

# SUSTAINABLE PROJECTS GROUP INC.

## FORM 10-K (Annual Report)

Filed 03/25/22 for the Period Ending 12/31/21

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-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2021**

TRANSITION REPORT PURSUANT TO 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 Rd #383, Naples, Florida**

(Address of principal executive offices)

**34109**

(Zip Code)

Registrant's telephone number, including area code: **305-814-2915**

(Former name, former address and former fiscal year, if changed since last report)

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

**Title of each class**

None

**Name of each exchange on which registered**

N/A

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

**common shares - \$0.0001 par value**

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes  No

**Note** - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act from their obligations under those sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the last 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 (§ 229.405 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 if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 Act).

Yes  No

As of December 31, 2021, the last day of the registrant’s fiscal year, the aggregate market value of the registrant’s common stock, \$0.0001 par value, held by non-affiliates, computed by reference to the price at which the common equity was last sold prior to December 31, 2021 was approximately \$669,327. For purposes of the above statement only, all directors, executive officers and 10% shareholders are assumed to be affiliates.

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 March 21, 2022
common shares - \$0.0001 par value	8,725,877

Documents incorporated by reference: Exhibit 3.1 (**Articles of Incorporation**); Exhibit 3.2 (**By-laws**); and Exhibit 3.3 (**Certificate of Amendment**); all filed as exhibits to SPGX’s registration statement on Form S-1 filed on December 17, 2010; Exhibit 3.4 (**Certificate of Amendment**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on December 19, 2016; Exhibit 3.5 (**Certificate of Amendment**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on October 26, 2017; Exhibit 10.1 (**Share Purchase Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on August 11, 2016; Exhibit 10.2 (**Property Purchase Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on March 17, 2017; Exhibit 10.3 (**Deposit Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on July 11, 2017; Exhibit 10.4 (**Share Purchase Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on July 11, 2017; Exhibit 10.5 (**Dividend Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on July 11, 2017; Exhibit 10.6 (**Consulting Agreement**) filed as an Exhibit to SPGX’s Form 10-K (Annual Report) on August 31, 2017; Exhibit 10.7 (**Services Agreement**) filed as an Exhibit to SPGX’s Form 10-K (Annual Report) on August 31, 2017; Exhibit 10.8 (**Share Purchase Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on December 7, 2017; Exhibit 10.9 (**Share Purchase Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on January 19, 2018; Exhibit 10.10 (**Consultant Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on January 19, 2018; Exhibit 10.11 (**Share Purchase Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on January 31, 2018; Exhibit 10.12 (**Asset Purchase Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on May 31, 2018; Exhibit 10.13 (**Letter of Intent**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on October 3, 2018; Exhibit 10.14 (**Shareholder’s Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on October 3, 2018; Exhibit 10.15 (**Letter Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on February 14, 2019; Exhibit 10.16 (**Purchase Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on February 14, 2019; Exhibit 10.17 (**Call Option Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on February 14, 2019; Exhibit 10.18 (**Purchase Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on February 14, 2019; Exhibit 10.19 (**Call Option Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on February 14, 2019; Exhibit 10.20 (**Shareholder’s Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on March 1, 2019; Exhibit 10.21 (**Share Purchase Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on August 29, 2019; Exhibit 10.22 (**Employment Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on August 29, 2019; Exhibit 10.23 (**Employment Agreement**) filed as an Exhibit to SPGX’s Form 8-K (Current Report) on August 29, 2019; and Exhibit 14 (**Code of Ethics**) filed as an Exhibit to SPGX’s Form S-1 (Registration Statement) on September 13, 2010.

## Forward Looking Statements

The information in this annual report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements involve risks and uncertainties, including statements regarding SPGX's capital needs, business strategy and expectations. 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 from time to time, in other reports SPGX's files with the Securities and Exchange Commission.

The information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements in this Form 10-K for the fiscal year ended December 31, 2021 are subject to risks and uncertainties that could cause actual results to differ materially from the results expressed in or implied by the statements contained in this report. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives requires the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and accordingly, no opinion is expressed on the achievability of those forward-looking statements. No assurance can be given that any of the assumptions relating to the forward-looking statements specified in the following information are accurate.

All forward-looking statements are made as of the date of filing of this Form 10-K and Sustainable Project Group Inc. ("SPGX") disclaims any obligation to publicly update these statements or disclose any difference between its actual results and those reflected in these statements. SPGX may, from time to time, make oral forward-looking statements. SPGX strongly advises that the above paragraphs and the risk factors described in this Annual Report and in SPGX's other documents filed with the United States Securities and Exchange Commission should be read for a description of certain factors that could cause the actual results of SPGX to materially differ from those in the oral forward-looking statements. SPGX disclaims any intention or obligation to update or revise any oral or written forward-looking statements whether as a result of new information, future events or otherwise.

As used in this registration statement, unless the context otherwise requires, "we", "us", "our", the "Company", "SPGX" and "Sustainable" refers to Sustainable Projects Group, Inc.

## PART I

### Item 1. Business.

#### (a) Business Development

Sustainable Projects Group Inc. ("SPGX" or the "Company") is a Nevada corporation that was incorporated on September 4, 2009 under the name "Blue Spa Incorporated". On December 19, 2016, the company changed its name to "Sustainable Petroleum Group Inc." by a majority vote of its shareholders. On October 25, 2017, the company changed its name to "Sustainable Projects Group Inc." by a majority vote of its shareholders.

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. SPGX initiated its goals by pursuing investment and partnerships amongst diversified holdings and companies globally.

The Company maintains its statutory resident agent's office at 1859 Whitney Mesa Drive, Henderson, Nevada, 89014 and its U.S. headquarters is located at 2316 Pine Ridge Rd #383, Naples, Florida, 34109 (phone number 305-814-2915).

The Company has an authorized capital of 500,000,000 common shares with a par value of \$0.0001 per share with 8,085,877 common shares issued and outstanding as of December 31, 2021.

The Company has not been involved in any bankruptcy, receivership or similar proceedings. There has been no material reclassification, merger consolidation or purchase or sale of a significant amount of assets not in the ordinary course of SPGX's business.

**(b) Business**

The Company was incorporated on September 4, 2009 in the State of Nevada. Sustainable Projects Group Inc. is a business development company engaged in project development and holdings through value-based investments and collaborative partnerships with companies across sustainable sectors:

1. Hero Wellness Systems Inc. (fka Vitalizer Americas Inc.); and
2. Yer Brands Inc.

**1. Hero Wellness Systems Inc. (fka Vitalizer Americas 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. SPGX’s participation in the joint venture is 55%. SPGX’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 is focused on the retail and B2B market segment of the lifestyle and healthcare markets. B2B clients consist of spas and salons, hotels and hospitality and entertainment venues in the United States. Additionally, the company is active in the distribution of its Hero Chroma massage chair through its webstore [www.herochroma.com](http://www.herochroma.com) and additional websites operated by the company. The company is also in discussions with several brick and mortar retail furniture, specialty sports and massage equipment establishments.

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 shortfalls. Additionally, due to its wide marketing strategy, 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 all across the economy.

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.

While previously predominantly focused on the B2B segment the unprecedented changes in hygiene requirements in shared spaces has had significant impact on purchasing behavior of B2B customers as it relates to leisure equipment. The company currently focuses virtually exclusively in the B2C segment through direct distribution. This led to continued significantly lower than expected sales volumes and will require additional funding for penetrating the market. Additionally, the past 12 months have shown a significant influx of lower cost alternatives distributed by big-box retailers. Price erosion in this segment continues to be an issue for this venture.

See Exhibit 10.14 - Shareholder’s Agreement for more details.

**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 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 8<sup>th</sup>, the new company had begun site improvement at the Rushville production site and it produced and shipped 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.

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.

As part of production upscaling the company determined that a successful rollout in the brick and mortar market will require a significant upscaling in production capacity. Given the significant investment needs to develop these capacities the company made the decision to focus on out-sourcing production. At the current time the company is actively seeking production partners for the upscaling process of Yer Brands Inc. Currently the product is not expected to be a significant revenue driver until problems in upscaling and stability can be solved.

#### **Dependence on Major Customers**

As of the date of this filing, neither the Company nor any of its holdings are dependent on any major customers.

#### **Patents/Trade Marks/Licenses/Franchises/Concessions/Royalty Agreements or Labour Contracts**

SPGX has an interest in the following intellectual property:

Yer Brands Inc, - There are no registered patents on any of the products produced by Yer Brands Inc, but SPGX holds the intellectual property for the technology. Yer Brands Inc. is the owner of the US Trademark for "Yer Dough" (Serial Number: 90015770).

#### **Government Controls and Regulations**

The Company's various business segments are subject to various levels of government controls and regulations, which are supplemented and amended from time to time. Currently, the Company is in compliance with all business and operations licenses that are typically applicable to most commercial ventures. However, management is unable to predict what additional legislation or revisions may be proposed that might affect its business or when any such proposals, if enacted, might become effective. There can be no assurance that existing or new laws or regulations that may be adopted in various jurisdictions in the future, will not impose additional fees and taxes on SPGX and its business operations. Management is not aware of any such revisions to existing laws and regulations nor new laws or regulations that could have a negative impact on the Company's business and/or any additional costs to the Company's business operations. Such changes, however, could require increased capital and operating expenditures and could prevent or delay certain operations by the Company.

Currently there is no effect of these existing regulations on the Company's business segments and the Company is able to carry out its business operations as planned. However, it is possible that in the future, governments could change the regulations which could affect the business operations and limit the Company's ability to continue its operations.

### **Expenditures on Research and Development During the Last Two Fiscal Years**

Since September 4, 2009, the Company has not spent any funds on either company-sponsored research and development activities or customer-sponsored research activities relating to the development of new products, services or techniques or the improvement of existing products, services, or techniques with the exception of the following:

### **Number of Total Employees and Number of Full Time Employees**

The Company currently has two full time employees. In each segment of its plan of operations, the Company intends to retain the services of key management to assist in the various aspects of its business operations, consulting services, and ongoing business development. As soon as funding is available and/or secured, management intends to hire skilled employees to for its various operations.

### **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 1B. Unresolved Staff Comments.**

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. Properties.**

The Company maintains its statutory resident agent's office at 1859 Whitney Mesa Drive, Henderson, Nevada, 89014 and its U.S. headquarters is located at 2316 Pine Ridge Rd #383, Naples, Florida, 34109

### **Item 3. Legal Proceedings.**

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

### **Item 4. Mine Safety Disclosure.**

N/A

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

#### (a) Market Information

From December 19, 2016 to October 17, 2018 the Company's common shares were quoted on the OTCQB under the symbol "SPGX". The table below gives the high and low bid information for each fiscal quarter of trading for the last two fiscal years. The bid information was obtained from Pink OTC Markets Inc. and reflects inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

<u>Period ended</u>	<u>High</u>	<u>Low</u>	<u>Source</u>
31 Dec-21	\$ 0.12	\$ 0.12	OTC Markets Group Inc.
30-Sep-21	\$ 0.08	\$ 0.01	OTC Markets Group Inc.
30-Jun-21	\$ 0.46	\$ 0.04	OTC Markets Group Inc.
31-Mar-21	\$ 0.45	\$ 0.02	OTC Markets Group Inc.
31-Dec-20	\$ 0.46	\$ 0.15	OTC Markets Group Inc.
30-Sep-20	\$ 1.60	\$ 0.38	OTC Markets Group Inc.
30-Jun-20	\$ 2.85	\$ 1.00	OTC Markets Group Inc.
31-Mar-20	\$ 4.00	\$ 0.75	OTC Markets Group Inc.
31-Dec-19	\$ 4.00	\$ 4.00	OTC Markets Group Inc.
30-Sep-19	\$ 4.00	\$ 1.20	OTC Markets Group Inc.
30-Jun-19	\$ 1.50	\$ 1.00	OTC Markets Group Inc.
31-Mar-19	\$ 3.30	\$ 3.01	OTC Markets Group Inc.

#### (b) Holders of Record

The Company had 93 holders of record as of December 31, 2021.

#### (c) Dividends

The Company has not declared any dividends on its common shares and is not subject to any restrictions that limit its ability to pay dividends on its common shares. Dividends are declared at the sole discretion of the Company's Board of Directors.

#### (d) Recent Sales of Unregistered Securities

There have been no sales of unregistered securities within the last two years that would be required to be disclosed pursuant to Item 701 of Regulation S-K, with the exception of the following:

During May 2021, the board of directors authorized the issuance of 300,000 restricted shares of common stock as consideration for services rendered valued at \$10,500. The shares were issued on November 3, 2021.

The board of directors also authorized the issuance of 640,000 restricted common stock as redemption of a convertible loan and accrued interest totaling \$21,098. The shares were issued March 15, 2022.

During May 2020, the board of directors authorized the issuance of 105,264 restricted shares of common stock as consideration for the acquisition of the intellectual property of Soyer Doug from Sawyer and Samantha Sparks., valued at \$300,002. See Exhibit 10.12 - Asset Purchase Agreement for more details. The Company relied upon Section 4(2) of the Securities Act of 1933 to issue the restricted shares in a private transaction. The share certificate representing the shares has been legended with the applicable trading restrictions.

The board of directors authorized the issuance of 32,500 restricted shares of common stock as consideration for debt and services rendered valued at \$33,500.

During February 2019, the board of directors authorized the issuance of 725 restricted shares of common stock pursuant to a private placement of \$1,993.

#### (e) Penny Stock Rules

Trading in the Company's common shares is subject to the "penny stock" rules. The SEC has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions. These rules require that any broker-dealer who recommends SPGX's common shares to persons other than prior customers and accredited investors, must, prior to the sale, make a special written suitability determination for the purchaser and receive the purchaser's written agreement to execute the transaction. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated with trading in the penny stock market. In addition, broker-dealers must disclose commissions payable to both the broker-dealer and the registered representative and current quotations for the securities they offer. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in the Company's securities, which could severely limit their market price and liquidity of the Company's securities. The application of the "penny stock" rules may affect your ability to resell the Company's securities.

### Item 6. Selected Financial Data.

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 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

**THE FOLLOWING PRESENTATION OF THE PLAN OF OPERATION OF SUSTAINABLE PROJECTS GROUP INC. SHOULD BE READ IN CONJUNCTION WITH THE AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION INCLUDED HEREIN.**

### **Overview**

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 following businesses: (1) Consulting Services; and (2) Collaborative partnerships.

### **Plan of Operation**

The Company's plan of operation for the next 12 months is to continue to streamline its operations and develop its activities 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 its business development activities. Other projects of interest that management is currently researching are in the field of sustainability.

#### **Accounting and Audit Plan**

The Company has retained a CPA to assist in the bookkeeping and organization of the Company's financial records. The Company's accountant is expected to charge approximately \$20,000 to maintain the Company's financial records for the next 12 months. The Company's independent auditor is expected to charge approximately \$3,750 to review each of the Company's quarterly financial statements and approximately \$20,000 to audit the Company's annual financial statements. In the next 12 months, SPGX anticipates spending approximately \$48,000 to pay for its accounting and audit requirements.

#### **SEC Filing Plan**

As a reporting company, the Company is required to file documents with the US Securities and Exchange Commission on a quarterly basis. The Company expects to incur filing costs of approximately \$6,000 per quarter to support its quarterly and annual filings. In the next 12 months, the Company anticipates spending approximately \$24,000 for filing costs to pay for three quarterly filings and one annual filing.

As at December 31, 2021, the Company had a cash from continuing operations of \$55,971 (202 - \$1,265) and working capital (deficit) from continuing operations of (\$194,507) (2020 - \$155,275). Accordingly, the Company will require additional financing to fund its obligations as a reporting company under the *Securities Act of 1934* and its general and administrative expenses for the next 12 months.

### **Financial Condition**

As at December 31, 2021, the Company had a cash balance of \$55,971 compared to a cash balance of \$1,265 at December 31, 2020. Management is seeking additional funds to develop the company's activities; additional funding will come from equity financing from the sale of the Company's common shares or from debt financing. If the Company is successful in completing an equity financing, existing shareholders will experience dilution of their interest in the Company. Management cannot provide investors with any assurance that the Company will be able to raise sufficient funding from the sale of its common shares or from debt financing to fund its plan of operations. In the absence of any required funding, the Company will not be able to execute its plan of operation and its business plan will fail. Even if the Company is successful in obtaining the required financing and executes its plan of operation, if the Company does not continue to obtain additional financing, it will be forced to abandon its business and plan of operations.

Based on the nature of Company's business, management anticipates incurring operating losses in the foreseeable future. Management bases this expectation, in part, on the fact that the Company will continue to acquire business assets. The Company's future financial results are also uncertain due to a number of factors, some of which are outside its control. These factors include, but are not limited to:

- The ability to raise additional funding; and
- The ability to find new projects; and
- The cost of maintaining or developing current assets.

Due to the Company's lack of operating history and present inability to generate consistent revenues, the Company's auditors have stated their opinion that there currently exists a substantial doubt about the Company's ability to continue as a going concern.

## **COVID-19**

With the ongoing COVID-19 pandemic, this has created a challenge that none of us could imagine globally. Under these circumstances, the Company will need to manage its cash flow during these difficult time and funding resources may not be available and the outlook is uncertain. Our plan of operations may not proceed and may be held up. As a multinational business development company, the Company is dependent on a free flow of goods and people, as well as a sound economic environment. The Company sees significant risks to the business operations as prolonged timeline of ongoing travel restrictions and economic uncertainty creates the inability to raise finances to continue to operate and expand.

The world continues to be collectively impacted by COVID-19. Curbing the expansion of the pandemic is in everyone's interest and although there is still no clear end in sight, we are hopeful that we can navigate the challenges the Company is facing with our resourcefulness and resiliency. We cannot predict what the future holds. These are unprecedented times and the Company will adjust to the new realities.

### **Liquidity and Capital Resources**

As of December 31, 2021, the Company had total assets of \$367,942, and a working capital deficit of \$194,507, compared with a total assets of \$355,227 and a working capital of \$155,275 at December 31, 2020. The decrease in the working capital was primarily due to the fact that the Company incurred reduced revenues during the year, the impact of the ongoing COVID-19 pandemic as well as a Note of \$50,000 coming due within the business year 2022. The Company was short staffed and didn't have the required resources to seek new customers and sales.

#### **Net Cash Used in Operating Activities**

During the year ended December 31, 2021, net cash used in operating activities was \$45,294 compared to \$66,459 for the same period ended December 31, 2020. The decrease in cash used in operating activities was due re-organization of its internal structure and stringent cost-cutting, as well as cash used in discontinued operations in the prior year. The companies' activities were limited due to the shortage of workers.

#### **Net Cash Used in Investing Activities**

During the period ended December 31, 2021, net cash used in investing activities was \$Nil compared to \$1,268 for the same period ended December 31, 2020.

#### **Net Cash Generated from Financing Activities**

During the period ended December 31, 2021, net cash flows provided from financing activities was \$100,000 as compared with financing activities of \$Nil for the same period ended December 31, 2020. The net cash generated in financing activities was due to proceeds from issuance of a loan to the company.

### **Results of Operation**

The Company had operating revenues of \$5,353 during the period ended December 31, 2021 as compared to \$4,569 during the same period ended December 31, 2020. The continued low level of revenues can be attributed to the shortage of qualified employees as well as shortage of cash to sufficiently develop existing projects during the prior 12 months.

The Company changed its business focus to pursue investments, partnerships and collaboration across sustainable sectors. The Company plans to establish strategic business projects in sustainable fields. With the new acquisitions of assets and investments, the Company expected the increase in operation expenditures to develop and build the business. However, during the year ended December 31, 2021, the Company didn't have enough resources and skilled workers to upkeep with sales. The Company's continued success and existence will be impacted if the Company is not able to obtain enough capital through the services it provides or obtain enough capital through additional equity financing.

References to the discussion below relates to the fiscal year ended December 31, 2020 and December 31, 2019:

	<u>For the year ended December 31, 2021</u>	<u>For the year ended December 31, 2020</u>
Gross Revenues	\$ 5,353	\$ 4,569
Cost of goods sold	(6,673)	(4,278)
Gross Margin	<u>(1,320)</u>	<u>(291)</u>
<b>Operating Expenses</b>		
Administrative and other operating expenses	24,520	94,494
Advertising and Promotion	1,156	5,258
Depreciation	29,582	42,340
Consulting fees	-	46,495
Management fees – Note 14	36,000	44,500
Professional fees	51,568	25,750
Rent	-	28,202
Salaries and wages	-	41,420
Travel	-	1,022
Amortized right of use assets	-	27,661
Loss on disposal of assets	-	145,249
Total Expenses	<u>142,826</u>	<u>502,391</u>

### General and Administrative

General and administrative expenses are the general office and operational expenses of the Company. They include, but not limited to, bank charges, general office expenses, and filing and transfer agent fees.

### Off-Balance Sheet Arrangements

The has no off-balance sheet arrangements including arrangements that would affect its liquidity, capital resources, market risk support and credit risk support or other benefits.

### Material Commitments for Capital Expenditures

The Company had no contingencies or long-term commitments at December 31, 2021.

### 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.

### Significant 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 following aspects of the Company's financial statements is critical to an understanding of Company's financial statements.

### Going Concern

The Company has limited operations and has sustained operating losses resulting in a deficit. In view of these matters, realization values may be substantially different from carrying values as shown. The Company has accumulated a deficit of \$3,243,727 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 dependent upon its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations when they come due. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. The Company has \$55,971 cash on hand as at December 31, 2021. Cash used by operations was \$45,294 for the twelve-month period ended December 31, 2021. Therefore, 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.

## **Consolidation**

The accompanying consolidated financial statements include the accounts of the Company, its wholly subsidiary YER Brands Inc., and its joint ventures, 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 a variable interest entity that requires the Company to consolidate its accounts. All intercompany balances and transactions have been eliminated in the consolidation. The operating results of the joint ventures 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. Up to June 30, 2020, the Company also consolidated Cormo USA Inc., a 35% controlled joint venture. Effective June 30, 2020, the Company stopped its active participation in that company, impaired Cormo's assets and deconsolidated its accounts from the condensed consolidated financial statements. During the year ended December 31, 2020, the six-month operations of Cormo that were consolidated into the Company's operation were designated as discontinued.

## **Equity Investments**

The Company invests in equity securities of public and non-public companies for business and strategic purposes. Investments in public companies are carried at fair value based on quoted market prices. Investments in equity securities without readily determinable fair values are carried at cost, minus impairment, if any. The Company reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, The Company considers the investee's cash position, earnings and revenue outlook, liquidity and management ownership, and among other factors in its review. If management's assessment indicates that an impairment exists, the Company estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount.

## **Revenue Recognition**

In May 2014, the FASB issued guidance on the recognition of Revenue from Contracts with Customers. The core principle of the guidance is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the company expects to receive in exchange for those goods or services. To achieve this core principle, the guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance addresses several areas including transfer of control, contracts with multiple performance obligations, and costs to obtain and fulfill contracts. The guidance also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.

## **Operating Leases**

In February 2016, the FASB issued ASU 2016-02, Leases ("Topic 842"). The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. For leases with an initial term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the term of the lease. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition. Similarly, lessors will be required to classify leases as sales-type, finance or operating, with classification affecting the pattern of income recognition. Classification for both lessees and lessors will be based on an assessment of whether risks and rewards as well as substantive control have been transferred through a lease contract. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. The Company adopted the new standard June 01, 2018. The Company has elected not to recognize lease assets and lease liabilities for leases with an initial term of 12 months or less.

## **Correction of an Error in Previously Issued Financial statements**

The Company follows ASC Topic 250, "Accounting Changes and Error Corrections" when accounting for accounting changes and errors in previously issued financial statements. The former is a change in accounting principle, a change in accounting estimates or a change in reporting entity. The latter is an error in recognition, measurement, presentation, or disclosure in financial statements resulting from mathematical mistakes, mistakes in the application of generally accepted accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared.

## **Recently issued accounting pronouncements:**

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses". The provision sets forth a "current expected credit loss" (CECL) model which requires SPGX 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 provision is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted. Recently, the FASB is expected to issue the final ASU to delay adoption for smaller reporting companies to calendar year 2023. SPGX is currently evaluating the impact of adopting this guidance.

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 pronouncement not yet effective but recently issued would, if adopted, have a material effect on the accompanying financial statements.

## **Item 7A. 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 8. Financial Statements and Supplementary Data.**

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
<a href="#">Report of Independent Registered Public Accounting Firm</a> (PCAOB ID No. 1212)	F-2
<a href="#">Condensed Consolidated Balance Sheets</a>	F-3
<a href="#">Condensed Consolidated Statements of Operations and Comprehensive Loss</a>	F-4
<a href="#">Condensed Consolidated Statements of Stockholders' Equity</a>	F-5
<a href="#">Condensed Consolidated Statements of Cash Flows</a>	F-6
<a href="#">Notes to Condensed Consolidated Financial Statements</a>	F-7
<b>Sustainable Projects Group Inc.</b>	<b>Form 10-K</b>
	<b>Page F-1</b>

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of Sustainable Projects Group, Inc.

**Opinion on the Financial Statements**

I have audited the accompanying consolidated balance sheets of Sustainable Projects Group, Inc. (“the Company”) as of December 31, 2021 and 2020, and the related consolidated statements of operations and comprehensive loss, stockholders’ equity, and cash flows for the years ended December 31, 2021 and 2020, and the related notes (collectively referred to as the financial statements). In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020 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 of America.

**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 limited operations and has sustained operating losses resulting in a 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. My responsibility is to express an opinion on the Company’s financial statements based on our audits. I am a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and am 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.

I conducted my audit in accordance with the standards of the PCAOB. Those standards require that I 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 was I engaged to perform, an audit of its internal control over financial reporting. As part of my audit, I am 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, I express no such opinion.

My 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. My 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. I believe that my audit provides a reasonable basis for my opinion.

**Critical audit matters**

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way my opinion on the financial statements, taken as a whole, and I am not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

I have determined that there are no critical audit matters to communicate in my auditor’s report.

I have served as the Company’s auditor since 2021.

/s/ K. R. Margetson Ltd.

North Vancouver BC  
March 24, 2022



**SUSTAINABLE PROJECTS GROUP INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>December 31,</u> <u>2021</u>	<u>December 31</u> <u>2020</u>
As at		
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 55,971	\$ 1,265
Inventory – Note 4	56,967	64,997
Prepaid expenses and deposits	4,242	8,622
	<u>117,180</u>	<u>74,884</u>
Office equipment – Note 5	2,292	4,873
Intangible assets – Note 6, 7	91,718	118,718
Goodwill – Note 6	156,752	156,752
	<u>367,942</u>	<u>355,227</u>
<b>TOTAL ASSETS</b>	<u>\$ 367,942</u>	<u>\$ 355,227</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities – Note 8	\$ 173,567	\$ 174,212
Amount due to related parties – Note 14	98,847	51,841
Note payable – Note 9	50,000	-
Interest payable – Note 9	9,273	4,106
<b>TOTAL CURRENT LIABILITIES</b>	<u>331,687</u>	<u>230,159</u>
<b>NON-CURRENT LIABILITIES</b>		
Note payable – Note 9	-	50,000
Convertible note payable, related party – Note 9	100,000	20,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>100,000</u>	<u>70,000</u>
<b>TOTAL LIABILITIES</b>	<u>431,686</u>	<u>300,159</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock – Note 11		
Par Value: \$0.0001 Authorized 500,000,000 shares		
Common Stock Issued: 8,085,877 (Dec 31, 2020 – 7,785,877)	808	778
Additional Paid in Capital	3,091,097	3,080,627
Obligation to issue shares – Note 9	21,098	-
Accumulated Deficit	(3,243,727)	(3,100,629)
Non-controlling interest – Note 12	66,979	74,292
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>(63,745)</u>	<u>55,068</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 367,941</u>	<u>\$ 355,227</u>

See accompanying notes to the condensed consolidated financial statements

**SUSTAINABLE PROJECTS GROUP INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

	<u>For the year ended December 31, 2021</u>	<u>For the year ended December 31, 2020</u>
Gross Revenues	\$ 5,353	\$ 4,569
Cost of goods sold	(6,673)	(4,278)
Gross Margin	<u>(1,320)</u>	<u>(291)</u>
Operating Expenses		
Administrative and other operating expenses	24,520	94,494
Advertising and Promotion	1,156	5,258
Depreciation	29,582	42,340
Consulting fees	-	46,495
Management fees – Note 14	36,000	44,500
Professional fees	51,568	25,750
Rent	-	28,202
Salaries and wages	-	41,420
Travel	-	1,022
Amortized right of use assets	-	27,661
Loss on disposal of assets	-	145,249
	<u>142,826</u>	<u>502,391</u>
Loss from continuing operations before other items:	(144,146)	(502,100)
Government subsidies	-	54,327
Interest expense	(6,265)	(2,356)
Loss from continuing operations	<u>(150,411)</u>	<u>(450,129)</u>
Loss from discontinued operations - Note 13	-	(64,861)
Net loss before gain on deconsolidation	(150,411)	(514,990)
Gain on deconsolidation - Note 13	-	246,480
Net loss and comprehensive loss	<u>(150,411)</u>	<u>(268,510)</u>
Net loss attributed to non-controlling interest		
Continuing operations	(7,313)	(5,517)
Discontinued operations	-	(42,160)
	<u>(7,313)</u>	<u>(47,677)</u>
Net loss attributed to shareholders	<u>\$ (143,098)</u>	<u>\$ (220,833)</u>
Basic and diluted, net loss per share of common stock	<u>\$ (0.018)</u>	<u>\$ (0.029)</u>
Basic and diluted, net loss to continuing operations per share of common stock	<u>\$ (0.018)</u>	<u>\$ (0.058)</u>
Weighted average no. of shares of common stock		
-Basic and diluted	<u>7,833,548</u>	<u>7,734,246</u>

See accompanying notes to the condensed consolidated financial statements

**SUSTAINABLE PROJECTS GROUP INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**For the Years Ended December 31, 2021 and 2020**

<i>For December 31, 2021</i>	<i>Common Shares</i>	<i>Par Value at \$0.001 Amount</i>	<i>Additional Paid in Capital</i>	<i>Obligation to Issue Shares</i>	<i>Accumulated Deficit</i>	<i>Non- controlling Interests</i>	<i>Total</i>
Balance, December 31, 2020	7,785,877	\$ 778	\$3,080,627	\$ -	\$ (3,100,629)	\$ 74,292	\$ 55,068
Shares issued for debt at \$0.033/share	-	-	-	21,098	-	-	21,098
Shares issued for services at \$0.035/share	10,500	30	10,470	-	-	-	10,500
Net loss and comprehensive loss	-	-	-	-	(143,098)	(7,313)	(150,411)
Balance, December 31, 2021	<u>8,085,877</u>	<u>\$ 808</u>	<u>\$3,091,097</u>	<u>\$ 21,098</u>	<u>\$ (3,243,727)</u>	<u>\$ 66,979</u>	<u>\$ (63,745)</u>

  

<i>For December 31, 2020</i>	<i>Common Shares</i>	<i>Par Value at \$0.0001 Amount</i>	<i>Additional Paid-in Capital</i>	<i>Accumulated Deficit</i>	<i>Non- Controlling Interests</i>	<i>Total</i>
Balance, December 31, 2019	7,648,113	\$ 765	\$2,747,138	\$ (2,879,796)	\$ 983,441	\$ 851,548
Shares issued for services at \$0.80/share	25,000	2	19,998	-	-	20,000
Shares issued for services at \$1.80/share	7,500	1	13,499	-	-	13,500
Shares issued for assets at \$2.85/share	105,264	10	299,992	-	-	300,002
Non-controlling interests eliminated on deconsolidation – Note 13	-	-	-	-	(861,472)	(861,472)
Net loss and comprehensive loss	-	-	-	(220,833)	(47,677)	(268,510)
Balance, December 31, 2020	<u>7,785,877</u>	<u>\$ 778</u>	<u>\$3,080,627</u>	<u>\$ (3,100,629)</u>	<u>\$ 74,292</u>	<u>\$ 55,068</u>

See accompanying notes to the condensed consolidated financial statements

SUSTAINABLE PROJECTS GROUP INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year ended December 31, 2021	For the year ended December 31, 2020
<b>Cash Flows from operating activities:</b>		
Net loss and comprehensive loss	\$ (150,411)	\$ (268,510)
Loss from discontinued operations	-	(64,861)
Loss from continuing operations	(150,411)	(203,649)
Adjustments to reconcile net income(loss) to net cash used in operating activities:		
Depreciation	29,581	42,340
Lease interest	-	892
Amortization of ROU asset - Vehicle	-	5,207
Amortization of ROU asset - Office lease	-	22,454
Shares for services	10,500	13,500
Loss on disposition of assets	-	145,249
Gain on de-consolidation	-	(246,480)
Changes in current assets and liabilities		
Prepaid expenses	4,380	3,899
Other receivable	-	132,273
Inventory	8,030	330
Interest payable	6,265	2,356
Accounts payable and accrued expenses	45,161	51,500
Amount due to related parties	1,200	28,688
Payment of lease liability	-	(23,686)
Net cash provided by (used in) operating activities		
From continuing operations	(45,294)	(25,047)
From discontinued operations	-	(41,412)
	(45,294)	(66,459)
<b>Cash Flows from investing activities:</b>		
Acquisition of Assets	-	(3,675)
Proceeds from sale of asset	-	3,000
Proceeds from disposal of asset	-	(593)
Net Cash used in investing activities	-	(1,268)
<b>Cash Flows from financing activities:</b>		
Proceeds from convertible notes payable	100,000	-
Net Cash generated from financing activities	100,000	-
Net (decrease) increase in cash and cash equivalents	54,706	(67,727)
Cash and cash equivalents at beginning of period	1,265	68,992
Cash and cash equivalents at end of period	\$ 55,971	\$ 1,265
<b>Supplemental Disclosures</b>		
Cash paid for:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

See accompanying notes to the condensed consolidated financial statements

**SUSTAINABLE PROJECTS GROUP INC.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**December 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 consulting services and collaborative partnerships.

The Company’s year-end is December 31.

**2. Going Concern**

These condensed consolidated 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 \$3,243,727 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 financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company has \$55,971 cash on hand as at December 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 accounting policies

#### Use of estimates

The preparation of the consolidated 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.

#### Consolidation

The accompanying consolidated financial statements include the accounts of the Company, its wholly subsidiary YER Brands Inc (“YER”), and its 55% controlled joint venture, Hero Wellness Systems Inc. (“Hero”)(formerly Vitalizer Americas Inc.) Pursuant to Accounting Standards Codification Topic 810, the joint venture company is considered a variable interest entity that requires the Company to consolidate its accounts. 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. Up to June 30, 2020, the Company also consolidated Cormo USA Inc., a 35% controlled joint venture. Effective June 30, 2020, the Company stopped its active participation in that company, impaired Cormo’s assets and deconsolidated its accounts from the condensed consolidated financial statements. During the year ended December 31, 2020, the six-month operations of Cormo that were consolidated into the Company’s operation were designated as discontinued.

#### 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 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. At December 30, 2021, revenues were reported as follows:

	<u>Year ended</u> <u>December 31, 2021</u>	<u>Year ended</u> <u>December 31 2020</u>
<u>Sales</u>		
Sustainable Projects Group	\$ -	\$ -
YER Brands	233	4,069
Hero Wellness Systems	5,120	500
Total Sales	<u>\$ 5,353</u>	<u>\$ 4,569</u>
<u>Total Assets</u>		
Sustainable Projects Group	59,806	\$ 10,049
YER Brands	255,108	284,973
Hero Wellness Systems	53,028	60,205
Total Assets	<u>\$ 367,942</u>	<u>\$ 355,227</u>

### Intangible assets

Intangible assets are non-monetary identifiable assets, controlled by the Company that will produce future economic benefits, based on reasonable and supportable assumptions about conditions that will exist over the life of the asset. An intangible asset that does not meet these attributes will be recognized as an expense when it is incurred. Intangible assets that do, are capitalized and initially measured at cost. Those with a determinable life will be amortized on a systematic basis over their future economic life. Those with an indefinite useful life shall not be amortized until its useful life is determined to be longer indefinite. An intangible asset subject to amortization shall be periodically reviewed for impairment. A recoverability test will be performed and, if applicable, unscheduled amortization is considered.

License agreements have been capitalized, recorded at cost and amortized over the life of the contracts. Website costs have been capitalized and will be subject to amortization once the website is operational. They will be amortized over the life of the license to which it supports.

### Equipment

Equipment represents purchases made for assets, whose useful life was determined to be greater than one year. The assets are initially recorded at cost and depreciated over their estimated useful lives on a 3 year straight line basis.

### Loss per share

The Company reports basic loss per share in accordance with ASC Topic 260 Earnings Per Share (“EPS”). Basic loss per share is based on the weighted average number of common shares outstanding and diluted EPS is based on the weighted average number of common shares outstanding and dilutive common stock equivalents. Basic EPS is computed by dividing net loss (numerator) applicable to common stockholders by the weighted average number of common shares outstanding (denominator) for the period. All EPS presented in the financial statements are basic EPS as defined by ASU 260, “*Earnings Per Share*”. There are no diluted net income/ (loss) per share on the potential exercise of the equity-based financial instruments, hence a state of anti-dilution has occurred.

### Website development costs

The Company recognized the costs associated with developing a website in accordance with ASC 350-50 “Website Development Cost” that codified the American Institute of Certified Public Accountants (“AICPA”) Statement of Position (“SOP”) NO. 98-1, “Accounting for the Costs of Computer Software Developed or Obtained for Internal Use”. Relating to website development costs the Company follows the guidance pursuant to the Emerging Issues Task Force (EITF) NO. 00-2, “Accounting for Website Development Costs”. The website development costs are divided into three stages, planning, development and production. The development stage can further be classified as application and infrastructure development, graphics development and content development. In short, website development cost for internal use should be capitalized except content input and data conversion costs in content development stage.

Costs associated with the website consist primarily of website development costs paid to third party. These capitalized costs will be amortized based on their estimated useful life over three years upon the website becoming operational. Internal costs related to the development of website content will be charged to operations as incurred. Web-site development costs related to the customers are charged to cost of sales.

### Concentration of credit risk

The Company places its cash and cash equivalents with a high credit quality financial institution. The Company maintains United States Dollars. The Company minimizes its credit risks associated with cash by periodically evaluating the credit quality of its primary financial institution.

### Financial instruments

The Company's financial instruments consist principally of cash, accounts payable, accrued liabilities and notes payable. The carrying amounts of such financial instruments in the accompanying financial statements approximate their fair values due to their relatively short-term nature or the underlying terms are consistent with market terms. It is the management's opinion that the Company is not exposed to any significant currency or credit risks arising from these financial instruments.

### Fair value measurements

The Company follows the guidelines in ASC Topic 820 "Fair Value Measurements and Disclosures". Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. All financial instruments approximate their fair value.

Level 1 — Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2 — Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3—inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including option pricing models and discounted cash flow models.

### Advertising and Promotion Costs

The Company follows ASC 720 "Advertising Costs" and expenses costs as incurred.

### Revenue recognition

In May 2014, the FASB issued guidance on the recognition of Revenue from Contracts with Customers. The core principle of the guidance is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the company expects to receive in exchange for those goods or services. To achieve this core principle, the guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance addresses several areas including transfer of control, contracts with multiple performance obligations, and costs to obtain and fulfill contracts. The guidance also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.



### 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.

### Stock based compensation

The Company follows the guideline under ASC 718, “Stock Compensation”. The standard provides that for all stock-based compensation plans, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights, which requires that all share-based payments to both employees and directors be recognized in the income statement based on their fair values. For non-employees stock-based compensation, the Company applies ASC 505 Equity-Based Payments to Non-employees. This standard provides that all stock-based compensation related to non-employees be measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever can be most reliably be measured or determinable.

In June 2018, the FASB issued ASU No. 2018-07, “Compensation – Stock Compensation (Topic 718), Improvements to Non-employee Share-Based Payment Accounting”, which is intended to improve the usefulness of the information provided to the users of financial statements while reducing cost and complexity in financial reporting. Under the new standard, nonemployee share-based payment awards within the scope of Topic 718 are measured at grant-date fair value of the equity instruments that an entity is obligated to issue when conditions necessary to earn the right to benefit from the instruments have been satisfied. These equity-classified non-employee share-based payment awards are measured at the grant date. Consistent with the accounting for employee share-based payment awards, an entity considers the probability of satisfying performance conditions when nonemployee share-based payment awards contain such conditions. The new standard also eliminates the requirement to re-assess classification of such awards upon vesting. The new standard is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2018. The adoption of this new standard does not have an impact on the Company’s financial statements.

### Operating Leases

In February 2016, the FASB issued ASU 2016-02, Leases (“Topic 842”). The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. For leases with an initial term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the term of the lease. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition. Similarly, lessors will be required to classify leases as sales-type, finance or operating, with classification affecting the pattern of income recognition. Classification for both lessees and lessors will be based on an assessment of whether risks and rewards as well as substantive control have been transferred through a lease contract. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. The Company adopted the new standard June 01, 2018. The Company has elected not to recognize lease assets and lease liabilities for leases with an initial term of 12 months or less.

### Credit Losses

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.

### Government forgivable loans

The Company initially records government loans that may be forgiven as debt. The loan is shown as a cash inflow from financing activities and then as a non-cash reconciling items on the operation cash flow when it is forgiven. However, if the Company reaches all the criteria for forgiveness, it may record the proceeds as a grant.

### Discontinued operations

Discontinued operations are components of an entity that either have been disposed or abandoned or is classified as held for sale. Additionally, in order to qualify as a discontinued operation, the disposal or abandonment must represent a strategic shift that has or will have, a major effect on an entity’s operations and financial results.

### Income taxes

The Company follows the guideline under ASC Topic 740 Income Taxes. “Accounting for 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 financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates, applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Since the Company is in the developmental stage and has losses, no deferred tax asset or income taxes have been recorded in the financial statements. There are no uncertain tax positions as at December 31, 2021 and 2020.

### Recently issued accounting pronouncements

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

	<u>Dec 31, 2021</u>	<u>Dec 31, 2020</u>
Hero Wellness Systems (Finished goods)	\$ 53,028	\$ 59,972
YER Brands (Materials)	3,939	5,025
Total	<u>\$ 56,967</u>	<u>\$ 64,997</u>

## 5. Office furniture and equipment

	<u>Dec 31, 2021</u>	<u>Dec 31, 2020</u>
Cost	\$ 9,789	\$ 13,698
Additions	-	10,070
Disposals	-	(13,979)
YER Brands	9,789	9,789
Accumulated depreciation	(7,497)	(4,616)
Total	<u>\$ 2,292</u>	<u>\$ 64,997</u>
Depreciation for the year was \$2,881 (2020 - \$4,616)		

## 6. Asset purchase and goodwill:

On May 8 2020, the Company entered into a Letter of Intent with Sawyer & Samantha Sparks to purchase all marketing rights, production know-how and limited existing inventory and equipment (the "Assets") of Soy-yer Dough. Soy-yer Dough is 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 which were at \$2.85 per share that was valued at \$300,002.

Goodwill has been recorded on the Soy Yer Dough purchase 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 identifiable assets and goodwill was calculated as follows:

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

## 7. Intangible Assets

The intellectual property and trademarks acquired on the Soy-yer Dough purchase (See Note 6 *Asset purchase and goodwill*) 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	<u>December 31, 2021</u>		<u>Dec 31, 2020</u>
		Depreciation	Net	Net
Intellectual properties	\$ 135,000	\$ 43,875	\$ 91,125	\$ 118,125
Trademark, patent	593	-	593	593
	<u>\$ 135,593</u>	<u>\$ 43,875</u>	<u>\$ 91,718</u>	<u>\$ 118,718</u>

Amortization for the year was \$27,000 (2020- \$16,875)

Amortization for over the remaining 4 years will be as follows:

Year ended December 31	
2022	\$ 27,000
2023	\$ 27,000
2024	\$ 27,000
2025	\$ 10,125
Total	<u>\$ 91,125</u>

#### 8. Accounts payable and accrued liabilities

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

	<u>Dec 31, 2021</u>	<u>Dec 31, 2020</u>
Accounts payable	\$ 162,067	\$ 155,172
Accrued liabilities	11,500	19,040
Total	<u>\$ 173,567</u>	<u>\$ 174,212</u>

#### 9. Note payable, Convertible notes payable and Obligation to issue shares

On March 1, 2019, the Company entered into an unsecured loan agreement for \$50,000 with an interest rate of 3.5% per annum. The loan is due on or before April 15, 2022 and accordingly, has been classified as current on the December 31, 2021 Balance Sheet. At December 31, 2021, there was \$4,972 in accrued interest owing. (December 31, 2020 - \$3,222).

On July 12, 2019, the Company entered into an unsecured 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. On May 10, 2021, the Company agreed to a debt settlement arrangement whereby it would issue 640,000 common shares for principal amount of \$20,000 plus accrued interest and fees valued at \$1,098. The transaction value was calculated to be \$0.033 per share. The shares were issued subsequent to the year end and the debt has been classified as equity under the caption, "Obligation to issue shares".

On July 23, 2021, the Company received \$100,000 pursuant to a two-year unsecured convertible promissory note payable, bearing an interest at 10% per annum. The loan may be renewed at the option of the Lender and is secured via a security agreement supported by Company's present and future 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 has 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. A Qualified Transaction is defined as the reverse merger of the Company with a target company. At December 31, 2021, the accrued unpaid interest on this debt was \$4,301.

The total interest payable on the loans is \$9,273 (2020 - \$4,106).

## 10. 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, Cormo 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 agreed to assist Cormo with its business in Indiana and provided financial incentives of up to \$1,100,000 for Cormo to pay for its project costs.

On May 1, 2020, Cormo 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. However, Effective June 30, 2020, the Company ceased operating Cormo. See Note 3 *Summary of Accounting Policies – Consolidation*.

## 11. Common stock

The following transactions occurred in the Company's common stock during the year ended December 31, 2021:

- a) The Company reached a debt settlement arrange to issue 640,000 shares of common stock for a convertible note payable of \$20,000 and accrued interest of \$1,098, a \$0.033 per share value . The shares were issued subsequent to the year end and the obligation to issue has been classified as equity.

(See Note *(Note payable, Convertible note payable and Obligation to issue shares)*).

- b) 300,000 shares of common stock were issued for consulting services of \$10,500, a \$0.035 per share value.

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.

## 12. Equity in joint venture, non-controlling interest

### Hero Wellness Systems Inc.

The Company has a controlling interest of 55% in a joint venture of Hero Wellness Systems Inc. (“Hero”)(formerly Vitalizer Americas Inc.) (See Note 13). Hero is in the business of importing, marketing, distribution and sale of luxury massage therapeutic chairs. Hero 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 December 31, 2021 and December 31, 2020 with intercompany transactions eliminated:

	Dec 31, 2021	Dec 31, 2020
Assets	\$ 53,086	\$ 60,205
Liabilities	(9,643)	(3,611)
Net Assets	<u>\$ 43,385</u>	<u>\$ 56,594</u>
Revenues	\$ 5,120	\$ 500
Expenses	(21,371)	(12,760)
Net Income	<u>\$ (16,251)</u>	<u>\$ (12,260)</u>
Company’s joint venture interest portion on net income	<u>\$ (8,938)</u>	<u>\$ (6,743)</u>
Non-controlling joint venture interest on net income	<u>\$ (7,313)</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>\$ 23,862</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	(7,313)	(5,517)
Net non-controlling interest portion in equity, adjusted for losses to date	<u>\$ 66,979</u>	<u>\$ 74,292</u>

## 13. Discontinued operations

Effective June 30, 2020, the Company impaired its investment in Cormo USA Inc. and eliminated that company’s accounts from the condensed consolidated financial statements through deconsolidation. All expenses incurred by Cormo USA Inc. up to June 30, 2020 have been disclosed as discontinued operations. An analysis of the financial results of the discontinued operations are as follows.

Expenses		
General and administrative	\$	1,012
Depreciation		23,449
Consulting fees		5,000
Professional fees		1,500
	<u>\$</u>	<u>64,861</u>

Upon deconsolidation, the Company recorded the following gain:

Net assets (liabilities) eliminated on deconsolidation		
Net assets (liabilities)	\$	(614,992)
Non-controlling interest		861,472
Gain on deconsolidation	\$	64,861

#### 14. Related party transactions

During the year ended December 31, 2021, the Company incurred management fees from a director/officer totaling an aggregate of \$24,000 (2020 - \$45,000). At December 31, 2021, \$42,250 was owing to the director/officer for management fees, current and past due, and \$11,005 for out of pocket expenses. During the year ended December 31, 2021, the Company incurred management fees from an officer totaling \$12,000 (2020 - \$30,000). At December 31, 2021, \$12,766 was owing to that officer for past due salaries and \$12,000 for management fees.

During the year ended December 31, 2021, the Company owes a company controlled by the above two related parties \$20,825 for office expenses.

See Note 9, *Notes payable, Convertible notes payable and Obligation to issue shares*, for a loan transaction with the relative of the CEO.

#### 15. Comparative figures

Some of the 2020 balances on the Balance Sheet have been reclassified to conform the presentation used in 2021. \$36,332 previously disclosed as “Amount due shareholders” has been reclassified as “Account payable and accrued liabilities.” The previous account payable and accrued liability balance was \$137,880.

#### 16. Income Taxes

The following income tax do not include amounts from the joint ventures as the Company does not file consolidated income tax returns. Income tax recovery differs from that which would be expected from applying the effective tax rates to the net loss for the year ended December 31, 2021 and 2020 for the Company is as follows:

	Dec 31, 2021	Dec 31, 2020
Net loss for the year	\$ (64,764)	\$ (499,713)
Statutory and effective tax rate	21%	21%
Income tax recovery at the effective rate	(13,600)	(104,900)
Permanent differences	-	(11,400)
True-up prior years' differences	15,400	-
Tax benefit deferred	(1,800)	116,300
Income tax recovery	<u>\$ -</u>	<u>\$ -</u>

The Company has accumulated net operating losses for income taxes purposes of \$1,959,084 of which \$625,796 will expire beginning in 2029 and the balance of \$1,268,524 is indefinite. The components of the net deferred tax asset at December 31, 2021 and December 31, 2020 and the statutory tax rate and the effective tax rate, and the amount of the valuation respectively, are scheduled below:

	Dec 31, 2021	Dec 31, 2020
Tax losses carried forward	\$ 1,959,000	\$ 1,968,000
Statutory and effective tax rate	21%	21%
Deferred tax assets	411,400	413,200
Valuation allowance	(411,400)	(413,200)
Net deferred asset	<u>\$ -</u>	<u>\$ -</u>

The change in the valuation allowance for the period ended December 31, 2021 was (\$1,800). The change in valuation for year ended December 31, 2020 was \$116,300.

The Company file income tax returns in the United States of America and in the State of Nevada. The Company maintains its office in the State of Florida and is subject to state tax returns as well. At December 31, 2021, the Company is current with all its filings, except for the year of December 31, 2020.

#### 17. Subsequent Events

There were no subsequent events

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

Since inception on September 4, 2009, there were no disagreements with the Company's principal accountants on any matter of accounting principle or practices, financial statement disclosure or auditing scope or procedure. In addition, there were no reportable events as described in Item 304 of Regulation S-K that occurred within the Company's two most recent fiscal years and the subsequent interim periods. The Company's Independent Registered Public Accounting Firm since May 4, 2018 has been Fruci & Associates II, PLLC, Certified Public Accountants of Spokane, Washington whom audited the Company's May 31, 2018 year end, December 31, 2018 year end and December 31, 2019 year end. The company's Independent Registered Public Accounting Firm Since August 17, 2021 has been K.R. Margetson Ltd of Vancouver, Canada whom audited the company's December 31, 2020 year end and December 31, 2021 year end.

**Item 9A. Controls and Procedures.****Disclosure Controls and Procedures**

In connection with the preparation of this annual report on Form 10-K, an evaluation was carried out by the Company's 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 Securities Exchange Act of 1934 ("**Exchange Act**")) as of December 31, 2021. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures.

Based on that evaluation, the Company's 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 SEC rules and forms and that such information was accumulated or communicated to management to allow timely decisions regarding required disclosure. In particular, the Company has identified material weaknesses in internal control over financial reporting, as discussed below.



## **Management's Report on Internal Controls over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as required by Sarbanes-Oxley (SOX) Section 404 A. The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of SPGX's financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the Board of Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”). As a result of this assessment, management identified material weaknesses in internal control over financial reporting.

A material weakness is a control deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The matters involving internal controls and procedures that management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board were: (1) lack of a functioning audit committee and lack of a majority of outside directors on the Company's board of directors, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures; (2) inadequate segregation of duties consistent with control objectives; (3) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements; and (4) ineffective controls over period end financial disclosure and reporting processes. The aforementioned material weaknesses were identified by the Company's Chief Financial Officer in connection with the audit of its financial statements as of December 31, 2021 and December 31, 2020 and communicated the matters to management.

As a result of the material weakness in internal control over financial reporting described above, management has concluded that, as of December 31, 2021 SPGX's internal control over financial reporting was not effective based on the criteria in *Internal Control – Integrated Framework* issued by COSO.

Management believes that the material weaknesses set forth in items (2), (3) and (4) above did not have an effect on SPGX's financial results. However, management believes that the lack of a functioning audit committee and lack of a majority of outside directors on the Company's board of directors caused and continues to cause an ineffective oversight in the establishment and monitoring of the required internal controls over financial reporting.

The Company is committed to improving its financial organization. As part of this commitment and when funds are available, the Company will create a position to segregate duties consistent with control objectives and will increase its personnel resources and technical accounting expertise within the accounting function by: (i) appointing one or more outside directors to its board of directors who will also be appointed to the audit committee of the Company resulting in a fully functioning audit committee who will undertake the oversight in the establishment and monitoring of required internal controls over financial reporting; and (ii) preparing and implementing sufficient written policies and checklists that will set forth procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements.

Management believes that the appointment of one or more outside directors, who will also be appointed to a fully functioning audit committee, will remedy the lack of a functioning audit committee and a lack of a majority of outside directors on the Company's Board. In addition, management believes that preparing and implementing sufficient written policies and checklists will remedy the following material weaknesses: (i) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements; and (ii) ineffective controls over period end financial close and reporting processes. Further, management believes that the hiring of additional personnel who have the technical expertise and knowledge will result proper segregation of duties and provide more checks and balances within the department. Additional personnel will also provide the cross training needed to support the Company if personnel turn-over issues within the department occur. This coupled with the appointment of additional outside directors will greatly decrease any control and procedure issues the Company may encounter in the future.

Management will continue to monitor and evaluate the effectiveness of the Company's internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

The Company's independent auditors have not issued an attestation report on management's assessment of the Company's internal control over financial reporting. As a result, this annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. The Company was not required to have, nor has the Company, engaged its independent registered public accounting firm to perform an audit of internal control over financial reporting pursuant to the rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

#### **Changes in Internal Controls**

On May 2, 2018 Winzenried resigned as Chief Executive Officer of the Company, and Stefan Muehlbauer was appointed by the board of directors as the new Chief Executive Officer. Also, on July 31, 2018 Christian Winzenried resigned as Chief Financial Officer, and Stefan Muehlbauer was appointed by the board of directors as the new Chief Financial Officer.

On May 3, 2020 Lilibeth Fani-Grunder resigned from the board of directors of the company. On September 9, 2020 Philip Grothe has resigned from the board of directors from the company.

There have been no other changes in the Company's internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the period ended December 31, 2021, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

#### **Item 9B. Other Information**

None

### PART III

#### Item 10. Directors, Executive Officers, and Corporate Governance.

##### (a) Identify Directors and Executive Officers

Each director of the Company holds office until (i) the next annual meeting of the stockholders, (ii) his successor has been elected and qualified, or (iii) the director resigns.

SPGX's management team is listed below.

<u>Officer's Name</u>	<u>Sustainable Projects Group Inc.</u>
Stefan Muehlbauer	Director and President, CEO, CFO, CCO, Treasurer, Corporate Secretary
Tiffany Muehlbauer	Chief Operating Officer

*Stefan Muehlbauer* • Mr. Muehlbauer (42 years old) has been the Chief Executive Officer of SPGX since May 2018, the Chief Financial Officer of SPGX since July 2018, the Chief Communications Officer of SPGX and a director of SPGX since February 2017, and has been the Treasurer and Corporate Secretary of SPGX since January 2018, and was the Chief Financial Officer of SPGX from January to May 2018. During the past five years, Mr. Muehlbauer has served as CEO of Arma Communications Inc, a business development and marketing Agency in Naples, Florida since 2013. Previously, Mr. Muehlbauer held positions with several leading investment banks in Europe. Mr. Muehlbauer was the Chief Operating Officer at Silvia Quandt & Cie AG where he was responsible for building up the institution's research and corporate finance activities. Mr. Muehlbauer received his degree in Finance from the University of Miami.

*Tiffany Muehlbauer* • Mrs. Muehlbauer (41 years old) has been the Chief Operating Officer of SPGX since September 2018. During the past five years, Mrs. Muehlbauer has worked as Chief Operating Officer and Creative Director at Arma Communications Inc. Previously Mrs. Muehlbauer has worked as Head of Marketing and Equities Broker at Julius Baer Brokerage in Frankfurt Germany. Mrs. Muehlbauer holds a Bachelors degree in Finance and Marketing from the University of Miami.

##### (b) Identify Significant Employees

The Company has two significant employees. The Company relies upon the services and time of its key management. Stefan Muehlbauer, CEO and CFO, and Tiffany Muehlbauer, COO, will both continue to devote to the Company's business.

##### (c) Family Relationships

There is no family relationship among the directors or officers of the Company, with the exception of Tiffany Muehlbauer, who is the spouse of Stefan Muehlbauer.

##### (d) Involvement in Certain Legal Proceedings

During the past 10 years, no director, officer, or promoter of the Company has been:

- a general partner or executive officer of any business against which any bankruptcy petition was filed, either at the time of the bankruptcy or two years prior to that time;

- convicted in a criminal proceeding or named subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;
- subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity, or to be associated with persons engaged in any such activity;
- found by a court of competent jurisdiction in a civil action or by the SEC to have violated any Federal or State securities law, and the judgment in such civil action or finding by the SEC has not been subsequently reversed, suspended, or vacated;
- found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;
- the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:
  - any Federal or State securities or commodities law or regulation; or
  - any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or
  - any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization, any registered entity, or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

**(e) Compliance with Section 16(a) of the Exchange Act.**

Section 16(a) of the Security Exchange Act of 1934 requires directors, executive officers and 10% or greater shareholders of SPGX to file with the Securities and Exchange Commission initial reports of ownership (Form 3) and reports of changes in ownership of equity securities of the Company (Form 4 and Form 5) and to provide copies of all such Forms as filed to SPGX. Based solely on SPGX's review of the copies of these forms received by it or representations from certain reporting persons, management believes that SEC beneficial ownership reporting requirements for the period ended December 31, 2021 were met, with the exception of the following:

(1) Stefan Muehlbauer failed to file a Form 4 – Change of Beneficial Ownership of Securities and a Schedule 13D in a timely manner, and a Form 5 - Annual Statement of Changes in Beneficial Ownership of Securities; (2) Lilibeth Fani Grunder failed to file a Form 3 – Initial Statement of Beneficial Ownership of Securities and a Form 5 - Annual Statement of Changes in Beneficial Ownership of Securities; (3) Dr. Philip Grothe failed to file a Form 5 - Annual Statement of Changes in Beneficial Ownership of Securities; (4) Tiffany Muehlbauer failed to file a Form 3 – Initial Statement of Beneficial Ownership of Securities in a timely manner and a Form 5 - Annual Statement of Changes in Beneficial Ownership of Securities; (5) Kurt Muehlbauer failed to file a Form 3 – Initial Statement of Beneficial Ownership of Securities, a Form 4 – Change of Beneficial Ownership of Securities, and a Schedule 13D in a timely manner; (6) Paul Meir failed to file a Form 3 – Initial Statement of Beneficial Ownership of Securities, a Form 4 – Change of Beneficial Ownership of Securities, and a Schedule 13D in a timely manner, and failed to file a Form 5 - Annual Statement of Changes in Beneficial Ownership of Securities; (7) Christopher Grunder failed to file a Form 4 – Change of Beneficial Ownership of Securities and a Schedule 13D in a timely manner, and a Form 5 - Annual Statement of Changes in Beneficial Ownership of Securities; and (8) Christian Winzenried failed to file a Form 5 - Annual Statement of Changes in Beneficial Ownership of Securities.

**(f) Nomination Procedure for Directors**

The Company does not have a standing nominating committee; recommendations for candidates to stand for election as directors are made by the board of directors. The Company has not adopted a policy that permits shareholders to recommend candidates for election as directors or a process for shareholders to send communications to the board of directors.

**(g) Audit Committee Financial Expert**

The Company has no financial expert. Management believes the cost related to retaining a financial expert at this time is prohibitive. The Company's Board of Directors has determined that it does not presently need an audit committee financial expert on the Board of Directors to carry out the duties of the Audit Committee. The Company's Board of Directors has determined that the cost of hiring a financial expert to act as a director of the Company and to be a member of the Audit Committee or otherwise perform Audit Committee functions outweighs the benefits of having a financial expert on the Audit Committee.

**(h) Identification of Audit Committee**

The Company does not have a separately-designated standing audit committee. Rather, the Company's entire board of directors perform the required functions of an audit committee. Currently, each director is a member of the Company's audit committee. See "Item 13. (c) Director independence" below for more information on independence.

The Company's audit committee is responsible for: (1) selection and oversight of the Company's independent accountant; (2) establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls and auditing matters; (3) establishing procedures for the confidential, anonymous submission by the Company's employees of concerns regarding accounting and auditing matters; (4) engaging outside advisors; and, (5) funding for the outside auditor and any outside advisors engaged by the audit committee.

As of December 31, 2021, the Company did not have a written audit committee charter or similar document.

**(i) Code of Ethics**

The Company has adopted a financial 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 305-814-2915 to request a copy of the Company's financial code of ethics. Management believes the Company's financial 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 will be updating its Code of Ethics and will file an updated Code of Ethics when completed.

**Item 11. Executive Compensation.**

Please see the table below:

**SUMMARY COMPENSATION TABLE**

Name and principal position (a)	Year (b)	Salary (\$) (c)	Bonus (\$ (d)	Stock Awards (\$ (e)	Option Awards (\$ (f)	Non- Equity Incentive Plan (\$) (g)	Non- qualified Deferred Compen- sation Earnings (\$ (h)	All other compensation (\$ (i)	<b>Total (\$ (j)</b>
<b>Stefan Muehlbauer CEO</b>	2020(1)	75,000	nil	nil	nil	nil	nil	nil	127,500
May 2018 - present CFO	2021	24,000	nil	nil	nil	nil	nil	nil	75,000
July 2018 - present									
<b>Tiffany Muehlbauer COO</b>	2020	30,000	nil	nil	nil	nil	nil	nil	58,269
Oct 2018 - present	2021	12,000	nil	nil	nil	nil	nil	nil	30,000
<b>Dr. Philip Grothe</b> President and CEO Jan 2017 - Feb 2017	2020	nil	nil	nil	nil	nil	nil	nil	nil

(1) Mr. Muehlbauer received \$45,000 from Sustainable Projects Inc. and \$30,000 from Cormo USA

Since inception, there was no stock options, stock appreciation rights, or long-term incentive plans that have been granted, exercised or re-priced.

Currently, the Company does not have an employment agreement with any executive officers or directors, with the exception of the following:

On May 1, 2018, the Company entered into an employment agreement with Stefan Muehlbauer in which Mr. Muehlbauer agreed to accept the appointment as Chief Executive Officer of SPGX and to provide CEO-related services to the Company. As consideration for such services, the Company agreed to pay Mr. Muehlbauer \$7,500 monthly for a period of three years and be renewed for successive one year terms until terminated. See Exhibit 10.22 - Employment Agreement for more details. In 2020, Mr. Muehlbauer voluntarily lowered monthly salary to \$2,500 due to the Covid related emergency.

On May 1, 2018, the Company entered into an employment agreement with Tiffany Muehlbauer in which Ms. Muehlbauer agreed to accept the appointment as Office Manager of SPGX and to provide management services to the Company. As consideration for such services, the Company agreed to pay Ms. Muehlbauer \$42,000 annually for a period of three years and be renewed for successive one year terms until terminated. Effective October 1, 2018, Tiffany Muehlbauer accepted the appointment of Chief Operating Officer. See Exhibit 10.23 - Employment Agreement for more details. During the year 2020, Ms. Muehlbauer voluntarily lowered monthly salary to \$2,500 due to the Covid related emergency.

Also, the Company reimburses all of its management and directors for reasonable expenses incurred by performing their duties for the Company.

There are no employment agreements or other compensating plans or arrangements with regard to any named executive officer which provide for specific compensation in the event of resignation, retirement, other termination of employment or from a change of control of the Company or from a change in a named executive officer's responsibilities following a change in control.

**Item 12. Security Ownership of Certain Beneficial Holders and Management and Related Stockholder Matters.**

**(a) Security Ownership of Certain Beneficial Owners (more than 5%)**

(1) Title of Class	(2) Name and Address of Beneficial Owner	(3) Amount and Nature of Beneficial Owner <sup>[1]</sup>	(4) Percent of Class <sup>[2]</sup>
common stock	<b>Paul Meier</b> Steinlerstrasse 18, Wangi, 9545 Switzerland	1,508,152	18.7%
common stock	<b>Stefan Muehlbauer</b> 2316 Pine Ridge Rd #383, Naples, Florida, 34109	1,000,000	12.4%
common stock	<b>Kurt Muehlbauer</b> 2316 Pine Ridge Rd #383, Naples, Florida, 34109	500,000	6.2%

<sup>[1]</sup> The listed beneficial owner has no right to acquire any shares within 60 days of the date of this Form 10-K from options, warrants, rights, conversion privileges or similar obligations excepted as otherwise noted.

<sup>[2]</sup> Based on 8,085,877 common shares issued and outstanding as of December 31, 2021.

**(b) Security Ownership of Management**

(1) Title of Class	(2) Name and Address of Beneficial Owner	(3) Amount and Nature of Beneficial Owner	(4) Percent of Class <sup>[1]</sup>
common stock	<b>Stefan Muehlbauer</b> 225 Banyan Blvd, Suite 220, Naples, Florida, 34102	1,000,000	12.4%
common stock	<b>Tiffany Muehlbauer</b> 2316 Pine Ridge Rd #383, Naples, Florida, 34109	nil	nil
common stock	Directors and Executive Officers (as a group)	1,000,000	12.4%

<sup>[1]</sup> Based on 8,085,877 common shares issued and outstanding as of December 31, 2021.

Each person listed above has full voting and investment power with respect to the common shares indicated. Under the rules of the SEC, a person (or a group of persons) is deemed to be a "beneficial owner" of a security if he or she, directly or indirectly, has or shares power to vote or to direct the voting of such security. Accordingly, more than one person may be deemed to be a beneficial owner of the same security. A person is also deemed to be a beneficial owner of any security, which that person has the right to acquire within 60 days, such as options or warrants to purchase the Company's common shares.

**(c) Changes in Control**

Management is not aware of any arrangement that may result in a change in control of the Company.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

**(a) Transactions with Related Persons**

During the period December 31, 2021, no director, executive officer, security holder, or any immediate family of such director, executive officer, or security holder has had any direct or indirect material interest in any transaction or currently proposed transaction, which the Company was or is to be a participant, that exceeded the lesser of (1) \$120,000 or (2) one percent of the average of the Company's total assets at year-end for the last two completed fiscal years, with the exception of the following:

**(1) Christopher Grunder – Amixca AG**

The Company advanced a refundable \$190,000 deposit to Amixca AG for due diligence. After such due diligence, the Company decided not to proceed with the acquisition of Amixca AG. At the time of the advance of funds, Amixca AG and Workplan Holdings AG have a common significant shareholder (Christopher Grunder). On January 18, 2018, the Company entered into an agreement with Amixca AG for a period of three years commencing February 1, 2018 to provide business development services. The prepayment of \$190,000 to Amixca AG was supposed to serve as consulting fees over the next three year period. The consulting agreement with Amixca AG was never utilized and Amixca AG did not provide any services. The consulting agreement was annulled and Amixca AG agreed to return the deposit with a payment schedule spanning over a year, beginning July 5, 2019 of \$20,000 and thereafter, the first of every month of \$15,455 until the full \$190,000 has been repaid. As of 2020, the full amount has been repaid.



## **(2) Global Gaming Media Inc.**

The Company entered into an agreement with Global Gaming Media Inc., a company with a common majority shareholder (Christopher Grunder), and acquired the Gator Lotto App on May 25, 2018 by issuing 100,000 restricted shares at \$4.00 per share for the valuation of \$400,000. The purchase includes the application for the Florida lotteries, all software rights to the Gator Lotto App, the domain, etc. The Company spent an additional \$11,000 toward development costs. The latest version of the Lotto App was launched February 2019. At December 31, 2018, the Company determined that an impairment of \$168,000 was required which approximate its market value. As of June 2020, this asset has been impaired fully.

### **(b) Promoters and control persons**

From inception of the Company on September 4, 2009 to July 2016, Law Yau Yau was the only promoter of the Company's business, and from July 2016 to February 2017 Suha Hächler was the only promoter of the Company's business. From February 2017 to May 2018 Mr. Hächler and Christian Winzenried were the only promoters of the Company's business. Since May 2018 Stefan Muehlbauer has been the only promoter of the Company's business. No promoter of the Company has received anything of value from the Company nor is any person entitled to receive anything of value from the Company for services provided as a promoter of the business of the Company.

### **(c) Director independence**

The Company's board of directors currently consists of Stefan Muehlbauer. Pursuant to Item 407(a)(1)(ii) of Regulation S-K of the Securities Act, the Company's board of directors has adopted the definition of "independent director" as set forth in Rule 4200(a)(15) of the NASDAQ Manual. In summary, an "independent director" means a person other than an executive officer or employee of the Company or any other individual having a relationship which, in the opinion of the Company's board of directors, would interfere with the exercise of independent judgement in carrying out the responsibilities of a director, and includes any director who accepted any compensation from the Company in excess of \$200,000 during any period of 12 consecutive months with the three past fiscal years. Also, the ownership of the Company's stock will not preclude a director from being independent.

As of the date of the report, the Company did not maintain a separately designated compensation or nominating committee.

The Company has also adopted this definition for the independence of the members of its audit committee. Each of the directors is a member of the Company's audit committee. The Company's board of directors has determined that only Dr. Grothe and Ms. Fani Grunder were "independent" for purposes of Rule 4200(a)(15) of the NASDAQ Manual, applicable to audit, compensation and nominating committee members, and are "independent" for purposes of Section 10A(m)(3) of the Securities Exchange Act.

#### **Item 14. Principal Accounting Fees and Services**

##### **(1) Audit Fees**

The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the Company's audit of annual financial statements and for review of financial statements included in the Company's Form 10-Q's or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years was:

2021 - \$14,000  
2020 - \$18,800

##### **(2) Audit-Related Fees**

The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountants that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported in the preceding paragraph:

2021 - \$nil  
2020 - \$nil

##### **(3) Tax Fees**

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning was:

2020 - \$nil  
2021 - \$nil

##### **(4) All Other Fees**

The aggregate fees billed in each of the last two fiscal years for the products and services provided by the principal accountant, other than the services reported in paragraphs (1), (2), and (3) was:

2021 - \$nil  
2020 - \$nil

(5) The percentage of hours expended on the principal accountant's engagement to audit the Company's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full time, permanent employees was nil %.

## Item 15. Exhibits, Financial Statement Schedules.

### 1. Financial Statements

Financial statements of Sustainable Projects Group Inc. have been included in Item 8 above.

### 2. Financial Statement Schedules

All schedules for which provision is made in Regulation S-X are either not required to be included herein under the related instructions or are inapplicable or the related information is included in the footnotes to the applicable financial statement and, therefore, have been omitted from this Item 15.

### 3. Exhibits

All Exhibits required to be filed with the Form 10-K are included in this annual report or incorporated by reference to SPGX's previous filings with the SEC, which can be found in their entirety at the SEC website at [www.sec.gov](http://www.sec.gov) under SEC File Number 000-54875 and SEC File Number 333-169331.

<b>Exhibit</b>	<b>Description</b>	<b>Status</b>
3.1	<a href="#">Articles of Incorporation and Certificate of Amendment, filed as an exhibit to SPGX's registration statement on Form S-1 filed on September 13, 2010, and incorporated herein by reference.</a>	Filed
3.2	<a href="#">By-Laws, filed as an exhibit to SPGX's registration statement on Form S-1 filed on September 13, 2010, and incorporated herein by reference.</a>	Filed
3.3	<a href="#">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.</a>	Filed
3.4	<a href="#">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.</a>	Filed
3.5	<a href="#">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.</a>	Filed
10.1	<a href="#">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.</a>	Filed
10.2	<a href="#">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.</a>	Filed
10.3	<a href="#">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.</a>	Filed
10.4	<a href="#">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.</a>	Filed
10.5	<a href="#">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.</a>	Filed
10.6	<a href="#">Consulting Agreement dated April 24, 2017 filed as an Exhibit to SPGX's Form 10-K (Annual Report) on August 31, 2017, and incorporated herein by reference.</a>	Filed
10.7	<a href="#">Services Agreement dated August 1, 2017 filed as an Exhibit to SPGX's Form 10-K (Annual Report) on August 31, 2017, and incorporated herein by reference.</a>	Filed

<b>Exhibit</b>	<b>Description</b>	<b>Status</b>
10.8	<a href="#">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.</a>	Filed
10.9	<a href="#">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.</a>	Filed
10.10	<a href="#">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.</a>	Filed
10.11	<a href="#">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.</a>	Filed
10.12	<a href="#">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.</a>	Filed
10.13	<a href="#">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.</a>	Filed
10.14	<a href="#">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.</a>	Filed
10.15	<a href="#">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.</a>	Filed
10.16	<a href="#">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.</a>	Filed
10.17	<a href="#">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.</a>	Filed
10.18	<a href="#">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.</a>	Filed
10.19	<a href="#">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.</a>	Filed
10.20	<a href="#">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.</a>	Filed
10.21	<a href="#">Share Purchase Agreement dated May 31, 2018 filed on August 29, 2019, and incorporated herein by reference.</a>	Filed
10.22	<a href="#">Employment Agreement dated May 1, 2018 filed on August 29, 2019, and incorporated herein by reference.</a>	Filed
10.23	<a href="#">Employment Agreement dated May 1, 2018 filed on August 29, 2019, and incorporated herein by reference.</a>	Filed
14	<a href="#">Code of Ethics, filed as an exhibit to SPGX's 2010 registration statement on Form S-1 filed on September 13, 2009, and incorporated herein by reference.</a>	Filed
31	<a href="#">Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>	Included
32	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	Included
101 *	Financial statements from the annual report on Form 10-K of Sustainable Projects Group Inc. for the period ended December 31, 2019, formatted in XBRL: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Loss; (iii) the Condensed Consolidated Statements of Stockholders' Equity, and (iv) the Condensed Consolidated Statements of Cash Flows.	
101.INS	Inline XBRL Instance Document	
101.SCH	Inline XBRL Taxonomy Extension Schema Document	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit)	

\* 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.

By: /s/ Stefan Muehlbauer

Name: **Stefan Muehlbauer**

Title: **Director, President & CEO**

Dated: **March 24, 2022**

Pursuant to the requirements of the Securities Exchange Act of 1934, the following persons on behalf of Sustainable Projects Group Inc. and in the capacities and on the dates indicated have signed this report below.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Stefan Muehlbauer</u> <b>STEFAN MUEHLBAUER</b>	President, Chief Executive Officer, Principal Executive Officer Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer, Treasurer, Corporate Secretary, and Chief Communications Officer Member of the Board of Directors	<b>March 24, 2022</b>

**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 annual report on Form 10-K for the period ended December 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: **March 24, 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 annual report on Form 10-K for the period ended December 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: **March 24, 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 Annual Report of Sustainable Projects Group Inc. (the “Company”) on Form 10-K for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stefan Muehlbauer, President and 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  
Date: **March 24, 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 Annual Report of Sustainable Projects Group Inc. (the "Company") on Form 10-K for the period ended December 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  
Date: **March 24, 2022**

---