

SUSTAINABLE PROJECTS GROUP INC.

FORM 10-Q (Quarterly Report)

Filed 01/18/22 for the Period Ending 03/31/21

| | |
|-------------|--|
| Address | 2316 PINE RIDGE ROAD, 383 NAPLES, FL, 34109 |
| Telephone | 239-316-4593 |
| CIK | 0001500305 |
| Symbol | SPGX |
| SIC Code | 1311 - Crude Petroleum and Natural Gas |
| Industry | Business Support Services |
| Sector | Industrials |
| Fiscal Year | 12/31 |

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2021

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-54875

SUSTAINABLE PROJECTS GROUP INC.

(Exact name of registrant as specified in its charter)

Incorporated in the State of Nevada

(State or other jurisdiction of
incorporation or organization)

81-5445107

(I.R.S. Employer
Identification No.)

2316 Pine Ridge Road 383, Naples Florida

(Address of principal executive offices)

34102

(Zip Code)

305-814-2915

(Registrant's telephone number, including area code)

Sustainable Petroleum Group Inc., 225 Banyan Blvd, Suite 220, Naples Florida, 34102
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (s. 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Larger accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

Yes No

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

None

N/A

N/A

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

| Class | Outstanding at January 12, 2022 |
|-----------------------------------|--|
| common stock - \$0.0001 par value | 8,085,877 |

PART I – FINANCIAL INFORMATION

SUSTAINABLE PROJECTS GROUP INC.
Condensed Consolidated Unaudited Interim Financial Statements
For the nine months ended March 31, 2021 and 2020
(Stated in US Dollars)

Form 10-Q

Sustainable Projects Group Inc.

F-1

SUSTAINABLE PROJECTS GROUP INC.

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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SUSTAINABLE PROJECTS GROUP INC.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
(Unaudited)

| | March 31, 2021 | December 31 2020 |
|---|-------------------|---------------------|
| As at | | |
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 2,429 | \$ 1,265 |
| Inventory – Note 4 | 60,439 | 64,997 |
| Prepaid expenses and deposits | 6,950 | 8,622 |
| | 69,818 | 74,884 |
| Office Equipment | 4,057 | 4,873 |
| Intangible assets – Note 5, 8 | 111,968 | 118,718 |
| Goodwill – Note 8 | 156,752 | 156,752 |
| | 342,595 | 355,227 |
| TOTAL ASSETS | \$ 342,595 | \$ 355,227 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| LIABILITIES | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued liabilities – Note 6 | \$ 142,933 | \$ 137,880 |
| Amount due to related parties – Note 12 | 53,041 | 51,841 |
| Amount due to shareholders – Note 12 | 36,332 | 36,332 |
| Interest payable – Note 7, 12 | 4,686 | 4,106 |
| TOTAL CURRENT LIABILITIES | 236,992 | 230,159 |
| NON-CURRENT LIABILITIES | | |
| Notes payable, related party – Note 7, 12 | 50,000 | 50,000 |
| Convertible note payable, related party – Note 7, 12 | 20,000 | 20,000 |
| TOTAL NON-CURRENT LIABILITIES | 70,000 | 70,000 |
| TOTAL LIABILITIES | 306,992 | 300,159 |
| STOCKHOLDERS' EQUITY | | |
| Common Stock – Note 10 | | |
| Par Value: \$0.0001 Authorized 500,000,000 shares | | |
| Common Stock Issued: 7,785,877 (Dec 31, 2020 – 7,785,877) | 778 | 778 |
| Additional Paid in Capital | 3,080,627 | 3,080,627 |
| Accumulated Deficit | (3,118,294) | (3,100,629) |
| Non-controlling interest - Note 11 | 72,492 | 74,292 |
| TOTAL STOCKHOLDERS' EQUITY | 35,603 | 55,068 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 342,595 | \$ 355,227 |

See accompanying notes to the condensed consolidated interim financial statements

SUSTAINABLE PROJECTS GROUP INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

| | For the three months ended March 31, 2021 | For the three months ended March 31, 2020 |
|--|--|--|
| Revenues | | |
| Gross Revenues | \$ 2,133 | \$ - |
| Cost of Goods Sold | (2,815) | - |
| Gross Margin | (682) | - |
| Operating Expenses | | |
| Administrative and other operating expenses | 5,405 | 25,590 |
| Advertising and Promotion | 1,157 | - |
| Depreciation | 7,566 | 33,760 |
| Consulting fees | - | 20,000 |
| Management fees | - | 45,000 |
| Professional fees | 4,076 | 10,250 |
| Rent | - | 14,183 |
| Salaries and wages | - | 18,285 |
| Travel | - | 3,900 |
| Amortized right of use assets | - | 16,312 |
| | <u>18,204</u> | <u>187,280</u> |
| Operating income/loss before interest expense | (18,886) | (187,280) |
| Interest expense | (579) | (586) |
| Net loss and comprehensive loss | (19,465) | (187,866) |
| Net loss attributed to non-controlling interest | 1,800 | 32,331 |
| Net loss and comprehensive loss attributed to stockholders | <u>\$ (17,665)</u> | <u>\$ (155,535)</u> |
| Loss per share of common stock | | |
| -Basic and diluted | <u>\$ (0.002)</u> | <u>\$ (0.020)</u> |
| Weighted average no. of shares of common stock | | |
| -Basic and diluted | <u>7,785,877</u> | <u>7,648,113</u> |

See accompanying notes to the condensed consolidated interim financial statements

SUSTAINABLE PROJECTS GROUP INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF STOCKHOLDERS' EQUITY
For the Three Months Ended March 31, 2021 and 2020

| <i>For March 31, 2021</i> | <u>Common Shares</u> | <u>Par Value at \$0.0001 Amount</u> | <u>Additional Paid-in Capital</u> | <u>Accumulated Deficit</u> | <u>Non- Controlling Interests</u> | <u>Total</u> |
|--|--------------------------|---|---|--------------------------------|---|--------------|
| Balance, December 31, 2020 | 7,785,877 | \$ 778 | \$ 3,080,627 | \$ (3,100,629) | \$ 74,292 | \$ 55,068 |
| Net loss and comprehensive loss | - | - | - | (17,665) | (1,800) | (19,465) |
| Balance, March 31, 2021 | 7,785,877 | \$ 778 | \$ 3,080,627 | \$ (3,118,294) | \$ 72,492 | \$ 35,603 |
| <i>For March 31, 2020</i> | <u>Common Shares</u> | <u>Par Value at \$0.0001 Amount</u> | <u>Additional Paid-in Capital</u> | <u>Accumulated Deficit</u> | <u>Non- Controlling Interests</u> | <u>Total</u> |
| Balance, December 31, 2019 (restated) | 7,648,113 | \$ 765 | \$ 2,747,138 | \$ (2,879,796) | \$ 983,441 | \$ 851,548 |
| Net loss and comprehensive loss | - | - | - | (155,535) | (32,331) | (187,866) |
| Balance, March 31, 2020 | 7,648,113 | \$ 765 | \$ 2,747,138 | \$ (3,035,331) | \$ 951,110 | \$ 663,682 |

See accompanying notes to the condensed consolidated interim financial statements

SUSTAINABLE PROJECTS GROUP INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

| | For the three months ended March 31, 2021 | For the three months ended March 31, 2020 |
|---|---|---|
| Cash Flows from operating activities: | | |
| Net loss and comprehensive loss | \$ (19,465) | \$ (187,866) |
| Adjustments to reconcile net income(loss) to net cash used in operating activities: | | |
| Depreciation | 7,566 | 33,760 |
| Lease interest | - | 575 |
| Amortization of ROU asset - Vehicle | - | 2,840 |
| Amortization of ROU asset - Office lease | - | 13,472 |
| Changes in current assets and liabilities | | |
| Prepaid expenses | 1,672 | (2,435) |
| Inventory | 4,558 | - |
| Interest payable | 580 | 586 |
| Accounts payable and accrued expenses | 6,053 | (4,479) |
| Amount due to related parties | 1,200 | 29,500 |
| Payment of lease liability | - | (14,053) |
| Net cash provided by (used in) operating activities | <u>\$ 1,164</u> | <u>\$ 4,173</u> |
| Cash Flows from investing activities: | | |
| Acquisition of Assets | - | - |
| Proceeds from sale of assets | - | - |
| Proceeds from disposal of shares | - | - |
| Net Cash used in investing activities | <u>\$ -</u> | <u>\$ -</u> |
| Cash Flows from financing activities: | | |
| Proceeds from issuance of common stock | - | - |
| Proceeds from convertible notes payable | - | - |
| Proceeds from notes payable | - | - |
| Non-controlling interest | - | - |
| Net Cash generated from financing activities | <u>\$ -</u> | <u>\$ -</u> |
| Net (decrease) increase in cash and cash equivalents | 1,164 | 4,173 |
| Cash and cash equivalents at beginning of period | 1,265 | 68,992 |
| Cash and cash equivalents at end of period | <u>\$ 2,429</u> | <u>\$ 73,165</u> |
| Supplemental Disclosures | | |
| Cash paid for: | | |
| Interest | \$ - | \$ - |
| Taxes | \$ - | \$ - |

See accompanying notes to the condensed consolidated interim financial statements

SUSTAINABLE PROJECTS GROUP INC.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
March 31, 2021

1. Organization and Nature of Operations

Sustainable Projects Group Inc. (“the Company”) was incorporated in the State of Nevada, USA on September 4, 2009 as Blue Spa Incorporated which was engaged in the development of an internet based retailer of a multi-channel concept combining a wholesale distribution with a retail strategy relating to the quality personal care products, fitness apparel and related accessories. On December 19, 2016, the Company amended its name from “Blue Spa Incorporated” to “Sustainable Petroleum Group Inc.” On September 6, 2017, the Company obtained a majority vote from its shareholders to amend the Company’s name from “Sustainable Petroleum Group Inc.” to “Sustainable Projects Group Inc.” to better reflect the business it has undertaken. The name change was effective on October 20, 2017.

The Company is a multinational business development company that pursue investments and partnerships with companies across sustainable sectors. It is continually evaluating and acquiring assets for holding and/or for development. The Company is involved in mineral exploration, consulting services and collaborative partnerships.

The Company’s year end is December 31.

2. Going Concern

These condensed consolidated interim financial statements have been prepared in conformity with generally accepted accounting principles in the United States or “GAAP”, which contemplate continuation of the Company as a going concern. However, the Company has limited operations and has sustained operating losses resulting in a deficit. In view of these matters, realization of a major portion of the assets in the accompanying balance sheet is dependent upon the continued operations of the Company, which in turn is dependent upon the Company’s ability to meet its financing requirements, and the success of its future operations.

The Company has accumulated a deficit of \$3,118,294 since inception and has yet to achieve profitable operations and further losses are anticipated in the development of its business. The Company’s ability to continue as a going concern is in substantial doubt and is dependent upon obtaining additional financing and/or achieving a sustainable profitable level of operations. The consolidated unaudited interim financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company has \$2,429 cash on hand as at March 31, 2021. The Company will need to raise additional cash in order to fund ongoing operations over the next 12 month period. The Company may seek additional equity as necessary and it expects to raise funds through private or public equity investment in order to support existing operations and expand the range of its business. There is no assurance that such additional funds will be available for the Company on acceptable terms, if at all.

3. Summary of principal accounting policies

Basis of presentation

While the information presented is unaudited, it includes all adjustments, which are, in our opinion of management, necessary to present fairly the financial position, result of operations and cashflows for the interim period presented in accordance with accounting principles generally accepted in the United States of America. All adjustments are of a normal recurring nature. These consolidated interim financial statements should be read in conjunction with the Company's December 31, 2020 annual financial statements. Operating results for the three months ended March 31, 2021 are not necessarily indicative of the results that can be expected for the year ended December 31, 2021.

The accompanying condensed consolidated unaudited interim financial statements include the accounts of the Company, its wholly subsidiary YER Brands Inc., and its joint venture, Hero Wellness Systems Inc. (formerly Vitalizer Americas Inc.) The Company controls 55% of Hero Wellness Systems Inc. Pursuant to Accounting Standards Codification Topic 810, the joint venture company is considered as a variable interest entity that requires the Company to consolidate its account. All intercompany balances and transactions have been eliminated in the consolidation. The operating results of the joint venture have been included in the Company's consolidated financial statements and the non-controlling interest that were not attributable to the Company have been reported separately. At June 30, 2020, the Company's other joint venture, Cormo USA Inc.'s assets were impaired and the Company impaired its investment and eliminated that company's accounts from the condensed consolidated financial statements. Financial statements for the three month period ending March 31, 2020 include the results of Cormo USA inc.

Significant Accounting Policies

There have been no material changes in the Company's significant accounting policies to those previously disclosed in the December 31, 2020 annual report.

Use of estimates

The preparation of the consolidated interim financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management makes its best estimate of the ultimate outcome for these items based on historical trends and other information available when the financial statements are prepared. Changes in estimates are recognized in accordance with the accounting rules for the estimate, which is typically in the period when new information becomes available to management. Actual results could differ from those estimates.

Segment Reporting

The Company reports segment information based on the "management" approach. The management approach designates the internal reporting used by management for making decisions and assessing performance of its corporation wide basis in comparison to its various businesses. The Company has three reportable segments. The business operations consist of Hero Wellness Systems, YER Brands and Sustainable Projects Group. The segment for Cormo USA has been extinguished at June 30, 2020. The segments are determined based on several factors including the nature of products and services, nature of production processes and delivery channels and consultancy services. The operating segment's performance is evaluated based on its segment income. Segment income is defined as the gross sales and miscellaneous income. As at March 31, 2021, revenues were reported from YER Brands and Hero Wellness Systems.

| | For the three months ended March 31, 2021 | For the three Months ended March 31, 2020 | For the twelve months ended December 31 2020 |
|----------------------------|---|---|--|
| Sales | | | |
| Sustainable Projects Group | \$ - | \$ - | \$ - |
| YER Brands | 233 | - | 4,069 |
| Hero Wellness Systems | 1,900 | - | 500 |
| Total Sales | \$ 2,133 | \$ - | \$ 4,569 |
| Total Assets | | | |
| Sustainable Projects Group | \$ 9,215 | 285,158 | \$ 10,049 |
| YER Brands | 276,705 | - | 284,973 |
| Cormo USA | - | 651,452 | - |
| Hero Wellness Systems | 56,675 | 62,958 | 60,205 |
| Total Assets | \$ 342,595 | \$ 999,568 | \$ 355,227 |

Recently issued accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments – Credit Losses”. The ASU sets forth a “current expected credit loss” (CECL) model which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost and applies to some off-balance sheet credit exposures. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted. Recently, the FASB issued the final ASU to delay adoption for smaller reporting companies to calendar year 2023. The Company is currently assessing the impact of the adoption of this ASU on its financial statements.

The Company adopts new pronouncements relating to generally accepted accounting principles applicable to the Company as they are issued, which may be in advance of their effective date. Management does not believe that any pronouncements not included above will have a material effect on the accompanying financial statements.

4. Inventory

Inventories are stated at the lower of cost or net realizable value using the first-in, first out (FIFO) cost method of accounting. Cost is determined using the first in, first out (FIFO) cost method. Costs include the cost of purchase and transportation costs that are directly incurred to bring the inventories to their present location, and duty. Net realizable value is the estimated selling price of the inventory in the ordinary course of business, less any estimated selling costs. At March 31, 2021, inventory consists of following:

| | Mar 31, 2021 | Dec 31, 2020 |
|-----------------------|------------------|------------------|
| Hero Wellness Systems | \$ 56,500 | \$ 59,972 |
| YER Brands | 3,939 | 5,025 |
| Total | <u>\$ 60,439</u> | <u>\$ 64,997</u> |

5. Intangible Assets

YER Brands, the Company's wholly owned subsidiary acquired intellectual properties.

The Company entered into an asset purchase with Soy Yer Dough to acquire intellectual property and trademarks. The following assets were identified as intangible assets with finite useful lives and are amortized on a straight-line basis over their useful lives of five years. Amortization commences when the assets are available for use. Intellectual properties consist of production process, know-how, product recipe, marketing, and branding.

| | Cost | Depreciation | Net |
|---------------------------|-------------------|------------------|-------------------|
| Intellectual properties | \$ 135,000 | \$ 23,625 | \$ 111,375 |
| Trademark | 593 | - | 593 |
| Balance at March 31, 2021 | <u>\$ 135,593</u> | <u>\$ 23,625</u> | <u>\$ 111,968</u> |

Amortization for over the next 5 years will be as follows:

| Year ended December 31 | |
|------------------------|-------------------|
| 2021 | \$ 20,250 |
| 2022 | \$ 27,000 |
| 2023 | \$ 27,000 |
| 2024 | \$ 27,000 |
| 2025 | \$ 10,125 |
| Total | <u>\$ 111,375</u> |

Goodwill:

Goodwill has been recorded on the Soy Yer Dough purchase (Note 8) as the amount of the investment was greater than the identifiable net assets purchased. The amount is not amortized but rather is tested for impairment at least annually. The goodwill recorded was \$156,752. A recap of the assets purchased from Soy Yer Dough is as follows:

| | |
|-------------------------|-------------------|
| Purchase Price | <u>\$ 300,002</u> |
| Allocated to - License | 135,000 |
| Equipment | 5,000 |
| Inventory | <u>3,250</u> |
| Identifiable net assets | <u>143,250</u> |
| Allocated to Goodwill | <u>\$ 156,752</u> |

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as of March 31, 2021 are summarized as follows:

| | <u>Mar 31, 2021</u> | <u>Dec 31, 2020</u> |
|-------------------------|---------------------|---------------------|
| Audit fees | \$ 20,750 | \$ 11,000 |
| Accounting fees | 13,000 | 31,250 |
| Legal fees | 23,040 | 23,040 |
| Accrued office expenses | 86,143 | 72,590 |
| Total | <u>\$ 142,933</u> | <u>\$ 137,880</u> |

7. Notes Payable

On March 1, 2019, the Company entered into a loan agreement with a shareholder for \$50,000 with an interest rate of 3.5% per annum. The loan is due on or before April 15, 2022. At March 31, 2021, there was \$3,653 in accrued interest (December 31, 2020 - \$3,222) (see Note 13).

On July 12, 2019, the Company entered into a convertible loan agreement with a relative of the CEO for \$20,000 with an interest rate of 3.0% per annum. The loan is due on or before July 12, 2022. The lender has the option to convert the whole loan and the accrued interest into shares of the Company at the price of \$1.45 per share. The closing price of the Company's stock was \$1.45 at July 11, 2019. At March 31, 2021, there was \$1,032 in accrued interest (December 31, 2020 - \$884) (See Note 13).

8. Asset Purchase

On May 8th, the Company purchased all marketing rights, production know-how and limited existing inventory and equipment (the "Assets") in order to produce and market Soy-yer Dough, a gluten free modeling clay. As part of the agreement, the Company issued 105,264 common shares to Sawyer & Samantha Sparks for meeting certain milestones. At that time, the shares were trading at \$2.85 per share, valuing the purchase at \$300,002. (See Note 5)

9. Agreements

On May 1, 2020, the Company's joint venture Cormo USA Inc. entered into a commercial lease of approximately 100,000 square feet of building space for one year with an option to renew. The monthly rent was \$12,500.

Effective May 1, 2020, the Company's joint venture Cormo USA Inc. entered into a Development Agreement with the City of Rushville, Rushville Development Commission, and Rushville Economic Development Commission (the "City Parties" to do business in Indiana. The City Parties is assisting Cormo USA Inc. with its business in Indiana and have provided financial incentives of up to \$1,100,000 for Cormo USA Inc. to pay for its project costs. These include:

1. Cash incentives sufficient to reimburse the acquisition of twenty acres of property in the Commerce Park at Rushville following purchase of site in the Commerce Park at Rushville which shall be subject to rights of first refusal and repurchase rights on the purchased site granted to the City
2. A commitment that at least twenty acres of land in the Commerce Park at Rushville or equivalent property suitable for the contemplated commercial development shall be kept available for a period of two years
3. Up to \$225,000 in the form of forgivable loan
4. An initial 3 year tax abatement on eligible personal property in place in Rushville in 2020 with an alternative phase-in schedule of 100%, 67% and 33%
5. Tax abatement for future eligible personal property and real property improvements at a standard ten year tax abatement schedule

On May 1, 2020, Cormo USA Inc. entered into a forgivable loan agreement and promissory note with the City of Rushville, Indiana in conjunction to the Development Agreement of up to \$225,000 at 9% interest rate for a period of two years.

At June 30, 2020 the operating results of Cormo USA Inc. were de-consolidated as the Cormo license was recognized as impaired.

10. Common stock

During the three months ended March 31, 2021, there were no issuance of shares.

During the twelve months ended December 31, 2020, the Company issued the following shares:

- a) 32,500 shares of common stock for services rendered by a consultant at \$1.80 per share valued at \$58,500; and
- b) 105,264 shares of common stock for the acquisition of assets from Soy-Yer Dough at \$2.85 per share valued at \$300,002.

11. Equity in joint venture, Non-controlling interest

The Company was involved in two joint venture businesses and has a majority control of both Hero Wellness Systems Inc. and Cormo USA Inc. Pursuant to Accounting Standards Codification Topic 810, both of these companies were considered variable interest entities that requires the Company to consolidate those entities. It runs the day to day operations, makes all managerial decisions and has the voting power over these entities. The Company will provide and help in the financial support of these ventures, on an as needed basis. At June 30, 2020, the Cormo license was recognized as impaired and the operating results of Cormo USA Inc. have been de-consolidated from the Company's consolidated financial statements. The Company is only involved in Hero Wellness Systems Inc. from that point on.

Hero Wellness Systems Inc.

The Company has a controlling interest of 55% in a joint venture of Hero Wellness Systems Inc. (formerly Vitalizer Americas Inc.) (See Note 13). Hero Wellness Systems Inc. is in the business of importing, marketing, distribution and sale of luxury massage therapeutic chairs. Hero Wellness Systems is still in its early stages of development. The company participated in several conferences in 2019 to showcase and introduce its products in the market. The company has ordered and received inventory for sale. The following summary information on the joint venture amounts are based on contributions received from activities since inception through to March 31, 2021 and December 31, 2020 with intercompany transactions eliminated:

| | Mar 31, 2021 | Dec 31, 2020 |
|---|-------------------|--------------------|
| Assets | \$ 56,675 | \$ 60,205 |
| Liabilities | (2,678) | (3,611) |
| Net Assets | <u>\$ 53,997</u> | <u>\$ 56,594</u> |
| Revenues | \$ 1,900 | \$ 500 |
| Expenses | (5,900) | (12,760) |
| Net Income | <u>\$ (4,000)</u> | <u>\$ (12,260)</u> |
| Company's joint venture interest portion on net income | <u>\$ (2,200)</u> | <u>\$ (6,743)</u> |
| Non-controlling joint venture interest on net income | <u>\$ (1,800)</u> | <u>\$ (5,517)</u> |
| Company's Capital contribution to joint venture | <u>\$ 286,825</u> | <u>\$ 286,825</u> |
| Company's joint venture interest portion in net assets | <u>\$ 29,698</u> | <u>\$ 31,127</u> |
| Total Equity of Joint Venture | \$ 443,275 | \$ 443,275 |
| Company's portion of the Joint Venture | 286,825 | 286,825 |
| Non-controlling interest portion in equity | \$ 156,450 | \$ 156,450 |
| Reduced by losses to date | | |
| Prior years | (82,158) | (76,641) |
| Current period | (1,800) | (5,517) |
| Net non-controlling interest portion in equity, adjusted for losses to date | <u>\$ 72,492</u> | <u>\$ 74,292</u> |

12. Related party transactions

During the period ended March 31, 2021, the Company incurred management fees from a director totaling an aggregate of \$Nil (March 31, 2020 - \$45,000). At March 31, 2021, \$18,250 was owing to a director for management fees. During the period ended March 31, 2021, the Company incurred management fees from an officer totaling \$Nil (March 31, 2020 - \$15,000). At March 31, 2021, \$12,766 was owing to an officer for salaries.

At March 31, 2021, the Company owed \$36,332 to shareholders for expenses paid on behalf of the Company and consulting fees (December 31, 2020 - \$36,332).

During the period ended March 31, 2021, the Company incurred \$19,796 for office expenses (March 31, 2020 - \$19,301).

During the period ending March 31, 2021, the Company owed \$3,653 (December 31, 2020 - \$3,222) for interest to a shareholder of the Company for a note payable with a principal amount of \$50,000. The loan bears an annual interest rate of 3.5% and is due on or before April 15, 2022 (see Note 10).

During the period ending March 31, 2021, the Company owed \$1,032 (December 31, 2020 - \$884) for interest to a relative of the CEO for a convertible note payable with a principal amount of \$20,000. The loan bears an annual interest rate of 3.0% and is due on or before July 12, 2022. The lender has the option to convert the whole loan and the accrued interest into shares of the Company at the price of \$1.45 per share. The closing price of the Company's stock was \$1.45 at July 11, 2019. (see Note 10). On May 10, 2021, the Company entered into an agreement and agreed to issue 640,000 common shares at \$0.035 per share to redeem a convertible note payable with a principal amount of \$20,000 plus accrued interest and fees valued at \$21,098.

Transactions in Joint Ventures

Hero Wellness Systems Inc.

On September 29, 2018, the Company entered into a joint venture agreement with Vitalizer Americas Inc. with its principal purpose to import, sale and distribute certain products offered by Vitalizer International AG of Switzerland. In April 2019, Vitalizer Americas Inc.'s name was changed to Hero Wellness Systems Inc. as it was no longer dealing with Vitalizer International AG. The Company holds 55% interest, Christopher Grunder of Workplan Holding Inc. holds 15% interest and Kurt Muehlbauer holds 15% interest. Hero Wellness Systems is in the business of providing luxury massage therapy solutions. Pursuant to Accounting Standards Codification Topic 810, this company is considered a variable interest entity and its operating results have been incorporated in the consolidated financial statements of the Company. The non-controlling interest that were not attributable to the Company have been reported separately

Cormo USA Inc.

The Company entered into a letter of intent with Cormo AG on October 25, 2018 to form a joint venture agreement for the Company to provide business development, market research, sourcing, distribution and overall operations of Cormo AG's exclusive unrestricted use of its patents and licenses in North America. Cormo AG is in the business of producing and developing peat moss replacement, natural foam products and technologies. On February 25, 2019 the joint venture shareholders' agreement was finalized with a group of investors whereby the Company holds 35% interest, Cormo AG holds 35% interest, Paul Meier holds 2.5% interest, Stefan Muehlbauer holds 2.5% interest, and other investors hold an aggregate of 25% interest. The other investors contributed an aggregate of \$400,000 to the joint venture. Pursuant to Accounting Standards Codification Topic 810, this company was considered a variable interest entity and its operating results were incorporated in the consolidated financial statements of the Company. The non-controlling interest that were not attributable to the Company have been reported separately. However, at June 30, 2020 the Cormo license was recognized as impaired and the assets, liabilities and non-controlling interest of Cormo that were consolidated on the balance sheet were eliminated..

13. Subsequent Events

On May 10, 2021, the Company agreed to issue 640,000 common shares at \$0.033 per share to a relative of the CEO to redeem a convertible note payable with a principal amount of \$20,000 plus accrued interest and fees valued at \$21,098.

Pursuant to an agreement entered into by the Company with a consultant on May 10, 2021, the Company agreed to issue 300,000 common shares at \$0.035 per share for services valued at \$10,500.

On July 23, 2021, the Company entered into a two year \$100,000 convertible promissory note bearing an interest of 10% per annum. The loan may be renewed at the option of the Lender and is secured with the Company's assets. The outstanding principal and unpaid accrued interest will automatically convert into shares of the Company on or before the maturity date upon the closing of a qualified transaction to an amount equal to 25% of the fully diluted capitalization of the Company on a post-money basis. If the event that the qualified transaction is not consummated on or prior to the maturity date, the Lender have the right to convert the principal and unpaid accrued interest of the note into shares of the Company to an amount equal to 25% of the fully diluted capitalization of the Company.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operation

Cautionary Note Regarding Forward Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties, including statements regarding Sustainable Projects Group Inc.’s (SPGX’s or the Company’s) capital needs, business plans and expectations. Such forward-looking statements involve risks and uncertainties regarding SPGX’s ability to carry out its planned development and production of products. Forward-looking statements are made, without limitation, in relation to SPGX’s operating plans, SPGX’s liquidity and financial condition, availability of funds, operating and exploration costs and the market in which SPGX competes. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may”, “will”, “should”, “expect”, “plan”, “intend”, “anticipate”, “believe”, “estimate”, “predict”, “potential” or “continue”, the negative of such terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined below, and, from time to time, in other reports SPGX files with the SEC. These factors may cause SPGX’s actual results to differ materially from any forward-looking statement. SPGX disclaims any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. The information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Overview

The following discussion of the Company’s financial condition, changes in financial condition and results of operations for the three months ended March 31, 2021 should be read in conjunction with the Company’s unaudited consolidated interim financial statements and related notes for the three months ended March 31, 2021.

The Company is a business development company engaged in project development and holdings through value based investments and collaborative partnerships with companies across sustainable sectors. It is continually evaluating and acquiring assets for holding and or development. The Company initiated its goals by pursuing investment and partnerships amongst diversified holdings and companies globally. The Company is currently involved in the evaluation and acquisition of assets and partnerships for holding or business development activities with a continued focus on sustainability projects.

The Company’s plan of operation for the next 12 months is to continue to evaluate and acquire assets and partnerships for holding or business development activities, and to collaborate, develop and create new assets with a continued focus on sustainability. The Company is currently evaluating other projects to find attractive partnerships to expand the Company’s business development activities. Other projects of interest that management is currently researching are in the field of sustainability.

Covid-19 has had a significant impact on development of legacy projects, as well as the sourcing of new participations and partnerships. The company has experienced significant difficulty in virtually all aspects of project development, including but not limited to access to funding, sourcing of materials and machinery as well as staffing. For this reason, the company has undertaken a stringent cost cutting and operations optimization plan.

Currently, the Company is engaged in the following projects:

1. Hero Wellness Systems Inc. and
2. YER Brands Inc.

1. *Hero Wellness Systems Inc.*

Hero Wellness Systems Inc. (“Hero Wellness”) –Pursuant to the terms and conditions of a shareholder’s agreement dated in September 29, 2018, the Company entered into a joint venture relationship originally for the purpose of importing, selling and distributing products offered by Vitalizer International of Switzerland. However, due to supplies and other processing issues, Hero Wellness has sourced its own supplier and is now importing, selling and distributing its own products. The Company’s participation in the joint venture is 55%. The Company’s role is to provide certain services, including general management and day to day operations of the joint venture. Currently, the joint venture is comprised of the following ownership: 55% the Company with the balance of ownership held by two non-controlling owners.

The Company was previously focused almost exclusively on the B2B market segment of the lifestyle and healthcare markets. B2B clients consisted of spas and salons, hotels and hospitality and entertainment venues in the United States. Covid has led to a near total collapse of B2B customer interest due to changes in disinfection between users and other safety protocols relating to Covid 19. This has led to a refocus on the B2C segment, focusing on direct to consumer sales through the company’s webstore www.herochroma.com and additional websites operated by the company.

Hero Wellness Systems Inc. is dependent upon a functioning supply chain, as it sources finished products from its suppliers in China. Hero Wellness sees this as a risk-factor and is looking for alternative suppliers at this time. Thus far, the supplier has never experienced inventory shortfall, however increased logistics rates pose a risk to increased cost of goods sold. Additionally, due to its targeting retail customers through internet sales, as well as key account management to gain corporate customers, Hero Wellness is not dependent on singular customers. However, the company’s products are considered luxury lifestyle products and thus are dependent on healthy consumer spending behavior. Slowdowns in consumer confidence could have a negative impact on purchasing behavior of these types of products across the economy. Additionally, the year 2021 has seen significant price erosion in the luxury massage chair segment, with several generic Chinese competitive products entering the market. This led to significant price pressures in this segment.

Hero Wellness Systems operates in a crowded market place. Several providers of massage chair products from low-end to high-end exist. Hero Wellness Systems Inc. operates in the high end-spectrum, competing against a number of established companies. The company aims to differentiate itself from existing providers through a higher level of service, including white glove delivery and significantly faster delivery times (through a US based in-sourced logistics operation).

2. YER Brands Inc.

On May 8th, 2020 Sustainable Projects Group Inc. signed a letter of intent with inventors of the Soy-yer Dough product line, Sawyer and Samantha Sparks, to purchase all production rights, know-how, trademarks and manufacturing equipment of Soy-yer Dough. Soy-yer Dough is a soy and corn-based, gluten free modeling clay. It is estimated that up to 6% of the US population suffers from some form of gluten intolerance, with approximately 1% of the US population suffering from the more severe form, Celiac Disease.

The product gained initial commercial success when it was featured on the TV Show ABC's Shark Tank and was named as one of the most innovative product inventions by college students in the New York Times newspaper. Since its invention, the product has been sold in all 50 states in the United States, and to a smaller extent internationally, both online and in retail locations. However, with limited production capabilities and resources, growth prospects were limited.

Sustainable Projects Group has formed YER Brands Inc. as a wholly-owned subsidiary to establish increased production and distribution capabilities of the Soy-yer Dough product line. Inventor and face of the brand, Sawyer Sparks, has agreed to take on the CEO position, while his wife and co-inventor Samantha Sparks will be responsible for production. Production facilities will be co-located with one of the Company's portfolio companies, Cormo USA Inc. manufacturing facility to benefit from raw material sourcing, logistics and marketing infrastructure synergies. As of May 8th, the new company has begun site improvement at the Rushville production site and is anticipated to produce and ship first retail-ready products by mid-May 2020.

Previously Soy-yer Dough was sold through the Online B2C, Brick and Mortar, and Scholastic Market. Over the past years, predominantly driven by limited production capacities, a heavy focus was placed on the scholastic market. With COVID-19 related shutdowns, that market has been severely impacted and is currently virtually non-existent even as schools have reopened across the United States.

Upon production start, YER Brands Inc. will place initial focus on low-hanging online sales opportunities and upon increasing production capabilities later in 2020, it will initiate a campaign to regain footing in the brick-and-mortar sales channel. While the exact timing of school re-openings still appears uncertain, with some schools hoping to reopen for the fall semester 2020, management does not anticipate significant revenues from the scholastic sales channel until January 2021.

There is a multitude of modeling clays available on the market, Soy-yer Dough shines as a "Made in the USA" and a "Gluten-Free" product with a long track record of positive reviews in the US media. Management believes the product is well positioned for market expansion in the near term. Additionally, YER Brands Inc is in the planning stages for additional, value-added products that involve Soy-yer Dough modeling clay to further the product portfolio and potential revenue and profit generation.

The majority of raw ingredients required for the formulation of the product are widely available and produced in the United States. The company does not anticipate supply chain issues for the main ingredients of the Soy-Yer Dough line of products. Additional raw materials are widely available, and several sources of suppliers exist. The company is not dependent on one single source of supplies for any of its ingredients and packaging materials and management sees limited supply chain and sourcing risks.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

| | For the three months ended March 31, 2021 | For the three months ended March 31, 2020 |
|--|--|--|
| Revenues | | |
| Gross Revenues | \$ 2,133 | \$ – |
| Cost of Goods Sold | (2,815) | – |
| Gross Margin | (682) | – |
| Operating Expenses | | |
| Administrative and other operating expenses | 5,405 | 25,590 |
| Advertising and Promotion | 1,157 | – |
| Depreciation | 7,566 | 33,760 |
| Consulting fees | – | 20,000 |
| Management fees | – | 45,000 |
| Professional fees | 4,076 | 10,250 |
| Rent | – | 14,183 |
| Salaries and wages | – | 18,285 |
| Travel | – | 3,900 |
| Amortized right of use assets | – | 16,312 |
| | <u>18,204</u> | <u>187,280</u> |
| Operating income/loss before interest expense | (18,886) | (187,280) |
| Interest expense | (579) | (586) |
| Net loss and comprehensive loss | (19,465) | (187,866) |
| Net loss attributed to non-controlling interest | 1,800 | 32,331 |
| Net loss and comprehensive loss attributed to stockholders | <u>\$ (17,665)</u> | <u>\$ (155,535)</u> |

In addition, management anticipates incurring the following expenses during the next 12 month period:

- Management anticipates spending approximately \$7,500 in ongoing general and administrative expenses per month for the next 12 months, for a total anticipated expenditure of \$90,000 over the next 12 months. The general and administrative expenses for the year will consist primarily of professional fees for the audit and legal work relating to SPGX’s regulatory filings throughout the year, as well as transfer agent fees, development costs and general office expenses.
- Management anticipates spending approximately \$30,000 in complying with Company’s obligations as a reporting company under the *Securities Exchange Act of 1934*. These expenses will consist primarily of professional fees relating to the preparation of the Company’s financial statements and completing and filing its annual report, quarterly report, and current report filings with the SEC.

As at March 31, 2021, the Company had cash of \$2,429 and total liabilities of \$306,992. During the 12 month period following the date of this report, management anticipates that the Company will not generate enough revenue to continue the development of current projects and projects in the pipeline. Accordingly, the Company will be required to obtain additional financing in order to continue its plan of operations. Management believes that debt financing will not be an alternative for funding the Company's plan of operations as it does not have tangible assets to secure any debt financing. Rather management anticipates that additional funding will be in the form of equity financing from the sale of the Company's common stock. However, the Company does not have any financing arranged and cannot provide investors with any assurance that it will be able to raise sufficient funding from the sale of its common stock to fund its plan of operations. In the absence of such financing, the Company will not be able to develop its products and its business plan will fail. Even if the Company is successful in obtaining equity financing and developing its various business ventures, additional development of its website and marketing program will be required. If the Company does not continue to obtain additional financing, it will be forced to abandon its business and plan of operations.

Liquidity and Capital Resources

Three Month Period Ended March 31, 2021

At March 31, 2021, the Company had a cash balance of \$2,429 and a working capital deficit of \$167,174, compared to a cash balance of \$1,265 for the period ended March 31, 2020.

The notes to the Company's financial statements as of March 31, 2021, disclose its uncertain ability to continue as a going concern. The Company has accumulated a deficit of \$3,118,294 since inception and has yet to achieve profitable operations and further losses are anticipated in the development of its business. The Company's ability to continue as a going concern is in substantial doubt and is dependent upon obtaining additional financing and/or achieving a sustainable profitable level of operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company has \$2,429 cash on hand as at March 31, 2021. Cash provided by operations was \$1,164 for the three month period ended March 31, 2021. The Company will need to raise additional cash in order to fund ongoing operations over the next 12 month period. The Company may seek additional equity as necessary and it expects to raise funds through private or public equity investment in order to support existing operations and expand the range of its business. There is no assurance that such additional funds will be available for the Company on acceptable terms, if at all.

Net Cash Flows Provided By (Used in) Operating Activities.

Net cash flows from operating activities during the three month period ended March 31, 2021 was net cash provided in operations \$1,164, which was primarily due to the decrease of our operating activities and sale of some inventory.

Net Cash Flows From Investing Activities.

There was no cash flow used in investing activities during the three month period ended March 31, 2021. .

Net Cash Flows From Financing Activities.

There was not cash flow generated from financing activities during the three month ended March 31, 2021.

Operations Results for the Three Month Period Ended March 31, 2021

Net Loss. During the three month period ended March 31, 2021, the Company had a net loss of \$19,465, of which included an allocation of \$1,800 attributed to non-controlling interest, leaving a net loss of \$17,665. The loss consisted generally from consulting fees and other operating expenses such as administrative fees, depreciation, and professional fees, compared to the same time period for the prior fiscal period, when the Company had a net loss of \$187,866, which was primarily due to professional fees, management fees, consulting fees, administrative and other operating expenses. These costs during the three month period ended March 31, 2021 was primarily attributable to maintaining our operations.

Revenue. During the three month period ended March 31, 2021, the Company had revenues of \$2,133 compared to \$Nil from the same period in the prior year. The slower than expected revenue increase was primarily due to our shortage of staff and continued impact of the unprecedented Covid-19 crisis, which had significant impact on consulting opportunities.

Operating Expenses. The Company's operating expenses during the three month period ended March 31, 2021 were \$18,204 as compared to the same time period for the prior fiscal period of \$187,280. Given the unprecedented impact of the Covid-19 crisis and underlying uncertainty of financing and business expansion opportunities, management implemented a stringent cost cutting program which led to the significantly lower cost base for the company. The costs during the three-month period ended March 31, 2020 included \$44,989 from the operation of Cormo. USA Inc.

Going Concern

The Company has not attained profitable operations and is dependent upon obtaining financing to pursue any extensive business activities. For these reasons the financial statements have been prepared assuming the Company will continue as a going concern. The Company has accumulated a deficit of \$3,118,294 since inception and has yet to achieve profitable operations and further losses are anticipated in the development of its business. The Company's ability to continue as a going concern is in substantial doubt and is dependent upon obtaining additional financing and/or achieving a sustainable profitable level of operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. The Company has \$2,429 cash on hand as at March 31, 2021. Cash provided by operations was \$1,164 for the three month period ended March 31, 2021. The Company will need to raise additional cash in order to fund ongoing operations over the next 12 month period. The Company may seek additional equity as necessary and it expects to raise funds through private or public equity investment in order to support existing operations and expand the range of its business. There is no assurance that such additional funds will be available for The Company on acceptable terms, if at all.

Future Financings

Management anticipates raising financing through debt financing or the sale of The Company's common stock in order to continue to fund its business operations. Issuances of additional common stock will result in dilution to The Company's existing stockholders. There is no assurance that the Company will achieve any additional sales of its common stock or arrange for debt or other financing to fund its planned activities.

Inflation

Management anticipates increased inflation in all areas of operations. First impacts, particular in freight rates can be anticipated on supplies imported by Hero Wellness Systems Inc, due to increase container shipping rates.

Off-balance Sheet Arrangements

The Company has no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Tabular Disclosure of Contractual Obligations

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information required under this item.

Critical Accounting Policies

The Company's financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. Management believes that understanding the basis and nature of the estimates and assumptions involved with the aspects of the Company's financial statements is critical to an understanding of the Company's financial statements. Please read the notes to the financial statements for details.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information required under this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Management maintains “disclosure controls and procedures,” as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “**Exchange Act**”), that are designed to ensure that information required to be disclosed in the Company’s Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to management, including the Company’s Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In connection with the preparation of this quarterly report on Form 10-Q, an evaluation was carried out by management, with the participation of the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of March 31, 2021.

Based on that evaluation, management concluded, as of the end of the period covered by this report, that the Company’s disclosure controls and procedures were not effective in recording, processing, summarizing, and reporting information required to be disclosed, within the time periods specified in the Securities and Exchange Commission’s rules and forms. In particular, the Company failed to complete and file its assessment of its internal controls over financial reporting in a timely manner for the period ended March 31, 2021. As a result, the Company’s disclosure controls and procedures have not been effective since then and, as a result, were not effective for the period covered by this report.

Changes in Internal Controls over Financial Reporting

As of the end of the period covered by this report, there were no changes in the Company’s internal controls over financial reporting during the quarter ended March 31, 2021, that materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting subsequent to the date of management’s last evaluation. However, as a result of management’s completion of the assessment of the Company’s internal controls over financial reporting, certain changes have been made, as discussed above, that will materially affect internal control over financial reporting.

Limitations on the Effectiveness of Controls and Procedures

Management, including our Chief Executive Officer and Chief Financial Officer, does not expect that the Company’s controls and procedures will prevent all potential error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is not a party to any pending legal proceedings and, to the best of management's knowledge, none of the Company's property or assets are the subject of any pending legal proceedings.

Item 1A. Risk Factors.

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information required under this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the three months ended March 31, 2021, there was no issuance of shares.

Item 3. Defaults Upon Senior Securities.

During the quarter of the fiscal year covered by this report, no material default has occurred with respect to any indebtedness of the Company. Also, during this quarter, no material arrearage in the payment of dividends has occurred.

Item 4. Mining Safety Disclosures.

There are no current mining activities at the date of this report.

Item 5. Other Information.

During the quarter of the fiscal year covered by this report, the Company reported all information that was required to be disclosed in a report on Form 8-K.

The Company has adopted a code of ethics that applies to all its executive officers and employees, including its CEO and CFO. See Exhibit 14 – Code of Ethics for more information. The Company undertakes to provide any person with a copy of its financial code of ethics free of charge. Please contact the Company at 2316 Pinee Ridge Road, Suite 383, Naples, Florida, 34102 to request a copy of the Company's code of ethics. Management believes the Company's code of ethics is reasonably designed to deter wrongdoing and promote honest and ethical conduct; provide full, fair, accurate, timely and understandable disclosure in public reports; comply with applicable laws; ensure prompt internal reporting of code violations; and provide accountability for adherence to the code. Management is currently updating its Code of Ethics and will file an updated Code of Ethics when completed.

Item 6. Exhibits

(a) Index to and Description of Exhibits

All Exhibits required to be filed with the Form 10-Q are included in this quarterly report or incorporated by reference to the Company's previous filings with the SEC, which can be found in their entirety at the SEC website at www.sec.gov under SEC File Number 000-54875.

| Exhibit | Description | Status |
|---------|---|--------|
| 3.1 | Articles of Incorporation, filed as an exhibit to SPGX's Form S-1/A – Amendment #1 (Registration Statement) filed on December 17, 2010, and incorporated herein by reference. | Filed |
| 3.2 | By-Laws, filed as an exhibit to SPGX's Form S-1 (Registration Statement) filed on September 13, 2010, and incorporated herein by reference. | Filed |
| 3.3 | Certificate of Amendment, filed as an exhibit to SPGX's Form S-1 (Registration Statement) filed on September 13, 2010, and incorporated herein by reference. | Filed |
| 3.4 | Certificate of Amendment, filed as an exhibit to SPGX's Form 8-K (Current Report) filed on December 19, 2016, and incorporated herein by reference. | Filed |
| 3.5 | Certificate of Amendment, filed as an exhibit to SPGX's Form 8-K (Current Report) filed on October 26, 2017, and incorporated herein by reference. | Filed |
| 10.1 | Share Purchase Agreement dated July 25, 2016 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on August 11, 2016, and incorporated herein by reference. | Filed |
| 10.2 | Property Purchase Agreement dated March 13, 2017 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on March 17, 2017, and incorporated herein by reference. | Filed |

| | | |
|-------|---|-----------------|
| 10.3 | Deposit Agreement dated June 23, 2017 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on July 11, 2017, and incorporated herein by reference. | Filed |
| 10.4 | Share Purchase Agreement dated July 6, 2017 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on July 11, 2017, and incorporated herein by reference. | Filed |
| 10.5 | Dividend Agreement dated July 10, 2017 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on July 11, 2017, and incorporated herein by reference. | Filed |
| 10.6 | Consulting Agreement dated April 24, 2017 filed as an exhibit to SPGX's Form 10-K (Annual Report) filed on August 31, 2017, and incorporated herein by reference. | Filed |
| 10.7 | Services Agreement dated August 1, 2017 filed as an exhibit to SPGX's Form 10-K (Annual Report) filed on August 31, 2017, and incorporated herein by reference. | Filed |
| 10.8 | Share Purchase Agreement dated July 25, 2017 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on December 6, 2017, and incorporated herein by reference. | Filed |
| 10.9 | Share Purchase Agreement dated January 18, 2018 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on January 19, 2018, and incorporated herein by reference. | Filed |
| 10.10 | Consultant Agreement dated January 18, 2018 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on January 19, 2018, and incorporated herein by reference. | Filed |
| 10.11 | Share Purchase Agreement dated January 30, 2018 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on January 31, 2018, and incorporated herein by reference. | Filed |
| 10.12 | Asset Purchase Agreement dated for reference May 22, 2018 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on May 31, 2018, and incorporated herein by reference. | Filed |
| 10.13 | Letter of Intent dated for reference September 25, 2018 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on October 3, 2018, and incorporated herein by reference. | Filed |
| 10.14 | Shareholder's Agreement dated September 29, 2018 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on October 3, 2018, and incorporated herein by reference. | Filed |
| 10.15 | Letter Agreement dated December 31, 2018 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on February 14, 2019, and incorporated herein by reference. | Filed |
| 10.16 | Purchase Agreement dated December 26, 2018 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on February 14, 2019, and incorporated herein by reference. | Filed |
| 10.17 | Call Option Agreement dated December 26, 2018 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on February 14, 2019, and incorporated herein by reference. | Filed |
| 10.18 | Purchase Agreement dated December 26, 2018 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on February 14, 2019, and incorporated herein by reference. | Filed |
| 10.19 | Call Option Agreement dated December 26, 2018 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on February 14, 2019, and incorporated herein by reference. | Filed |
| 10.20 | Shareholder's Agreement dated February 25, 2019 filed as an exhibit to SPGX's Form 8-K (Current Report) filed on March 1, 2019, and incorporated herein by reference. | Filed |
| 10.21 | Share Purchase Agreement dated May 31, 2018 filed as an exhibit to SPGX's Form 10-K (Annual Report) filed on August 29, 2019, and incorporated herein by reference. | Filed |
| 10.22 | Employment Agreement dated May 1, 2018 filed as an exhibit to SPGX's Form 10-K (Annual Report) filed on August 29, 2019, and incorporated herein by reference. | Filed |
| 10.23 | Employment Agreement dated May 1, 2018 filed as an exhibit to SPGX's Form 10-K (Annual Report) filed on August 29, 2019, and incorporated herein by reference. | Filed |
| 14 | Code of Ethics, filed as an exhibit to SPGX's Form S-1 (Registration Statement) filed on September 13, 2010, and incorporated herein by reference. | Filed |
| 31 | Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | Included |
| 32 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | Included |

101 * Financial statements from the quarterly report on Form 10-Q of SPGX Incorporated for the quarter ended March 31, 2021, formatted in **Furnished** XBRL: (i) the Condensed Consolidated Unaudited Interim Balance Sheets, (ii) the Condensed Consolidated Unaudited Interim Statements of Operations; (iii) the Condensed Consolidated Unaudited Interim Statements of Stockholders' Equity and Comprehensive Income, and (iv) the Condensed Consolidated Unaudited Interim Statements of Cash Flows

* In accordance with Rule 402 of Regulation S-T, the XBRL ("Extensible Business Reporting Language") related information is furnished and not deemed filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, Sustainable Projects Group Inc. has caused this report to be signed on its behalf by the undersigned duly authorized person.

SUSTAINABLE PROJECTS GROUP INC.

Dated: **January 18, 2022**

By: /s/ *Stefan Muehlbauer*

Name: **Stefan Muehlbauer**
President and Chief Executive Officer
(Principal Executive Officer)

**SUSTAINABLE PROJECTS GROUP INC.
CERTIFICATIONS PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

CERTIFICATION

I, Stefan Muehlbauer, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ending March 31, 2021 of Sustainable Projects Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 18, 2022

/s/ Stefan Muehlbauer

Stefan Muehlbauer
Chief Executive Officer

**SUSTAINABLE PROJECTS GROUP INC.
CERTIFICATIONS PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

CERTIFICATION

I, Stefan Muehlbauer, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ending March 31, 2021 of Sustainable Projects Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **January 18, 2022**

/s/ Stefan Muehlbauer

Stefan Muehlbauer
Chief Financial Officer

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

In connection with the Quarterly Report of Sustainable Projects Group Inc. (the “Company”) on Form 10-Q for the period ending March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stefan Muehlbauer, Chief Executive Officer of the Company and a member of the Board of Directors, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Stefan Muehlbauer

Stefan Muehlbauer
Chief Executive Officer
January 18, 2022

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

In connection with the Quarterly Report of Sustainable Projects Group Inc. (the “Company”) on Form 10-Q for the period ending March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stefan Muehlbauer, Chief Financial Officer of the Company and a member of the Board of Directors, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Stefan Muehlbauer

Stefan Muehlbauer
Chief Financial Officer
January 18, 2022
