sup>nd</sup> quarter of 2023.

### **Cash Flow and Equity Summary**

#### *Inventory*

The Company adjusted inventory in its cash flow statements to reflect intercompany sales between NSR and MMI during 2022 in the amount of \$3,888,374. Addition the Company received \$1,499,950 in inventory from VRM Biologik in accordance with its 3<sup>rd</sup> quarter stock issuance. No cash was received for this transaction.

#### *Prepaid expenses*

The Company adjusted prepaid expenses to remove \$7,175,000 in prepaid advertising during the 4<sup>th</sup> quarter of 2022 resulting from stock issuances totaling 3,500,000. The Company subsequently expensed \$358,750 of this prepaid advertising amount based upon the 60-month contract term. No cash was received for this transaction.

#### *Additional Stock Subscriptions/Redemptions*

The Company issued 14,400,000 shares of common stock in the 4<sup>th</sup> quarter of 2022 in exchange for a long term partnership with VRM Biologik which allows the Company exclusive US and Caribbean distribution of small package utilizing VRM Biologik's Intellectual Property (IP). No cash was received for this transaction.

The Company purchased back 28,602,014 shares of common stock from former owner R. Spencer during 2022. Total cash paid for these shares in 2022 was \$3,437,500. The Company has a future payment obligation associated with this transaction in the amount of \$1,500,000 as disclosed in Note 5 of the "Commitments and Contingencies" segment listed below.

### **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.

	<b>Full Year</b>	
	<b>Dec 31, 2022</b>	<b>Jan 2, 2022</b>
<i>Numerator for basic and diluted earnings (loss) per share:</i>		
Net income (loss)	\$ 8,901,214	\$ 5,227,362
<i>Denominator for basic earnings (loss) per share –</i>		
Weighted Average Shares Outstanding	88,902,029	90,161,612
Stock Warrants	1,650,000	5,640,004
Convertible notes	2,200,000	-
<i>Denominator for diluted earnings (loss) per share –</i>		
Weighted Average and Assumed Conversion	92,752,029	95,801,616
<u>Net income (loss) per share:</u>		
Basic net income (loss) per share	\$ 0.10	\$ 0.06
Diluted net income (loss) per share	\$ 0.10	\$ 0.05

**The total outstanding shares of the Company's common stock as of December 31, 2022 was 74,631,742**

#### *Preferred Stock*

On December 31, 2021, 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 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 13, 2022, we issued 266,667 shares of Common Stock to a private investor based on a subscription price of \$0.75 per share with an aggregate value of \$200,000. These shares were issued in reliance on Section 4(a)(2) of the Securities Act.

On January 21, 2022, we issued 200,000 shares of Common Stock to a private investor based on a subscription price of \$0.75 per share with an aggregate value of \$150,000. These shares were issued in reliance on Section 4(a)(2) of the Securities Act

On March 23, 2022, we issued 1,000,000 shares of Common Stock to a private investor based on a subscription price of \$0.75 per share with an aggregate value of \$750,000. These shares were issued in reliance on Section 4(a)(2) of the Securities Act.

On April 18, 2022, we issued 266,667 shares of Common Stock to a private investor based on a subscription price of \$0.75 per share with an aggregate value of \$200,000. These shares were issued in reliance on Section 4(a)(2) of the Securities Act.

On August 12, 2022, the Company issued 500,000 shares of its common stock with an aggregate value of \$1,500,000 as partial consideration for entering into a restricted sublicense agreement with VRM Global Holdings PTY LTD.. These shares were issued in reliance on Section 4(a)(2) of the Securities Act.

On October 5, 2022, we issued to a service provider in exchange for services 3,500,000 shares of Common Stock, an option to acquire 5,000,000 shares of unregistered Common Stock at an exercise price of \$2.00 per share and a warrant to purchase up to 2,000,000 shares of Common Stock at an exercise price of \$1.00 per share (the “ACCEL Warrant”) with an aggregate value of \$7,175,000. These securities were issued in reliance on Section 4(a)(2) of the Securities Act

On October 5, 2022, we issued 30,000 shares of Common Stock to an entity with an aggregate value of \$61,500 in exchange for services. These shares were issued in reliance on Section 4(a)(2) of the Securities Act.

On October 12, 2022, we issued 6,000,000 shares of Common Stock to an entity with an aggregate value of \$14,400,000 in exchange for interest in VRM Global’s U.S. subsidiary, the acquisition of certain inventory of raw materials and other contractual rights as provided for in the VRM Sublicense. These shares were issued in reliance on Section 4(a)(2) of the Securities Act.

On October 13, 2022, we issued 200,000 shares of Common Stock to a private investor based on a subscription price of \$0.50 per share with an aggregate value of \$100,000. These shares were issued in reliance on Section 4(a)(2) of the Securities Act.

On November 7, 2022, we issued 100,000 shares of Common Stock to an entity with an aggregate value of \$100,000 upon exercise of warrants at a price of \$1.00 per share issued in connection with the Accel Media International, Inc. agreement. These shares were issued in reliance on Section 4(a)(2) of the Securities Act.

On November 21, 2022, we issued 25,000 shares of Common Stock to a private investor based on a subscription price of \$2.00 per share with an aggregate value of \$50,000. These shares were issued in reliance on Section 4(a)(2) of the Securities Act.

On November 23, 2022, we issued 25,000 shares of Common Stock to a private investor based on a subscription price of \$2.00 per share with an aggregate value of \$50,000. These shares were issued in reliance on Section 4(a)(2) of the Securities Act.

On December 2, 2022, we issued 25,000 shares of Common Stock to a private investor based on a subscription price of \$2.00 per share with an aggregate value of \$50,000. These shares were issued in reliance on Section 4(a)(2) of the Securities Act.

On December 2, 2022, we issued 100,000 shares of Common Stock to a private investor based on a subscription price of \$2.00 per share with an aggregate value of \$200,000. These shares were issued in reliance on Section 4(a)(2) of the Securities Act.

On December 5, 2022, we issued 50,000 shares of Common Stock to a private investor based on a subscription price of \$2.00 per share with an aggregate value of \$100,000. These shares were issued in reliance on Section 4(a)(2) of the Securities Act.

On December 13, 2022, we issued an aggregate of 50,000 shares of Common Stock to a private investor based on a subscription price of \$2.00 per share with an aggregate value of \$100,000 and warrants to purchase 50,000 shares of our common stock at an exercise

of \$3.00 per share, exercisable for a period of one year after the date of issuance. These securities were issued in reliance on Section 4(a)(2) of the Securities Act.

On December 13, 2022, we issued an aggregate of 25,000 shares of Common Stock to a private investor based on a subscription price of \$2.00 per share with an aggregate value of \$50,000 and warrants to purchase 25,000 shares of our common stock at an exercise of \$3.00 per share, exercisable for a period of one year after the date of issuance. These securities were issued in reliance on Section 4(a)(2) of the Securities Act.

On December 22, 2022, we issued an aggregate of 25,000 shares of Common Stock to a private investor based on a subscription price of \$2.00 per share with an aggregate value of \$50,000 and warrants to purchase 25,000 shares of our common stock at an exercise of \$3.00 per share, exercisable for a period of one year after the date of issuance. These securities were issued in reliance on Section 4(a)(2) of the Securities Act.

On December 22, 2022, we issued an aggregate of 50,000 shares of Common Stock to a private investor based on a subscription price of \$2.00 per share with an aggregate value of \$100,000 and warrants to purchase 50,000 shares of our common stock at an exercise of \$3.00 per share, exercisable for a period of one year after the date of issuance. These securities were issued in reliance on Section 4(a)(2) of the Securities Act.

On December 23, 2022, we issued 50,000 shares of Common Stock to an entity of our warrants for an aggregate value of \$50,000 upon exercise of the warrants at a price of \$1.00 per share issued in connection with the Accel Media International, Inc. agreement. These shares were issued in reliance on Section 4(a)(2) of the Securities Act.

On December 30, 2022, we issued an aggregate of 35,000 shares of Common Stock to a private investor based on a subscription price of \$2.00 per share with an aggregate value of \$70,000 and warrants to purchase 35,000 shares of our common stock at an exercise of \$3.00 per share, exercisable for a period of one year after the date of issuance. These securities were issued in reliance on Section 4(a)(2) of the Securities Act.

On December 30, 2022, we issued an aggregate of 50,000 shares of Common Stock to a private investor based on a subscription price of \$2.00 per share with an aggregate value of \$100,000 and warrants to purchase 50,000 shares of our common stock at an exercise of \$3.00 per share, exercisable for a period of one year after the date of issuance. These securities were issued in reliance on Section 4(a)(2) of the Securities Act.

On December 30, 2022, we issued 100,000 shares of Common Stock to a private investor based on a subscription price of \$1.00 per share with an aggregate value of \$100,000 and warrants to purchase 100,000 shares of our common stock at an exercise of \$3.00 per share, exercisable for a period of one year after the date of issuance. These securities were issued in reliance on Section 4(a)(2) of the Securities Act.

#### **NOTE 4 – 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). The Company has estimated the value of the rent abatement and included it as an ROU asset, as noted below, in the amount of \$817,503.

- All of the existing MM notes, notes, 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 audited condensed consolidated balance sheets as of December 31, 2022 and January 1, 2022, 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
ROU Asset value on property rent abatement	817,503
Less: Net book value of just MM's property and equipment on January 31, 2020	<u>(1,883,657)</u>

Excess of fair market over net book value of MM property and equipment	16,162,141
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Value of common stock issued for MM	\$ 6,000,000
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Net book value of MM on January 31, 2020:

Cash	\$ 6,240,670
Accounts Receivable and inventory	15,402,355
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	<u>(25,643,025)</u>

Net book value (assumed) of MM on January 31, 2020	<u>(1,856,052)</u>
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Total purchase price, including assumed net liabilities, of MM	<u>7,856,052</u>
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Excess of fair value over net book value plus purchase price of MM property and equipment (bargain purchase gain) (a)	<u>\$ 8,306,089</u>
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Purchase price of MM	\$ 7,856,052
Bargain purchase gain and property and equipment write-up	8,306,089
Net book value of MM on January 31, 2020	<u>(1,856,052)</u>
Total to be allocated	<u>\$ 14,306,089</u>

Allocation of MM purchase price and bargain purchase gain:

Cash	\$ 6,240,670
Accounts Receivable and inventory	15,402,355
Property and equipment	17,228,295
ROU Assets	817,503

Investments	830,000
Prepaid expenses and other assets	192,361
Supply agreement	453,750
Accounts payable and accrued expenses	(1,215,820)
Notes payable	(25,643,025)
	<u>\$ 14,306,089</u>

#### *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.

#### *Jasper and Beaver Sawmill Acquisition(s)*

In December 2021, the Company acquired sawmills in Jasper, Florida and Beaver, Washington. The addition of these mills is expected to increase our sawing capacity to over 100 million board feet of lumber annually and significantly expand our mulch manufacturing operations.

Jasper, Florida. In December 2021, we closed on an acquisition of a sawmill in Jasper, Florida. The Jasper Mill saws southern yellow pine lumber as well as residual products, including pine bark, pine chips, pine dust, and pine shavings. We expect to ramp up both lumber and mulch production at the Jasper mill in the first quarter of 2023 subject to working capital availability. The Company acquired facility for \$7.5M and recorded a bargain purchase gain of \$2.2M based upon appraised value of \$9.8M.

Beaver, Washington. In December 2022, we closed on an acquisition of a sawmill in Beaver, Washington. The Beaver mill is approximately 100,000 square feet. It has over \$8 million in existing infrastructure. It will be capable of producing 100 million board feet of lumber per year once retrofitted for our production. The Company has already engaged experts in mill optimization, design, and buildout for the retrofit of the mill and are in the preliminary planning phase for this project. We won't commence any additional expansion work until a funding source has been secured. The planned operations at the Beaver Washington facility are expected to enable us to launch our initial operations on the West Coast, increase our lumber, mulch, woodchip and manufactured mulch production, expand into new markets and supplement our product offerings in the west coast region of the United States. The mill is located in a federally approved Economic Opportunity Zone and it is eligible for certain tax credits. Our ownership and operation of the mill is supported by the nearby municipal and state governments. The Company acquired facility for \$3.7M and recorded a bargain purchase gain of \$4.9M based upon appraised value of \$8.6M.

#### *Beaver, Washington Building & Real Estate Acquisition*

On March 18, 2022, the Company acquired the Beaver, Washington real estate property for \$1,025,475, of which, \$200,000 was previously put down as deposits, and \$825,475 was paid at closing. The acquisition of the Beaver, Washington real estate and building closed in March 2022. The Company recorded a bargain purchase gain of \$8.2M based upon appraised value of \$9.2M.

## **NOTE 5 – COMMITMENTS AND CONTINGENCIES**

### *Inventory Purchases*

#### *VRM Biologik*

The Company has entered into an inventory purchase agreement with VRM Biologik, whereby, the Company agrees it will make a cash payment for purchase of product totaling \$7,200,000 which is to be paid in 3 tranches with the first payment of \$3,600,000 being made on December 31, 2022 followed by two payments of \$1,800,000 paid respectively on May 31, 2023 and October 31 of 2023. Due to the delay in funding in the year 2022 and delay on the catalyst ingredient shipments, arriving in January 30, 2023, instead of making payments in December of 2022 the parties have agreed to discuss a payment plan later in 2023.

## *Legal Claims*

### *EMC Arbitration and Settlement Agreement*

We were 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 sought 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 denied EMC’s allegations and has also initiated counterclaims against EMC for breach of the agreement by EMC, in which it sought 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 took this action as a defensive measure against potential (in the Company’s opinion) frivolous lawsuits brought by Rainmaker against the Company. The Company believed it had adequate defenses in the ongoing arbitration described above being overseen by the American Arbitration Association.

On October 6, 2022, the Company entered into a Settlement Agreement and Mutual Release (the “EMC Agreement”) with EMC, Rainmaker, Mr. Painter, Mr. Cohen, and Mr. Lehrer, pursuant to which the parties agreed to amicably resolve all disputes between them without admitting any wrongdoing or liability. In full and final settlement of all claims and counterclaims between the parties, the Company agreed to pay EMC a total sum of \$250,000, to be paid out monthly, in \$50,000 or \$25,000 increments, beginning on October 15, 2022 and ending on April 15, 2023. Rainmaker, Mr. Painter, Mr. Cohen, and Mr. Lehrer acknowledged and agreed that they are not entitled to receive any money or property from the Company or its CEO, Anthony J. Raynor.

In addition, Mr. Raynor, agreed to transfer 100,000 of his personal shares of the Company’s Common Stock to EMC and 100,000 of his personal shares of the Company’s Common Stock to The Pink Butterfly Foundation, a Florida not for profit corporation (“Pink Butterfly”) dedicated to assisting families with acute financial needs accompanying a heartbreaking and devastating sudden loss of a child. Both share transfers were to take place within twenty (20) days of the date of the EMC Agreement.

The share transfers are each subject to a lock-up agreement, dated October 6, 2022, by and between each the Company and EMC and the Company and Pink Butterfly (together, the “Lock-Up Agreements”). Under the terms of the Lock-Up Agreements, EMC and Pink Butterfly cannot sell, transfer, assign or otherwise dispose of the shares received for a period of one (1) year from the date of the Lock-Up Agreement (the “Lock-Up Period”). In the event the Company’s Common Stock is listed for trading on the New York Stock Exchange or the NASDAQ Stock Market during the Lock-Up Period, the “Lock-Up Period” shall be adjusted to last until the six (6) month anniversary of the listing date.

If the Company or Mr. Raynor default under the terms of the EMC Agreement by failing to make a payment when due or failing to transfer the shares, EMC must provide notice of the default and the Company will have fifteen (15) business days from the date of the notice to cure the default. If the Company fails to cure the default, a final judgment will be entered against the Company for \$250,000, less any payments already made, and/or the cash value of the shares if the shares have not been transferred in default of the EMC Agreement.

The parties filed a joint motion for dismissal of all claims and counterclaims and agreed to request that the American Arbitration Association enter an order staying and abating the arbitration and retaining jurisdiction to enforce the terms of the EMC Agreement. All parties expressly agreed that they are forever barred from instituting, maintaining or asserting any and all claims and causes of action released under the EMC Agreement.

### *Ralph Spencer Litigation*

#### *First Complaint and Settlement.*

On March 25, 2021, the Company filed a civil complaint (the “First Complaint”) in Florida’s Ninth Judicial Circuit Court in Orange County, Florida against Ralph Spencer (“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 Court enjoining Mr. Spencer from, among other things, further attempts to interfere with the Company’s business operations.

On August 16, 2021, the parties entered into a Settlement Agreement and Mutual Release (the “Settlement Agreement”), wherein, among other provisions, all outstanding debt was extinguished. The Company recognized a \$17,484,728 capital contribution, credited to Additional Paid-in Capital, from the extinguishment of debt.

The Company also agreed to pay Spencer \$25,650,000 plus interest as follows:

- (a) issuing Spencer a promissory note in the amount of \$10,650,000 accruing interest at 6% per annum secured by four properties located in Florida and another in Georgia (the “Settlement Note”). The Settlement Note is amortized monthly over 20 years with a balloon payment of any outstanding balance on its third anniversary. The Company is current on all Settlement Note obligations as of the date of this Registration statement.
- (b) paying Spencer a total of \$15,000,000 in exchange for the redemption of Spencer’s 40,000,000 shares of common stock and any and all ownership interests in which he may have or claim (the “Redemption Payment”). The Redemption Payment is to be paid to Spencer according to the following schedule: (i) \$3,300,000 on October 15, 2021 in exchange for 8,797,800 common stock shares; and (ii) twenty-four (24) payments of \$487,500 on the 15<sup>th</sup> of each month, commencing November 15, 2021, each for 1,300,091.67 common stock shares. Spencer executed a letter of instruction to the Company’s transfer agent, Pacific Stock Transfer, and provided all shares to the transfer agent to allow for the immediate redemption upon each payment.

On October 11, 2021, the First Complaint was voluntarily dismissed with prejudice as provided for in the Settlement Agreement.

### *Second Complaint.*

On April 19, 2022, the Company together with its wholly owned subsidiary Mulch Manufacturing, Inc., (referred to together as the “Plaintiffs”) filed a civil complaint in Florida’s Ninth Judicial Circuit Court in Orange County, Florida Case No. 2022-CA-003280-O (the “Second Complaint”) against Spencer alleging that (i) Spencer breached the Settlement Agreement by disclosing confidential settlement terms to third parties and violating the non-disparagement provisions by repeatedly disparaging and defaming Anthony Raynor, Tami Raynor, and other officers, agents, and employees of the Plaintiffs, (ii) that Spencer engaged in certain tortious interference with the Company’s advantageous business relationships, and (iii) that Spencer engaged in a systematic campaign to defame, disparage and spread false statements about the Company and its employees, agents and representatives, including family members of Company employees.

On December 13, 2022 (the “Effective Date”), the Plaintiffs, Tami Raynor and Anthony Raynor (collectively, “Raynor”), and Ralph Spencer (“Spencer”), by and through his attorney-in-fact Christie Spencer and his court-appointed attorney, Christine J. Lomas, and Christie Spencer, as Ralph Spencer’s attorney-in-fact (together with Spencer, the “Spencer Parties”) ( hereafter “the “Parties” or a “Party”), entered into a Settlement Agreement, (hereafter the “December 2022 Settlement Agreement”), in relation to the Second Complaint (the “Business Court Litigation”).

As a complete settlement of the dispute that is the subject of the Business Court Litigation, the Parties agreed to the following material terms as provided for in the December 2022 Settlement Agreement:

Terms Regarding Promissory Note, Mortgage, and Deed to Secure Debt. Within five days of the Effective Date, Spencer and RJ Enterprises of Florida, LLC (“RJ Enterprises”) agreed to convey certain real estate located in Nassau County, Florida (the “RJ Parcels”) to the Company’s wholly owned subsidiary Mulch Manufacturing, Inc. (“Mulch Manufacturing”) free and clear from any and all interests, mortgages, liens, encumbrances, and clouds on the title, including a \$200,000 mortgage from RJ Enterprises to Weber Holdings, Ltd. The RJ Parcels are comprised of two tracts of land, one of which is approximately 2.93 acres and the other is approximately 14.9 acres, both of which are located off of U.S. Highway 301 in Callahan, Florida 32011.

In addition, Spencer agreed to release the real property located at 108 Copeland Street, Jacksonville, Florida 32204 (the “Copeland Parcel”) from the mortgage securing a debt in the original principal amount of \$10,650,000 issued by the Company in favor of Spencer as provided for in the Settlement Agreement (the “August 2021 Mortgage”). Further, the Parties agreed to amend the August 2021 Mortgage and the underlying promissory note to increase the principal balance to \$11,500,000, which amount will be amortized over twenty (20) years with any and all remaining amounts of principal and interest becoming due and payable sixty months after the date of amendment. The August 2021 Mortgage will be further modified to add the RJ Parcels as collateral security and limit the inspection rights of Spencer and certain other persons and restrict Spencer from selling, transferring, assigning, gifting, encumbering, or placing any liens on the August 2021 Mortgage for a period of two years from the date it is amended.

Terms Regarding Common Stock of the Company. According to the terms of the December 2022 Settlement Agreement, the Company agreed with Spencer to redeem 22,101,556 shares of the Company’s common stock he owns (the “Spencer Shares”) in exchange for the Company’s payment to Spencer of \$1,000,000. The Company’s obligation to pay Spencer is conditioned on Spencer delivering: (i) a letter of instruction directing the Company’s transfer agent to rescind the issuance of the Spencer Shares, (ii) a quit claim deed to the RJ Parcels to Mulch Manufacturing and (iii) a release of the Copeland Property from the August 2021 Mortgage. In addition, Spencer has represented that he has no rights, options, or warrants to buy additional shares of common stock or any other stock or ownership interests in the Company, that Spencer has not sold, assigned, transferred, encumbered, or gifted, directly or indirectly, any stock, rights, options, warrants, or other ownership interests in the Company to any person or party and that he has no other ownership interests whatsoever in the Company or Mulch Manufacturing.

The December 2022 Settlement Agreement also provides that the Company shall pay Spencer an aggregate of \$1,500,000 in installments of \$500,000 on April 1, 2023, August 1, 2023 and December 1, 2023 conditioned on Spencer complying with his obligations under the December 2022 Settlement Agreement (the “Additional Amounts”). On December 27, 2022, these conditions were fulfilled and the Company completed the redemption of the 22,101,556 shares of common stock.

Finally, the December 2022 Settlement Agreement provides that the Parties will execute and file a joint stipulation in Business Court Litigation that provides in the event Ralph Spencer and Christie Spencer fail to comply with certain non-harassment obligations provided for in the December 2022 Settlement Agreement, then the unpaid balance of the Additional Amounts will be paid into the registry of the court or an agreed-upon third party as they become due to be held in escrow and released upon agreement or as directed by an order of the court.

#### **NOTE 6 – CONCENTRATION OF CREDIT RISK**

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 December 31, 2022, the Company did not have any deposit amounts in excess of the FDIC insured limit.

For the twelve months ended December 31, 2022, one customer accounted for 17% of revenue and accounts receivable.

#### **NOTE 7 – SUBSEQUENT EVENTS**

The Company entered into four merchant cash advance transactions in the 1<sup>st</sup> quarter of 2023 resulting in high interest debt financing. Subsequently the Company has decided to restructure the organization current debt load through the establishment of a revolving line of credit and other traditional lending vehicles resulting in a long-term benefit to the organization. The Company expects these facilities to be in place by the close of its 2<sup>nd</sup> quarter of 2023 resulting in a significant improvement to net working capital at a material reduction in interest expense.

On January 25, 2023, Ambassador Ned L. Siegel resigned from his position as a board member of the Company, see Supplemental Information uploaded January 26, 2023, under the Company’s FILINGS AND DISCLOSURE on OTCMarkets.

On January 31, 2023, Joshua R. Wethington was appointed as the Company’s CFO succeeding Michael Mete’s resignation, see Supplemental Information uploaded February 3, 2023, under the Company’s FILINGS AND DISCLOSURE on OTCMarkets.