

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **March 31, 2024**

OR

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: 001-38037

**SAFE & GREEN HOLDINGS CORP.**  
(Exact name of registrant as specified in its charter)

|  |  |
|--|--|
| <b>Delaware</b><br>(State or other jurisdiction of<br>incorporation or organization)                   | <b>95-4463937</b><br>(I.R.S. Employer<br>Identification No.) |
| <b>990 Biscayne Blvd., #501, Office 12, Miami, Florida</b><br>(Address of principal executive offices) | 33132<br>(Zip Code)  |

**(646) 240-4235**

(Registrant's telephone number, including area code)

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

| Title of each class                      | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, par value \$0.01 per share | SGBX              | The Nasdaq Stock Market LLC               |

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 preceding 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

|   |   |
|---|---|
| Large 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 May 15, 2024 the issuer had a total of 1,344,668 shares of the registrant's common stock, \$0.01 par value, outstanding.

SAFE & GREEN HOLDINGS CORP. AND SUBSIDIARIES  
FORM 10-Q

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**PART I. FINANCIAL INFORMATION**  
**ITEM 1. Financial Statements**  
**SAFE & GREEN HOLDINGS CORP. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**

|  | <i>March 31,</i><br><i>2024</i> | <i>December 31,</i><br><i>2023</i> |
|--|---------------------------------|------------------------------------|
|  | (Unaudited)                     |                                    |
| <b>Assets</b>  |                                 |                                    |
| Current assets:  |                                 |                                    |
| Cash and cash equivalents  | \$ 739,787                      | \$ 17,448                          |
| Accounts receivable, net   | 93,182                          | 182,753                            |
| Contract assets  | 10,745                          | 10,745                             |
| Held for sale assets   | 4,400,361                       | 4,400,361                          |
| Inventories  | 283,593                         | 156,512                            |
| Prepaid expenses and other current assets  | 589,223                         | 572,779                            |
| Total current assets   | 6,116,891                       | 5,340,598                          |
| Property, plant and equipment, net   | 5,571,862                       | 5,582,401                          |
| Project development costs and other non-current assets   | 830,753                         | 604,327                            |
| Goodwill   | 1,810,787                       | —                                  |
| Right-of-use asset   | 1,830,799                       | 1,987,137                          |
| Intangible assets, net   | 151,397                         | 23,616                             |
| Deferred contract costs, net   | —                               | 30,589                             |
| Investment in and advances to equity affiliates  | 3,642,607                       | 3,642,607                          |
| Total Assets   | \$ 19,955,096                   | \$ 17,211,275                      |
| <b>Liabilities and Stockholders' Equity</b>  |                                 |                                    |
| Current liabilities:   |                                 |                                    |
| Accounts payable and accrued expenses  | \$ 11,668,240                   | \$ 9,854,263                       |
| Contract liabilities   | 490,696                         | 1,366,998                          |
| Lease liability, current maturities  | 652,308                         | 856,088                            |
| Customer deposits  | 656,510                         | —                                  |
| Short-term notes payable, net  | 9,249,341                       | 8,472,080                          |
| Total current liabilities  | 22,717,095                      | 20,549,429                         |
| Long-term note payable   | 2,454,930                       | 2,447,415                          |
| Contingent consideration liability   | 945,000                         | —                                  |
| Lease liability, net of current maturities   | 475,549                         | 549,290                            |
| Total liabilities  | 26,592,574                      | 23,546,134                         |
| Stockholders' equity:  |                                 |                                    |
| Preferred stock, \$1.00 par value, 5,405,010 shares authorized; none issued or outstanding   | —                               | —                                  |
| Common stock, \$0.01 par value, 75,000,000 shares authorized; 1,099,269 issued and 1,095,898 outstanding as of March 31, 2024 and 881,387 issued and 814,969 outstanding as of December 31, 2023 | 10,993                          | 8,814                              |
| Additional paid-in capital   | 70,448,355                      | 68,555,050                         |
| Treasury stock, at cost 3,371 shares as of March 31, 2024 and 3,371 shares as of December 31, 2023   | (92,396)                        | (92,396)                           |
| Accumulated deficit  | (80,600,969)                    | (75,930,805)                       |
| Non-controlling interest   | 3,596,539                       | 1,124,478                          |
| Total stockholders' equity   | (6,637,478)                     | (6,334,859)                        |
| Total Liabilities and Stockholders' Equity   | \$ 19,955,096                   | \$ 17,211,275                      |

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

## SAFE &amp; GREEN HOLDINGS CORP. AND SUBSIDIARIES

## Condensed Consolidated Statements of Operations

|   | <i>For the<br/>Three Months Ended<br/>March 31,<br/>2024</i> | <i>For the<br/>Three Months Ended<br/>March 31,<br/>2023</i> |
|---|--|--|
|   | (Unaudited)  | (Unaudited)  |
| <b>Revenue:</b>   |  |  |
| Construction services   | \$ 968,115   | \$ 5,503,935   |
| Real estate commissions   | 49,816   | —  |
| Total   | <u>1,017,931</u>   | <u>5,503,935</u>   |
| <b>Cost of revenue:</b>   |  |  |
| Construction services   | 644,983  | 5,573,407  |
| Total   | <u>644,983</u>   | <u>5,573,407</u>   |
| <b>Gross profit (loss)</b>                                      | 372,948  | (69,472)   |
| <b>Operating expenses:</b>                                      |  |  |
| Payroll and related expenses                                    | 3,268,069  | 1,314,390  |
| General and administrative expenses                             | 944,613  | 1,788,956  |
| Marketing and business development expenses                     | 192,725  | 87,251   |
| Total   | <u>4,405,407</u>   | <u>3,190,597</u>   |
| <b>Operating loss</b>   | (4,032,459)  | (3,260,069)  |
| <b>Other income (expense):</b>                                  |  |  |
| Interest expense  | (1,282,756)  | (287,372)  |
| Interest income   | 9,570  | 9,362  |
| Other income  | 48,617   | 18,639   |
| Total   | <u>(1,224,569)</u>   | <u>(259,371)</u>   |
| <b>Loss before income taxes</b>                                 | (5,257,028)  | (3,519,440)  |
| <b>Income tax expense</b>                                       | —  | —  |
| <b>Net loss</b>   | <u>(5,257,028)</u>   | <u>(3,519,440)</u>   |
| Common stock deemed dividend                                    | (670,881)  | —  |
|   | <u>(5,927,909)</u>   | <u>(3,519,440)</u>   |
| Add: net income (loss) attributable to noncontrolling interests | 1,257,745  | —  |
| <b>Net loss attributable to common stockholders</b>             | <u>\$ (4,670,164)</u>  | <u>\$ (3,519,440)</u>  |
| Net loss per share  |  |  |
| Basic and diluted   | <u>\$ (4.93)</u>   | <u>\$ (5.00)</u>   |
| Weighted average shares outstanding:                            |  |  |
| Basic and diluted   | <u>947,670</u>   | <u>700,197</u>   |

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

## SAFE &amp; GREEN HOLDINGS CORP. AND SUBSIDIARIES

## Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

|  | <i>\$0.01 Par Value<br/>Common Stock</i> |                  | <i>Additional<br/>Paid-in<br/>Capital</i> | <i>Treasury<br/>Stock</i> | <i>Accumulated<br/>Deficit</i> | <i>Noncontrolling<br/>Interests</i> | <i>Total<br/>Stockholders'<br/>Equity</i> |
|--|--|------------------|---|---------------------------|--------------------------------|-------------------------------------|---|
|  | <i>Shares</i>                            | <i>Amount</i>    |   |                           |                                |                                     |   |
| <b>Balance at December 31, 2022</b>                        | 630,699                                  | \$ 6,307         | \$ 56,293,810                             | \$ (49,680)               | \$ (41,428,268)                | \$ (382,607)                        | \$ 14,439,562                             |
| Stock-based compensation                                   | —  | —                | 656,369                                   | —                         | —                              | —                                   | 656,369                                   |
| Issuance of restricted common stock                        | 14,376                                   | 144              | 437,181                                   | —                         | —                              | —                                   | 437,325                                   |
| Issuance of restricted stock units                         | 67,555                                   | 676              | (676)                                     | —                         | —                              | —                                   | —   |
| Issuance of warrants and restricted common stock           | 2,500                                    | 25               | 354,214                                   | —                         | —                              | —                                   | 354,239                                   |
| Noncontrolling interest distribution                       | —  | —                | —   | —                         | —                              | (46,417)                            | (46,417)                                  |
| Net loss   | —  | —                | —   | —                         | (3,519,440)                    | —                                   | (3,519,440)                               |
| <b>Balance at March 31, 2023</b>                           | <b>715,130</b>                           | <b>\$ 7,152</b>  | <b>\$ 57,740,898</b>                      | <b>\$ (49,680)</b>        | <b>\$ (44,947,708)</b>         | <b>\$ (429,024)</b>                 | <b>\$ 12,321,638</b>                      |
| <b>Balance at December 31, 2023</b>                        | 881,387                                  | \$ 8,814         | \$ 68,555,050                             | \$ (92,396)               | \$ (75,930,805)                | \$ 1,124,478                        | \$ (6,334,859)                            |
| Stock-based compensation                                   | 38,934                                   | 390              | 178,639                                   | —                         | —                              | —                                   | 179,029                                   |
| Issuance of common stock and warrants for debt<br>issuance | 15,000                                   | 150              | 251,211                                   | —                         | —                              | —                                   | 251,361                                   |
| Cashless warrant exercise                                  | 11,389                                   | 114              | (114)                                     | —                         | —                              | —                                   | —   |
| Issuance of common stock from warrant<br>inducement        | 94,932                                   | 949              | 493,264                                   | —                         | —                              | —                                   | 494,213                                   |
| Common stock deemed dividend                               | —  | —                | 670,881                                   | —                         | (670,881)                      | —                                   | —   |
| Conversion of short-term notes payable                     | 57,627                                   | 576              | 299,424                                   | —                         | —                              | —                                   | 300,000                                   |
| SG DevCorp equity transactions                             | —  | —                | —   | —                         | —                              | 3,729,806                           | 3,729,806                                 |
| Net loss   | —  | —                | —   | —                         | (3,999,283)                    | (1,257,745)                         | (5,257,028)                               |
| <b>Balance at March 31, 2024</b>                           | <b>1,099,269</b>                         | <b>\$ 10,993</b> | <b>\$ 70,448,355</b>                      | <b>\$ (92,396)</b>        | <b>\$ (80,600,969)</b>         | <b>\$ 3,596,539</b>                 | <b>\$ (6,637,478)</b>                     |

**SAFE & GREEN HOLDINGS CORP. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**

|   | <i>For the<br/>Three Months Ended<br/>March 31, 2024</i> | <i>For the<br/>Three Months Ended<br/>March 31, 2023</i> |
|---|--|--|
|   | (Unaudited)  | (Unaudited)  |
| <b>Cash flows from operating activities:</b>                                    |  |  |
| Net loss  | \$ (5,257,028)   | \$ (3,519,440)   |
| Adjustments to reconcile net loss to net cash used in operating activities:     |  |  |
| Depreciation expense  | 42,381   | 92,193   |
| Amortization of intangible assets   | 3,417  | 46,119   |
| Amortization of deferred license costs  | 30,589   | 10,196   |
| Amortization of debt issuance costs and debt discount                           | 626,978  | 169,040  |
| Amortization of right of use asset  | 156,338  | 230,690  |
| Common stock issued for services  | —  | 437,325  |
| SG DevCorp equity transactions  | 2,594,806  | —  |
| Interest income on long-term note receivable                                    | —  | (9,247)  |
| Stock-based compensation  | 179,029  | 656,369  |
| Changes in operating assets and liabilities:                                    |  |  |
| Accounts receivable   | 89,571   | 268,284  |
| Contract assets   | —  | (864,333)  |
| Inventories   | (127,081)  | 452,571  |
| Prepaid expenses and other current assets                                       | (16,444)   | (522,314)  |
| Intangible assets   | (30,730)   | (81,180)   |
| Accounts payable and accrued expenses   | 1,281,640  | 1,691,992  |
| Contract liabilities  | (876,302)  | (93,142)   |
| Lease liability   | (277,521)  | (343,808)  |
| Customer deposit  | 656,510  | —  |
| Net cash used in operating activities   | <u>(923,847)</u>   | <u>(1,378,685)</u>                                       |
| <b>Cash flows from investing activities:</b>                                    |  |  |
| Purchase of property, plant and equipment                                       | (31,842)   | (531,083)  |
| Cash from business combination  | 1,082  | —  |
| Project development costs   | (226,426)  | (82,265)   |
| Investment in and advances to equity affiliates                                 | —  | (25,000)   |
| Net cash used in investing activities   | <u>(257,186)</u>   | <u>(638,348)</u>   |
| <b>Cash flows from financing activities:</b>                                    |  |  |
| Repayment of short term notes payable   | (884,485)  | (2,500,000)  |
| Proceeds from short-term notes payable and warrants, net of debt issuance costs | 2,293,644  | 5,433,175  |
| Proceeds from warrant inducement  | 494,213  | —  |
| Distribution paid to non-controlling interest                                   | —  | (46,417)   |
| Net cash provided by financing activities                                       | <u>1,903,372</u>   | <u>2,886,758</u>   |
| <b>Net increase in cash and cash equivalents</b>                                | <b>722,339</b>   | <b>869,725</b>   |
| <b>Cash and cash equivalents - beginning of period</b>                          | <b><u>17,448</u></b>                                     | <b><u>582,776</u></b>                                    |
| <b>Cash and cash equivalents - end of period</b>                                | <b><u>\$ 739,787</u></b>                                 | <b><u>\$ 1,452,501</u></b>                               |
| <b>Supplemental disclosure of non-cash investing and financing activities:</b>  |  |  |
| Peak Stock and Warrants Issuances   | \$ 251,361   | \$ —   |
| Common stock deemed dividend  | \$ 670,881   | \$ —   |
| Conversion of short-term notes payable to common stock                          | \$ 1,000,000   | \$ —   |
| Assets and liabilities acquired in business combination:                        |  |  |
| Intangible assets   | \$ 100,468   | \$ —   |
| Goodwill  | \$ 1,810,787   | \$ —   |
| Accounts payable and accrued expenses   | \$ 32,237  | \$ —   |
| Contingent consideration payable  | \$ 945,000   | \$ —   |

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

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**1. Description of Business**

Safe & Green Holdings Corp. (collectively with its subsidiaries, the “Company,” “we,” “us” or “our”) was previously known as SG Blocks, Inc. as well as CDSI Holdings, Inc., a Delaware corporation incorporated on December 29, 1993. On November 4, 2011, CDSI Merger Sub, Inc., the Company’s wholly-owned subsidiary, was merged with and into SG Building Blocks, Inc. (“SG Building,” formerly SG Blocks Inc.) (the “Merger”), with SG Building surviving the Merger and becoming a wholly-owned subsidiary of the Company. The Merger was a reverse merger that was accounted for as a recapitalization of SG Building, as SG Building was the accounting acquirer.

The Company operates in the following four segments: (i) manufacturing & construction services; (ii) medical; (ii) real estate development; and (iv) environmental. The manufacturing & construction services segment designs and constructs modular structures built in the Company’s factories. In the medical segment, the Company uses its modular technology to (i) provide turnkey solutions to medical testing and treatment and generate revenue from the medical testing and point of care treatment in our medical suites and (ii) sell and lease medical suites and privacy pods. The Company’s real estate development segment consists of SG Development Corp., our majority owned subsidiary, which builds innovative and green single or multifamily projects in underserved regions nationally using modules (“Modules”) built in one of the Company’s vertically integrated factories. The environmental segment consists of a sustainable medical and waste management solution that collects waste and treats waste for safe disposal.

The building products developed with the Company's proprietary technology and design and engineering expertise are generally stronger, more durable, environmentally sensitive, and erected in less time than traditional construction methods. The use of the Company's Modules typically provides between four to six points towards the Leadership in Energy and Environmental Design (“LEED”) certification levels, including reduced site disturbance, resource reuse, recycled content, innovation in design and use of local and regional materials. Due to the ability of the Modules to satisfy such requirements, the Company believes the products produced utilizing its technology and expertise is a leader in environmentally sustainable construction.

There are three core product offerings that utilize the Company's technology and engineering expertise. The first product offering involves GreenSteel™ modules, which are the structural core and shell of an SGBlocks building. The Company procures the containers, engineers required openings with structural steel reinforcements, paints the SGBlocks and then delivers them on-site, where the customer or a customer’s general contractor will complete the entire finish out and installation. The second product offering involves replicating the process to create the GreenSteel product and, in addition, installing selected materials, finishes and systems (including, but not limited to floors, windows, doors, interior painting, electrical wiring and fixtures, plumbing outlets and bathrooms, roofing system) and delivering SGBlocks pre-fabricated containers to the site for a third party licensed general contractor to complete the final finish out and installation. Finally, the third product offering is the completely fabricated and finished SGBlocks building (including but not limited to floors, windows, doors, interior painting, electrical wiring and fixtures, plumbing outlets and bathrooms, roofing systems), including erecting the final unit on site and completing any other final steps. The building is ready for occupancy and/or use as soon as installation is completed. Construction administration and/or project management services are typically included in the Company's product offerings.

The Company also provides engineering and project management services related to the use and modification of Modules in construction.

Construction

During 2020, the Company formed SG Echo, LLC (“SG Echo”), a wholly owned subsidiary of the Company. The Company acquired substantially all the assets of Echo DCL (“Echo”), a Texas limited liability company, except for Echo's real estate holdings for which the Company obtained a right of first refusal. Echo is a container/modular manufacturer based in Durant, Oklahoma specializing in the design and construction of permanent modular and temporary modular buildings and was one of the Company's key supply chain partners. Echo caters to the military, education, administration facilities, healthcare, government, commercial and residential customers. This acquisition has allowed the Company to expand its reach for the Modules and offer an opportunity to vertically integrate a large portion of the Company's cost of goods sold, as well as increase margins, productivity and efficiency in the areas of design, estimating, manufacturing and delivery and to become the manufacturer of the Company's core container and modular product offerings.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**1. Description of Business (continued)**

Medical

As of January 2021 and through the fourth quarter of 2021, the Company's consolidated financial statements include the accounts of Chicago Airport Testing LLC ("CAT"). The Company had a variable interest in CAT as described further below. CAT is in the business of marketing, selling, distributing, leasing and otherwise commercially exploiting certain products and services in the COVID-19 testing and other medical industry. In addition, during March 2023, the Company formed Safe and Green Medical Corporation. ("SG Medical"). The Company also entered into a joint venture with Clarity Lab Solutions LLC., to provide clinical lab testing related to COVID-19.

Real Estate Development

During 2021, the Company formed Safe and Green Development Corporation, formerly, SGB Development Corp. ("SG DevCorp"), as a wholly-owned by the Company. SG DevCorp was formed with the purpose of real property development utilizing the Company's technologies. SG DevCorp has a minority interest in Norman Berry II Owners LLC and JDI-Cumberland Inlet LLC as described further below.

Environmental

During 2022, SG Environmental Solutions Corp. ("SG Environmental") was formed and is focused on biomedical waste removal and plans to utilize a patented technology that it licenses to shred and disinfect biomedical waste, rendering the waste disinfected, unrecognizable, and of no greater risk to the public health than residential household waste.

Reverse Stock Split

On May 2, 2024, the Company effected a 1-for-20 reverse stock split of its then-outstanding common stock ("May Stock Split"). All share and per share amounts set forth in the consolidated financial statements of the Company have been retroactively restated to reflect the 1-for-20 reverse stock split as if it had occurred as of the earliest period presented and unless otherwise stated, all other share and per share amounts for all periods presented in this Annual Report have been adjusted to reflect the reverse stock split effected in May 2024.

**2. Separation and Distribution**

In December 2022, the Company and then owner of 100% of the issued and outstanding securities of SG DevCorp, announced its plan to separate the Company and SG DevCorp into two separate publicly traded companies (the "Separation"). To implement the Separation, on September 27, 2023 (the "Distribution Date"), the Company, effected a pro rata distribution to its stockholders of approximately 30% of the outstanding shares of SG DevCorp's common stock (the "Distribution"). In connection with the Distribution, each Company stockholder received 0.930886 shares of SG DevCorp's common stock for every five (5) shares of Company common stock held as of the close of business on September 8, 2023, the record date for the Distribution, as well as a cash payment in lieu of any fractional shares. Immediately after the Distribution, SG DevCorp was no longer a wholly owned subsidiary of the Company and the Company held approximately 70% of SG DevCorp's issued and outstanding securities. On September 28, 2023, SG DevCorp's common stock began trading on the Nasdaq Capital Market under the symbol "SGD."

In connection with the Separation and Distribution, SG DevCorp entered into a separation and distribution agreement and several other agreements with the Company. These agreements provide for the allocation between SG DevCorp and the Company of the assets, employees, liabilities and obligations (including, among others, investments, property, employee benefits and tax-related assets and liabilities) of the Company and its subsidiaries attributable to periods prior to, at and after the Separation and will govern the relationship between the Company and SG DevCorp subsequent to the completion of the Separation. In addition to the separation and distribution agreement, the other principal agreements entered into with the Company included a tax matters agreement and a shared services agreement.



SAFE & GREEN HOLDINGS CORP. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements  
For the Three Months Ended March 31, 2024 and 2023 (Unaudited)

3. Liquidity

As of March 31, 2024, the Company had cash and cash equivalents of \$739,787 and a backlog of \$964,375. See Note 13 for a discussion of construction backlog. Based on its conversations with key customers, the Company anticipates its backlog to convert to revenue over the following period:

|               | 2024       |
|---------------|------------|
| Within 1 year | \$ 964,375 |
| Total Backlog | \$ 964,375 |

The Company has incurred losses since its inception, has negative working capital of \$15,496,033 and has negative operating cash flows, which has raised substantial doubt about its ability to continue as a going concern. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of the uncertainty concerning the Company's ability to continue as a going concern.

The Company intends to meet its capital needs from revenue generated from operations and by containing costs, entering into strategic alliances, as well as exploring other options, including the possibility of raising additional debt or equity capital as necessary. There is, however, no assurance the Company will be successful in meeting its capital requirements prior to becoming cash flow positive. The Company does not have any additional sources secured for future funding, and if it is unable to raise the necessary capital at the times it requires such funding, it may need to materially change its business plan, including delaying implementation of aspects of such business plan or curtailing or abandoning such business plan altogether.

4. Summary of Significant Accounting Policies

**Basis of presentation and principals of consolidation** – The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and Article 8 Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. The condensed financial statements and notes should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2023 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on May 7, 2024. In the opinion of management, all adjustments, consisting of normal accruals, considered necessary for a fair presentation of the interim financial statements have been included. Results for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

**Recently adopted accounting pronouncements** - New accounting pronouncements implemented by the Company are discussed below or in the related notes, where appropriate.

**Accounting estimates** – The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates, judgements 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 amount of revenues and expenses during the reporting period, together with amounts disclosed in the related notes to the financial statements. The Company's estimates used in these financial statements include, but are not limited to, revenue recognition, stock-based compensation, accounts receivable reserves, inventory valuations, goodwill, the valuation allowance related to the Company's deferred tax assets, the carrying amount of intangible assets, right of use assets and the recoverability and useful lives of long-lived assets. Certain of the Company's estimates could be affected by external conditions, including those unique to the Company and general economic conditions. It is reasonably possible that these external factors could have an effect on the Company's estimates and could cause actual results to differ from those estimates.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**4. Summary of Significant Accounting Policies (continued)**

**Operating cycle** – The length of the Company’s contracts varies, but is typically between six to twelve months. In some instances, the length of the contract may exceed twelve months. Assets and liabilities relating to contracts are included in current assets and current liabilities, respectively, in the accompanying balance sheets as they will be liquidated in the normal course of contract completion, which at times could exceed one year.

**Revenue recognition** – The Company determines, at contract inception, whether it will transfer control of a promised good or service over time or at a point in time, regardless of the length of contract or other factors. The recognition of revenue aligns with the timing of when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To achieve this core principle, the Company applies the following five steps in accordance with its revenue policy:

- (1) *Identify the contract with a customer*
- (2) *Identify the performance obligations in the contract*
- (3) *Determine the transaction price*
- (4) *Allocate the transaction price to performance obligations in the contract*
- (5) *Recognize revenue as performance obligations are satisfied*

On certain contracts, the Company applies recognition of revenue over time, which is similar to the method the Company applied under previous guidance (i.e., percentage of completion). Due to uncertainties inherent in the estimation process, it is possible that estimates of costs to complete a performance obligation will be revised in the near-term. For those performance obligations for which revenue is recognized using a cost-to-cost input method, changes in total estimated costs, and related progress toward complete satisfaction of the performance obligation, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. When the current estimate of total costs for a performance obligation indicates a loss, a provision for the entire estimated loss on the unsatisfied performance obligation is made in the period in which the loss becomes evident.

For product or equipment sales, the Company applies recognition of revenue when the customer obtains control over such goods, which is at a point in time. Additionally, SG DevCorp has begun to generate revenue resulting from commissions on residential real estate purchases and sales transactions. For this revenue, the Company applies recognition of revenue when the customer obtains control over such service, which is at a point in time.

*Disaggregation of Revenues*

The Company’s revenues are primarily derived from construction related to Modules projects. The Company's contracts are with customers in various industries. Revenue recognized over time was \$968,115 and \$5,503,935 for the three months ended March 31, 2024 and 2023, respectively. Revenue recognized at a point in time was \$49,816 and \$0 for the three months ended March 31, 2024 and 2023, respectively.

The following tables provide further disaggregation of the Company’s revenues by categories:

## SAFE &amp; GREEN HOLDINGS CORP. AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

**4. Summary of Significant Accounting Policies (continued)**

| Revenue by Customer Type                      | Three Months Ended March 31, |             |                     |             |
|---|------------------------------|-------------|---------------------|-------------|
|   | 2024                         |             | 2023                |             |
| <b>Construction and Engineering Services:</b> |                              |             |                     |             |
| Hotel/Hospitality                             | \$ 31,758                    | 3%          | \$ 33,676           | 1%          |
| Office  | 936,357                      | 89%         | 5,470,259           | 99%         |
| <b>Subtotal</b>                               | <b>968,115</b>               | <b>92%</b>  | <b>5,503,935</b>    | <b>100%</b> |
| <b>SG DevCorp sales:</b>                      |                              |             |                     |             |
| Real estate commissions                       | 49,816                       | 8%          | —                   | —%          |
| <b>Total revenue by customer type</b>         | <b>\$ 1,017,931</b>          | <b>100%</b> | <b>\$ 5,503,935</b> | <b>100%</b> |

*Contract Assets and Contract Liabilities*

Accounts receivable are recognized in the period when the Company's right to consideration is unconditional. Accounts receivable are recognized net of an allowance for credit losses. A considerable amount of judgment is required in assessing the likelihood of realization of receivables.

The timing of revenue recognition may differ from the timing of invoicing to customers.

Contract assets include unbilled amounts from long-term construction services when revenue recognized under the cost-to-cost measure of progress exceeds the amounts invoiced to customers, as the amounts cannot be billed under the terms of the Company's contracts. Such amounts are recoverable from customers based upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of a contract. Contract assets are generally classified as current within the condensed consolidated balance sheets.

Contract liabilities from construction and engineering contracts occur when amounts invoiced to customers exceed revenues recognized under the cost-to-cost measure of progress. Contract liabilities additionally include advanced payments from customers on certain contracts. Contract liabilities decrease as the Company recognizes revenue from the satisfaction of the related performance obligation. Contract liabilities are generally classified as current within the condensed consolidated balance sheet.

Although the Company believes it has established adequate procedures for estimating costs to complete on open contracts, it is at least reasonably possible that additional significant costs could occur on contracts prior to completion. The Company periodically evaluates and revises its estimates and makes adjustments when they are considered necessary.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**4. Summary of Significant Accounting Policies (continued)**

**Business Combinations** - The Company accounts for business acquisitions using the acquisition method of accounting in accordance with Accounting Standards Codification (“ASC”) 805 “Business Combinations”, which requires recognition and measurement of all identifiable assets acquired and liabilities assumed at their fair value as of the date control is obtained. The Company determines the fair value of assets acquired and liabilities assumed based upon its best estimates of the acquisition-date fair value of assets acquired and liabilities assumed in the acquisition. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired. Subsequent adjustments to fair value of any contingent consideration are recorded to the Company’s consolidated statements of operations. Costs that the Company incurs to complete the business combination are charged to general and administrative expenses as they are incurred.

**Variable Interest Entities** – The Company accounts for certain legal entities as variable interest entities (“VIE”). When evaluating a VIE for consolidation, the Company must determine whether or not there is a variable interest in the entity. Variable interests are investments or other interests that absorb portions of an entity’s expected losses or receive portions of the entity’s expected returns. If it is determined that the Company does not have a variable interest in the VIE, no further analysis is required and the VIE is not consolidated. If the Company holds a variable interest in a VIE, the Company consolidates the VIE when there is a controlling financial interest in the VIE and therefore are deemed to be the primary beneficiary. The Company is determined to have a controlling financial interest in a VIE when it has both the power to direct the activities of the VIE that most significantly impact the VIE economic performance and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to that VIE. This determination is evaluated periodically as facts and circumstances change.

On August 27, 2020, the Company entered into a joint venture agreement with Clarity Lab Solutions, LLC (“Clarity Labs”) (the “JV”). In consideration and subject to Clarity Lab’s services and commitments and provided the agreement remains valid and in force, and is not terminated, the Company agreed to issue 200,000 restricted shares of the Company’s common stock over a defined vesting period starting in December 1, 2020. The restricted shares of the Company’s common stock were not issued to Clarity Labs as certain capital commitments were not met. Clarity Labs is a licensed clinical laboratory that uses specialized molecular testing equipment and that focuses on the diagnosis and treatment of critical diseases, including COVID-19. Clarity Labs was also engaged in the business of manufacturing, importing and distributing various medical tests. Under the JV, the Company and Clarity Labs were to jointly market, sell, and distribute certain products and services (“Clarity Mobile Venture”). The Company has determined it is the primary beneficiary of Clarity Mobile Venture and has thus consolidated the activities in its consolidated financial statements. Due to the ongoing lower affects of COVID-19 restrictions, the JV was wound down during the fourth quarter of 2022.

On January 18, 2021, the Company entered into an operating agreement to form CAT. The purpose of CAT is to market, sell, distribute, lease and otherwise commercially exploit certain products and services in the COVID-19 testing industry. The Company has determined it is the primary beneficiary of CAT and has thus consolidated the activities in its consolidated financial statements.

**Investment Entities** – On May 31, 2021, the Company’s subsidiary SG DevCorp agreed to contribute \$600,000 to acquire a 50% membership interest in Norman Berry II Owner LLC (“Norman Berry”). The Company contributed \$350,329 and \$114,433 of the initial \$600,000 in the second quarter and third quarter of 2021, respectively, with the remaining \$135,238 funded in the fourth quarter of 2021. The purpose of Norman Berry II Owner LLC is to develop and provide affordable housing in the Atlanta, Georgia metropolitan area. The Company has determined it is not the primary beneficiary of “Norman Berry” and thus will not consolidate the activities in its consolidated financial statements. The Company will use the equity method to report the activities as an investment in its consolidated financial statements.

On June 24, 2021, the Company’s subsidiary, SG DevCorp, entered into an operating agreement with Jacoby Development for a 10% non-dilutable equity interest for JDI-Cumberland Inlet, LLC (“Cumberland”). The Company contributed \$3,000,000 for its 10% equity interest. During the three months ended March 31, 2024, the Company contributed an additional \$25,000. The purpose of JDI-Cumberland Inlet, LLC is to develop a waterfront parcel in a mixed-use destination community. The Company has determined it is not the primary beneficiary of JDI-Cumberland Inlet, LLC and thus will not consolidate the activities in its consolidated financial statements. The Company will use the equity method to report the activities as an investment in its consolidated financial statements.

During the three months ended March 31, 2024 and 2023, Norman Berry and Cumberland did not have any material earnings or losses as the investments are in development. In addition, management believes there was no impairment as of March 31, 2024.

**Notes to Condensed Consolidated Financial Statements**  
For the Three Months Ended March 31, 2024 and 2023 (Unaudited)

**4. Summary of Significant Accounting Policies (continued)**

The approximate combined financial position of the Company's equity affiliates is summarized below as of March 31, 2024 and December 31, 2023:

| Condensed balance sheet information: | <b>March 31, 2024</b> | <b>December 31,</b> |
|--------------------------------------|-----------------------|---------------------|
|                                      | (Unaudited)           | 2023<br>(Unaudited) |
| Total assets                         | \$ 39,800,000         | \$ 39,800,000       |
| Total liabilities                    | \$ 9,700,000          | \$ 9,700,000        |
| Members' equity                      | \$ 30,100,000         | \$ 30,100,000       |

**Cash and cash equivalents** – The Company considers cash and cash equivalents to include all short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less upon acquisition. Cash and cash equivalents totaled \$739,787 and \$17,448 as of March 31, 2024, and December 31, 2023, respectively.

**Short-term investment** – The Company classifies investments consisting of a certificate of deposit with a maturity greater than three months but less than one year as short-term investment. The Company had no short-term investment as of March 31, 2024 or December 31, 2023, respectively.

**Accounts receivable and allowance for credit losses** – Accounts receivable are receivables generated from sales to customers and progress billings on performance type contracts. Amounts included in accounts receivable are deemed to be collectible within the Company's operating cycle. The Company recognizes accounts receivable at invoiced amounts.

The Company adopted ASC 326, Current Expected Credit Losses, on January 1, 2023, which requires the measurement and recognition of expected credit losses using a current expected credit loss model. The allowance for credit losses on expected future uncollectible accounts receivable is estimated considering forecasts of future economic conditions in addition to information about past events and current conditions.

The allowance for credit losses reflects the Company's best estimate of expected losses inherent in the accounts receivable balances. Management provides an allowance for credit losses based on the Company's historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have been exhausted and the prospects for recovery are remote. Recoveries are recognized when they are received. Actual collection losses may differ from the Company's estimates and could be material to its consolidated financial position, results of operations, and cash flows.

The Company accounts for the transfer of accounts receivable to a third party under a factoring type arrangement in accordance with ASC 860, "Transfers and Servicing". ASC 860 requires that several conditions be met in order to present the transfer of accounts receivable as a sale. In the case of factoring type arrangements, the Company has isolated the transferred (sold) assets and has the legal right to transfer its assets (accounts receivable).

**Inventory** – Raw construction materials (primarily shipping containers and fabrication materials) are valued at the lower of cost (first-in, first-out method) or net realizable value. Finished goods and work-in-process inventories are valued at the lower of cost or net realizable value, using the specific identification method. Medical equipment and COVID-19 test and testing supplies are valued at the lower of cost, (first-in, first-out method) or net realizable value. As of March 31, 2024 and December 31, 2023, there was inventory of \$283,593 and \$156,512, respectively, for construction materials.

**Goodwill** – The Company performs its impairment test of goodwill at the reporting unit level each fiscal year, or more frequently if events or circumstances change that would more likely than not reduce the fair value of its reporting unit below its carrying values. The Company performs a goodwill impairment test by comparing the fair value of the reporting unit with its carrying value and recognizes an impairment charge for the amount by which the carrying value exceeds the fair value, not to exceed the total amount of goodwill. The amount by which the carrying value of the goodwill exceeds its implied fair value, if any, is recognized as an impairment loss. There were no impairments during the three months ended March 31, 2024 or 2023.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**4. Summary of Significant Accounting Policies (continued)**

**Intangible assets** – Intangible assets consist of \$2,766,000 of proprietary knowledge and technology, which is being amortized over 20 years. In addition, included in intangible assets is \$68,344 of trademarks, and \$238,422 of website costs that are being amortized over 5 years. The Company evaluated intangible assets for impairment during the year ended December 31, 2023 and determined that there was an \$1,880,547 impairment loss for the year ended December 31, 2023. The amortization expense for the three months ended March 31, 2024 and 2023 was \$3,417 and \$46,119, respectively. The accumulated amortization as of March 31, 2024 and December 31, 2023 was \$2,921,272 and \$2,852,929, respectively. The remaining balance of the Company's intangible assets is comprised of website cost which are not yet placed in service.

**Property, plant and equipment** – Property, plant and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated lives of each asset. Estimated useful lives for significant classes of assets are as follows: computer and software 3 to 5 years, furniture and other equipment 5 to 7 years, automobiles 2 to 5 years, buildings held for lease 5 to 7 years, and equipment 5 to 29 years. Repairs and maintenance are charged to expense when incurred.

**Held For Sale Assets** – On May 10, 2021, the Company's subsidiary, SG DevCorp, acquired the Lago Vista, Texas property for \$3,576,130. Management has implemented a plan to sell this property during 2022, which meets all of the criteria required to classify it as Held for Sale. Including the project development costs associated with Lago Vista of \$824,231, the book value is now \$4,400,361.

**Convertible instruments** – The Company bifurcates conversion options from their host instruments and accounts for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

**Common stock purchase warrants and other derivative financial instruments** – The Company classifies as equity any contracts that (i) require physical settlement or net-share settlement or (ii) provides a choice of net-cash settlement or settlement in the Company's own shares (physical settlement or net-share settlement) providing that such contracts are indexed to the Company's own stock. The Company classifies as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if any event occurs and if that event is outside the Company's control) or (ii) gives the counterparty a choice of net-cash settlement or settlement shares (physical settlement or net-cash settlement). The Company assesses classification of common stock purchase warrants and other free standing derivatives at each reporting date to determine whether a change in classification between assets and liabilities or equity is required.

**Fair value measurements** – Financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are carried at cost, which the Company believes approximates fair value due to the short-term nature of these instruments.

The Company measures the fair value of financial assets and liabilities based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**4. Summary of Significant Accounting Policies (continued)**

The Company uses three levels of inputs that may be used to measure fair value:

|         |   |
|---------|---|
| Level 1 | Quoted prices in active markets for identical assets or liabilities.                              |
| Level 2 | Quoted prices for similar assets and liabilities in active markets or inputs that are observable. |
| Level 3 | Inputs that are unobservable (for example, cash flow modeling inputs based on assumptions).       |

Transfer into and transfers out of the hierarchy levels are recognized as if they had taken place at the end of the reporting period.

**Share-based payments** – The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, including non-employee directors, the fair value of a stock option award is measured on the grant date. The fair value amount is then recognized over the period services are required to be provided in exchange for the award, usually the vesting period. The Company recognizes stock-based compensation expense on a graded-vesting basis over the requisite service period for each separately vesting tranche of each award. Stock-based compensation expense to employees and all directors are reported within payroll and related expenses in the consolidated statements of operations. Stock-based compensation expense to non-employees is reported within marketing and business development expense in the condensed consolidated statements of operations.

**Income taxes** – The Company accounts for income taxes utilizing the asset and liability approach. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes generally represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from the differences between the financial and tax bases of the Company's assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax regulations. The Company recognizes liabilities for anticipated tax audit issues based on the Company's estimate of whether, and the extent to which, additional taxes will be due. If payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when the liabilities are no longer determined to be necessary. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result.

**Concentrations of credit risk** – Financial instruments, that potentially subject the Company to concentration of credit risk, consist principally of cash and cash equivalents. The Company places its cash with high credit quality institutions. At times, such amounts may be in excess of Federal Deposit Insurance Corporation insurance limits. The Company has not experienced any losses in such account and believes that it is not exposed to any significant credit risk on the account.

With respect to receivables, concentrations of credit risk are limited to a few customers in the construction industry. The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers other than normal lien rights. At March 31, 2024 and December 31, 2023, 89% and 100%, of the Company's gross accounts receivable were due from two and three customers, respectively.

Revenue relating to one and one customer represented approximately 87% and 95%, respectively, of the Company's total revenue for the three months ended March 31, 2024 and 2023, respectively.

There were no vendors representing 10% or more of the Company's total cost of revenue for the three months ended March 31, 2024 and 2023. The Company believes it has access to alternative suppliers, with limited disruption to the business, should circumstances change with its existing suppliers.

SAFE & GREEN HOLDINGS CORP. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements  
For the Three Months Ended March 31, 2024 and 2023 (Unaudited)

5. Accounts Receivable

At March 31, 2024 and December 31, 2023, the Company's accounts receivable consisted of the following:

|                                   | 2024             | 2023              |
|-----------------------------------|------------------|-------------------|
| Billed:                           |                  |                   |
| Construction services             | \$ 224,570       | \$ 819,887        |
| Total gross receivables           | 224,570          | 819,887           |
| Less: allowance for credit losses | (131,388)        | (637,134)         |
| Total net receivables             | <u>\$ 93,182</u> | <u>\$ 182,753</u> |

Receivables are evaluated for collectability and allowances for potential losses are established or maintained on applicable receivables.

6. Contract Assets and Contract Liabilities

Costs and estimated earnings on uncompleted contracts, which represent contract assets and contract liabilities, consisted of the following at March 31, 2024 and December 31, 2023:

|  | 2024                | 2023                  |
|--|---------------------|-----------------------|
| Costs incurred on uncompleted contracts                    | \$ 9,190,823        | \$ 20,213,733         |
| Provision for loss on uncompleted contracts                | —                   | —                     |
| Estimated earnings to date on uncompleted contracts        | (573,865)           | (968,040)             |
| Gross contract assets                                      | 8,616,958           | 19,245,693            |
| Less: billings to date                                     | (9,096,909)         | (20,601,946)          |
| Net contract assets/(liabilities) on uncompleted contracts | <u>\$ (479,951)</u> | <u>\$ (1,356,253)</u> |

The above amounts are included in the accompanying condensed consolidated balance sheets under the following captions at March 31, 2024 and December 31, 2023.

|                          | 2024                | 2023                  |
|--------------------------|---------------------|-----------------------|
| Contract assets          | \$ 10,745           | \$ 10,745             |
| Contract liabilities     | (490,696)           | (1,366,998)           |
| Net contract liabilities | <u>\$ (479,951)</u> | <u>\$ (1,356,253)</u> |

Although management believes it has established adequate procedures for estimating costs to complete on open contracts, it is at least reasonably possible that additional significant costs could occur on contracts prior to completion. The Company periodically evaluates and revises its estimates and makes adjustments when they are considered necessary.



SAFE & GREEN HOLDINGS CORP. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements  
For the Three Months Ended March 31, 2024 and 2023(Unaudited)

7. **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and amortization and depreciated using the straight-line method over their useful lives. At March 31, 2024 and December 31, 2023, the Company's property, plant and equipment, net consisted of the following:

|                                    | 2024                | 2023                |
|------------------------------------|---------------------|---------------------|
| Computer equipment and software    | \$ 134,328          | \$ 102,325          |
| Furniture and other equipment      | 271,798             | 271,798             |
| Leasehold improvements             | 17,280              | 17,280              |
| Equipment and machinery            | 943,464             | 943,464             |
| Automobiles                        | 4,638               | 4,638               |
| Building held for leases           | 196,416             | 196,416             |
| Land                               | 1,190,655           | 1,190,655           |
| Building                           | 969,188             | 969,188             |
| Construction in progress           | 2,397,659           | 2,397,659           |
| Property, plant and equipment      | 6,125,426           | 6,093,423           |
| Less: accumulated depreciation     | (553,564)           | (511,022)           |
| Property, plant and equipment, net | <u>\$ 5,571,862</u> | <u>\$ 5,582,401</u> |

Depreciation expense for the three months ended March 31, 2024 and 2023 amounted to \$42,381 and \$92,193, respectively.

8. **Notes Receivable**

On January 21, 2020, CPF GP 2019-1 LLC ("CPF GP") issued to the Company a promissory note in the principal amount of \$400,000 (the "Company Note") and issued to Paul Galvin, the Company's Chairman and CEO, a promissory note in the principal amount of \$100,000 (the "Galvin Note"). The transaction closed on January 22, 2021, on which date the Company loaned CPF GP 2019-1 LLC \$400,000 and Mr. Galvin personally loaned CPF GP \$100,000 on behalf of the Company. The Company Note and Galvin Note were issued pursuant to that certain Loan Agreement and Promissory Note, dated October 3, 2019 (the "Loan Agreement"), as amended on October 15, 2019 and November 7, 2019 by and between CPF GP and the Company, and bear interest at five percent (5%) per annum, payable, together with the unpaid principal amount of the promissory notes, on the earlier of the July 31, 2023 maturity date or upon the liquidation, redemption sale or issuance of a dividend upon the LLC interests in CPF MF 2019-1 LLC, a Texas limited liability company of which CPF GP is the general partner; provided, that the terms of the Galvin Note provide that all interest payments due to Mr. Galvin under the Galvin Note shall be paid directly to, and for the benefit of, the Company.

In April 2020, CPF GP issued to the Company a promissory note in the principal amount of \$250,000 (the "Company Note 2"). The transaction closed on April 15, 2021, on which date the Company loaned CPF GP 2019-1 LLC \$250,000. The Company Note 2 was issued pursuant to that certain Loan Agreement and Promissory Note, dated October 3, 2019 (the "Loan Agreement 2"), as amended on October 15, 2019 and November 7, 2019 by and between the CPF GP and the Company, and bears interest at five percent (5%) per annum, payable, together with the unpaid principal amount of the promissory notes, on the earlier of the July 31, 2023 maturity date or upon the liquidation, redemption sale or issuance of a dividend upon the LLC interests in CPF MF 2019-1 LLC, a Texas limited liability company of which CPF GP is the general partner.

During the year ended December 31, 2022, the Galvin Note was assigned to the Company and the principal amount of \$100,000 was paid to Mr. Galvin. The Company has a promissory note in the principal amount of \$100,000 (the "Company Note 3").

During the year ended December 31, 2023, the Company determined that the above notes were not collectible and recorded bad debts for the outstanding amounts, which resulted in a write off of principal of \$750,000 and accrued interest of \$129,418 during 2023.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**9. Notes Payable**

On July 14, 2021, SG DevCorp issued a Real Estate Lien Note, in the principal amount of \$2,000,000 (the "Short-Term Note"), secured by a Deed of Trust, dated July 14, 2021 (the "Deed of Trust"), on the Company's 50 plus acre Lake Travis project site in Lago Vista, Texas and a related Assignment of Leases and Rents, dated July 8, 2021 ("Assignment of Rents"), for net loan proceeds of approximately \$1,948,234 after fees. The Short-Term Note has a term of one (1) year, provides for payments of interest only at a rate of twelve percent (12%) per annum and may be prepaid without penalty commencing nine (9) months after its issuance date. If the Short-Term Note is prepaid prior to nine (9) months after its issuance date, a 0.5% prepayment penalty is due. On July 14, 2022, the Company entered into a renewal and extension of the Short-Term Note, with a maturity date of January 14, 2023 and all other terms remaining the same.

On September 8, 2022, the Company entered into a Second Real Estate Lien Note, in the principal amount of \$500,000, with similar terms to the Short-Term Note ("Second Short-Term Note"). The Second Short-Term Note has a maturity date of January 14, 2023.

On March 31, 2023, LV Peninsula Holding LLC ("LV Peninsula"), a Texas limited liability company and wholly owned subsidiary of SG DevCorp, pursuant to a Loan Agreement, dated March 30, 2023 (the "Loan Agreement"), issued a promissory note, in the principal amount of \$5,000,000 (the "LV Note"), secured by a Deed of Trust and Security Agreement, dated March 30, 2023 (the "Deed of Trust") on the Lake Travis project site in Lago Vista, Texas, a related Assignment of Contract Rights, dated March 30, 2023 ("Assignment of Rights"), on the project site in Lago Vista, Texas and McLean site in Durant, Oklahoma and a Mortgage, dated March 30, 2023 ("Mortgage"), on its site in Durant, Oklahoma.

The proceeds of the LV Note were used to pay off the Short-Term Note and Second Short-Term Note. The LV Note requires monthly installments of interest only and bears interest at the prime rate as published in the Wall Street Journal (currently 8.0%) plus five and 50/100 percent (5.5%), currently equaling 13.5%; provided that in no event will the interest rate be less than a floor rate of 13.5%. The LV Peninsula obligations under the LV Note have been guaranteed by SG DevCorp pursuant to a Guaranty, dated March 30, 2023 (the "Guaranty"), and may be prepaid by LV Peninsula at any time without interest or penalty. The Company incurred \$406,825 of debt issuance costs and remitted \$675,000 in prepaid interest in connection with the LV Note. The LV Note had an original maturity date of April 1, 2024. On April 3, 2024, LV Holding entered into a Modification and Extension Agreement, effective as of April 1, 2024 (the "Extension Agreement"), to extend the maturity date of the LV Note to April 1, 2025. As consideration for the Extension Agreement, LV Holding agreed to pay an extension fee of \$50,000. Additionally, the Extension Agreement provides for the LV Note's interest rate to be increased to a fixed rate of 17.0%.

On October 29, 2021, SG Echo entered into a Loan Agreement ("Loan Agreement") with the Durant Industrial Authority (the "Authority") pursuant to which it received \$750,000 to be used for renovation improvements related to the Company's second manufacturing facility and issued to the Authority a non-interest bearing Forgivable Promissory Note in the principal amount of \$750,000 (the "Forgivable Note"). The Forgivable Note is due on April 29, 2029 and guaranteed by the Company, provided that, if no event of default has occurred under the Forgivable Note or Loan Agreement, one-third (1/3) of the balance of the Forgivable Note will be forgiven on April 29, 2027, one-half (1/2) of the balance of the Forgivable Note will be forgiven on April 29, 2028, and the remainder of the balance of the Forgivable Note will be forgiven on April 29, 2029. The Loan Agreement includes a covenant by SG Echo to employ a minimum of 75 full-time employees in Durant, Oklahoma and pay them no less than 1.5 times the federal minimum wage, and provides SG Echo 24 months to comply with the provision.

In August 2022, SG DevCorp entered into a \$148,300 promissory note ("2022 Note") to purchase property. The 2022 Note bears annual interest at the rate of 9.75%, with interest payments due monthly until its maturity on September 1, 2023. The 2022 Note is secured by the underlying property. During the year ended December 31, 2023, such note was extended for a period of one year. During March 2024, the note was modified and the principal amount was increased to \$200,000.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**9. Notes Payable (continued)**

On February 7, 2023, the Company closed a private placement offering (the “Offering”) of \$1,100,000 in principal amount of the Company’s 8% convertible debenture (the “Debenture”) and a warrant (the “Peak Warrant”) to purchase up to 500,000 shares of the Company’s common stock (25,000 shares as adjusted for the May Stock Split), to Peak One Opportunity Fund, L.P. (“Peak One”). Pursuant to a Securities Purchase Agreement, dated February 7, 2023 (the “Purchase Agreement”), the Debenture was sold to Peak One for a purchase price of \$1,000,000, representing an original issue discount of ten percent (10%). During the year ended December 31, 2023, Peak One converted \$730,000 of its principal balance into 508,917 shares of common stock of the Company (25,446 shares as adjusted for the May Stock Split). Such conversion was within the terms of the agreement with no gains or losses recognized on the transactions.

In connection with the Offering, the Company paid \$15,000 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs incurred in connection with the transactions contemplated by the Purchase Agreement and issued 50,000 shares of its restricted common stock (the “Commitment Shares”) to Peak One Investments, LLC (“Investments”), the general partner of Peak One.

The Debenture matures twelve months from its date of issuance and bears interest at a rate of 8% per annum payable on the maturity date. The Debenture is convertible, at the option of the holder, at any time, into such number of shares of common stock of the Company equal to the principal amount of the Debenture plus all accrued and unpaid interest at a conversion price equal to \$1.50 (the “Conversion Price”) (\$30 as adjusted for the May Stock Split), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events and in the event the Company, at any time while the Debenture is outstanding, issues, sells or grants any option to purchase, or sells or grants any right to reprice, or otherwise disposes of, or issues common stock or other securities convertible into, exercisable for, or otherwise entitle any person the right to acquire, shares of common stock, other than with respect to an Exempt Issuance (as defined in the Debenture), at an effective price per share that is lower than the then Conversion Price. In the event of any such anti-dilutive event, the Conversion Price will be reduced at the option of the holder to such lower effective price of the dilutive event, subject to a floor price of \$0.40 (\$8 as adjusted for the May Stock Split), per share, unless and until the Company obtains shareholder approval for any issuance below such floor price.

The Debenture is redeemable by the Company at a redemption price equal to 110% of the sum of the principal amount to be redeemed plus accrued interest, if any. So long as the Debenture is outstanding, upon any issuance by the Company of any security with any term more favorable to the holder of such security or with a term in favor of the holder of such security that was not similarly provided to the holder of the Debenture, then the Company shall notify the holder of such additional or more favorable term and such term, at holder’s option, will become a part of the transaction documents with the holder. In no event will the holder be entitled to convert any portion of the Debenture in excess of that portion which would result in beneficial ownership by the holder and its affiliates of more than 4.99% of the outstanding shares of common stock, unless the holder delivers to the Company written notice at least sixty-one (61) days prior to the effective date of such notice that the provision be adjusted to 9.99%.

While the Debenture is outstanding, if the Company receives cash proceeds of more than \$1,000,000 (“Minimum Threshold”) in the aggregate from any source or series of related or unrelated sources, the Company shall, within two (2) business days of Company’s receipt of such proceeds, inform the holder of such receipt, following which the holder shall have the right in its sole discretion to require the Company to immediately apply up to 50% of all proceeds received by the Company (from any source except with respect to proceeds from the issuance of equity or debt to officers and directors of the Company) after the Minimum Threshold is reached to repay the outstanding amounts owed under the Debenture.

Upon the occurrence of certain events of default specified in the Debenture, such as a failure to honor a conversion request, failure to maintain the Company’s listing, the Company’s failure to comply with its obligations under Securities Exchange Act of 1934, as amended (the “Exchange Act”), a breach of the Company’s representations or covenants, or the failure obtain shareholder approval within 60 days after the Exchange Cap (as defined) is reached, as amended, 110% of all amounts owed to holder under the Debenture, together with default interest at 18% per annum if any, shall then become due and payable.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**9. Notes Payable (continued)**

The Peak Warrant expires five years from its date of issuance. The Peak Warrant is exercisable, at the option of the holder, at any time, for up to 500,000 of shares of common stock (25,000 shares as adjusted for the May Stock Split) of the Company at an exercise price equal to \$2.25 (the "Exercise Price") (\$45 as adjusted for the May Stock Split), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events and in the event the Company, at any time while the Peak Warrant is outstanding, issues, sells or grants any option to purchase, or sells or grants any right to reprice, or otherwise disposes of, or issues common stock or other securities convertible into, exercisable for, or otherwise entitle any person the right to acquire, shares of common stock, other than with respect to an Exempt Issuance, at an effective price per share that is lower than the then Exercise Price. In the event of any such anti-dilutive event, the Exercise Price will be reduced at the option of the holder to such lower effective price of the dilutive event, subject to a floor price of \$0.40 per share, unless and until the Company obtains shareholder approval for any issuance below such floor price.

The number of shares of the Company's common stock that may be issued upon conversion of the Debenture and exercise of the Peak Warrant, and inclusive of the Commitment Shares and any shares issuable under and in respect of the Purchase Agreement is subject to an exchange cap (the "Exchange Cap") of 19.99% of the outstanding number of shares of the Corporation's common stock on the closing date, 2,760,675 shares (138,034 shares as adjusted for the May Stock Split), unless shareholder approval to exceed the Exchange Cap is approved.

The Company incurred \$80,000 in debt issuance costs in connection with the Debenture. In addition, the initial fair value of the Peak Warrant amounted to \$278,239 and the fair value of the restricted shares amounted to \$76,000, both of which have been recorded as a debt discount and will be amortized over the effective rate method.

On May 16, 2023, SG Building entered into a Cash Advance Agreement ("Cash Advance Agreement") with Cedar Advance LLC ("Cedar") pursuant to which SG Building sold to Cedar \$710,500 of its future receivables for a purchase price of \$500,000. Cedar is expected to withdraw \$25,375 a week directly from SG Building, until the \$710,500 due to Cedar is paid in full. In the event of a default (as defined in the Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the Cash Advance Agreement. SG Building's obligations under the Cash Advance Agreement have been guaranteed by SG Echo. SG Building incurred \$25,000 in debt issuance costs in connection with the Cash Advance Agreement. As of March 31, 2024 and December 31, 2023, there was no outstanding balance on this advance.

On September 26, 2023, SG Building and Cedar entered into a second Cash Advance Agreement pursuant to which SG Building sold to Cedar \$1,171,500 of its future receivables for a purchase price of \$825,000. Cedar is expected to withdraw \$41,800 a week directly from SG building, until the \$1,171,500 due to Cedar is paid in full. In the event of a default (as defined in the Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the Cash Advance Agreement. SG Building's obligations under the Cash Advance Agreement have been guaranteed by SG Echo. As of March 31, 2024 and December 31, 2023, the outstanding balance was \$0 and \$424,454 on this advance, respectively.

On November 20, 2023, SG Building entered into a third cash advance agreement with Cedar pursuant to which SG Building sold to Cedar \$511,200 of its future receivables for a purchase price of \$360,000, less underwriting fees and expenses paid, for net funds provided of \$342,200. Cedar is expected to withdraw \$20,300 a week directly from SG Building's bank account until the \$511,200 due to Cedar under the cash advance agreement is paid. In the event of a default (as defined in the cash advance agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the Cash Advance Agreement. SG Building's obligations under the cash advance agreement have been guaranteed by SG Echo. As of March 31, 2024 and December 31, 2023, the outstanding balance was \$0 and \$302,817 on this advance, respectively.

In connection with the exercise of its option to acquire 19 acres of land and the approximately 56,775 square foot facility located at 101 Waldron Road in Durant Oklahoma (the "Premises"), on June 8, 2023, SG Echo issued a secured commercial promissory note, dated June 1, 2023 (the "Secured Note"), in the principal amount of \$1,750,000 with SouthStar Financial, LLC, a South Carolina limited liability company ("SouthStar"), and entered into a Non-Recourse Factoring and Security Agreement, dated June 1, 2023 (the "Factoring Agreement"), with SouthStar providing for its purchase from SG Echo of up to \$1,500,000 of accounts receivable, subject to reduction by South Star (the "Facility Amount").

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**9. Notes Payable (continued)**

The Secured Note bears Interest at 23% per annum and is due and payable on June 1, 2025. The Secured Note is secured by a mortgage (the “Mortgage”) on the Premises and secured by a Security Agreement, dated June 1, 2023 (the “Security Agreement”), pursuant to which SG Echo granted to SouthStar first priority security interest in all of SG Echo’s presently-owned and hereafter-acquired personal and fixture property, wherever located, including, without limitation, all accounts, goods, chattel paper, inventory, equipment, instruments, investment property, documents, deposit accounts, commercial tort claims, letters-of-credit rights, general intangibles including payment intangibles, patents, software trademarks, trade names, customer lists, supporting obligations, all proceeds and products of the foregoing. SG Echo paid to SouthStar an origination fee in the amount of 3% of the face amount of the Secured Note. Upon the occurrence of an Event of Default (as defined in the Secured Promissory Note), the default interest rate will be 28% per annum, or the maximum legal amount provided by law, whichever is greater.

The Factoring Agreement provides that upon acceptance of an account receivable for purchase, SouthStar will pay to SG Echo eighty percent (80%) of the face amount of the account receivable, or such lesser percentage as agreed by the parties. SG Echo will also pay to SouthStar one and 95/100 percent (1.95%) of the face amount of the accounts receivable for the first twenty-five (25) day period after payment for the accounts receivable is transmitted to SouthStar plus one and 25/100 percent (1.25%) for each additional fifteen (15) day period or part thereof, calculated from the date of purchase until payments received by SouthStar in collected funds on the purchased accounts receivable equals the purchase price of the accounts receivable, plus all charges due SouthStar from SG Echo at the time. An additional one and 50/100 percent (1.50%) per fifteen (15) day period will be charged for invoices exceeding sixty (60) days from advance date. The Factoring Agreement provides that SG Echo may require additional funding from SouthStar (an “Overadvance”) and SouthStar may provide the Overadvance in its sole discretion. In the event of an Overadvance, SG Echo will pay SouthStar an amount equal to three and 90/100 percent (3.90%) of the amount of the Overadvance for the first twenty-five (25) day period after the Overadvance is transmitted to SouthStar plus two and 50/100 percent (2.50%) for each additional fifteen (15) day period or part thereof until payments received by SouthStar in collected funds equals the amount of the Overadvance, plus all charges due SouthStar from SG Echo at the time.

The Factoring Agreement provides that SG Echo will also pay a transactional administrative fee of \$50.00 for each new account debtor submitted to it and an fee equal to 0.25% of the face amount of all purchased accounts receivable for the handling, collecting, mailing, quality assuring, insuring the risk, transmitting, and performing certain data processing services with respect to the maintenance and servicing of the purchased accounts.

As security for the payment and performance of SG Echo’s present and future obligations to SouthStar under the Factoring Agreement, SG Echo granted to SouthStar a first priority security interest in all of SG Echo’s presently-owned and hereafter-acquired personal and fixture property, wherever located, including, without limitation, all accounts, goods, chattel paper, inventory, equipment, instruments, investment property, documents, deposit accounts, commercial tort claims, letters-of-credit rights, general intangibles including payment intangibles, patents, software trademarks, trade names, customer lists, supporting obligations, all proceeds and products of the foregoing.

The Factoring Agreement has an initial term of thirty-six (36) months from the first day of the month following the date the first purchased accounts receivable is purchased. Unless terminated by SG Echo, not less than sixty (60) but not more than ninety (90) days before the end of the initial term, the Factoring Agreement will automatically extend for an additional thirty-six (36) months. SG Echo shall be required to provide the same not less than sixty (60) but not more than ninety (90) days notice during any and all renewal terms in order to terminate the Factoring Agreement, and if no notice is provided, the renewal term will extend for an additional thirty-six (36) month period.

If SouthStar has not purchased accounts receivable in a quarterly period during any initial or renewal term which exceed fifty percent (50%) of the Facility Amount per calendar quarter, in which \$250,000 of the purchased accounts each month must be with ATCO Structures & Logistics (USA) Inc. (“Minimum Amount”), the Factoring Agreement provides that SG Echo will pay to SouthStar, on demand, an additional amount equal to what the charges provided for elsewhere in the Factoring Agreement would have been on the Minimum Amount assuming the number of days from the date of purchase of the Minimum Amount until receipt of payment of the Minimum Amount is thirty one (31) days, less the actual charges paid by SG Echo to SouthStar during such period.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**9. Notes Payable (continued)**

Pursuant to a Secured Continuing Corporate Guaranty, dated June 8, 2023 (the “Corporate Guaranty”), the Company has guaranteed SG Echo’s obligations to SouthStar under the Secured Note and Factoring Agreement.

Pursuant to a Cross-Default and Cross Collateralization Agreement (the “Cross Default Agreement”), effective June 8, 2023, among SouthStar, SG Echo and the Company, SG Echo’s obligations under the Secured Note and Factoring Agreement are cross-defaulted and cross-collateralized such that any event of default under the Secured Note shall constitute an event of default under the Factoring Agreement at SouthStar’s election (and vice versa, any event of default under the Factoring Agreement shall constitute an event of default under the Secured Note at SouthStar’s election) and any collateral pledged to secure SG Echo’s obligations under the Secured Note shall also secure SG Echo’s obligations under the Factoring Agreement (and vice versa).

SG Echo incurred \$70,120 in debt issuance costs in connection with the Secured Note.

On June 23 2023, SG DevCorp, entered into a Loan Agreement (the “BCV Loan Agreement”) with a Luxembourg-based specialized investment fund, BCV S&G DevCorp (“BCV S&G”), for up to \$2,000,000 in proceeds, of which it originally received \$1,250,000. The Loan Agreement provides that the loan provided thereunder will bear interest at 14% per annum and mature on December 1, 2024. The loan may be repaid by SG DevCo at any anytime following the twelve-month anniversary of its issue date. The loan is secured by 1,999,999 of our shares of SG DevCorp’s common stock (the “Pledged Shares”), which were pledged pursuant to an escrow agreement (the “Escrow Agreement”) with SG DevCorp’s transfer agent, and which represent 19.99% of SG DevCorp’s outstanding shares. The fees associated with the issuance include \$70,000 paid to BCV S&G for the creation of the BCV Loan Agreement and \$27,500 payable to BCV S&G per annum for maintaining the BCV Loan Agreement. Additionally, \$37,500 in broker fees has been paid to Bridgeline Capital Partners S.A. on the principal amount raised of \$1,250,000 raised to date. As of December 31, 2023, the Company has paid \$35,000 in debt issuance costs. The BCV Loan Agreement provided that if SG DevCorp’s shares of common stock were not listed on The Nasdaq Stock Market on before August 30, 2023 or if following such listing the total market value of the Pledged Shares falls below twice the face value of the loan, the loan would be further secured by SG DevCorp’s St. Mary’s industrial site, consisting of 29.66 acres and a proposed manufacturing facility in St. Mary’s, Georgia.

On August 16, 2023, SG DevCorp secured an additional \$500,000 in bridge funding from BCV S&G under the BCV Loan Agreement.

On August 25, 2023, SG DevCorp and BCV S&G amended the BCV Loan Agreement (“Amendment No. 1”) to change the date upon which SG DevCorp’s shares must be listed on The Nasdaq Stock Market from August 30, 2023 to September 15, 2023. According to Amendment No. 1, if SG DevCorp’s shares of common stock were not listed on The Nasdaq Stock Market before September 15, 2023 or if following such listing the total market value of the Pledged Shares falls below twice the face value of the loan, the loan will be further secured by a security interest in the St. Mary’s Site.

On September 11, 2023, SG DevCorp and BCV S&G amended the BCV Loan Agreement (“Amendment No. 2”) to change the date upon which SG DevCorp’s shares must be listed on The Nasdaq Stock Market from September 15, 2023 to September 30, 2023. According to Amendment No. 2, if SG DevCorp’s shares of common stock were not listed on The Nasdaq Stock Market before September 30, 2023 or if following such listing the total market value of the Pledged Shares falls below twice the face value of the loan, the loan will be further secured by a security interest in the St. Mary’s Site. Following the listing, the total market value of the Pledged Shares has fallen below twice the face value of the loan and SG DevCorp and BCV S&G are in discussions regarding alternatives.

On December 14, 2023, the Company entered into a promissory note with Paul Galvin, the Company’s Chairman and CEO, for \$75,000 (“Galvin Note Payable”). The note shall not accrue interest, and the entire unpaid principal balance is due December 14, 2024. During the three months ended March 31, 2024 the Company entered into an additional promissory note with Mr. Galvin in the amount of \$10,000. The note shall not accrue interest, and the entire unpaid principal balance is due December 14, 2024.

On January 5, 2024, SG Building Blocks and SG Echo (together with SG Building Blocks, the “Merchants”) entered into a Cash Advance Agreement (“January Cash Advance Agreement”) with Maison Capital Group (“Maison”) pursuant to which the Merchants sold to Maison \$300,000 of their future receivables for a purchase price of \$200,000, less underwriting fees and expenses paid, for net funds provided of \$190,000.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**9. Notes Payable (continued)**

Pursuant to the January Cash Advance Agreement, Maison is expected to withdraw \$12,500 a week directly from the Merchants' bank account until the \$300,000 due to Maison under the January Cash Advance Agreement is paid. In the event of a default (as defined in the January Cash Advance Agreement), Maison, among other remedies, can demand payment in full of all amounts remaining due under the January Cash Advance Agreement. The Merchants' obligations under the January Cash Advance Agreement are secured by a security interest in all accounts, including without limitation, all deposit accounts, accounts-receivable, and other receivables, chattel paper, documents, equipment, general intangibles, instruments, and inventory, as those terms are defined by Article 9 of the Uniform Commercial Code, now or hereafter owned or acquired by any of them. In addition, SG Building Blocks' obligations under the January Cash Advance Agreement have been guaranteed by SG Echo, and SG Echo's obligations under the January Cash Advance Agreement have been guaranteed by SG Building Blocks. The amounts outstanding under the January Cash Advance Agreement may be prepaid by the Merchants at any time without penalty.

On January 11, 2024, the Company entered into a Securities Purchase Agreement (the "January Purchase Agreement") with Peak One, pursuant to which the Company agreed to issue, in a private placement offering (the "January Offering"), upon the satisfaction of certain conditions specified in the January Purchase Agreement, two debentures to Peak One in the aggregate principal amount of \$1,300,000.

The closing of the first tranche was consummated on January 12, 2024 and the Company issued an 8% convertible debenture in the principal amount of Six Hundred Fifty Thousand Dollars (\$650,000) (the "Holdings Debenture") to Peak One and a warrant (the "Warrant") to purchase up to Three Hundred Seventy-Five Thousand (375,000) shares of the Company's common stock (18,750 as adjusted for the May Stock Split), par value \$0.01 per share (the "common stock") to Peak One's designee, as described in the Purchase Agreement. The Holdings Debenture was sold to Peak One for a purchase price of \$585,000, representing an original issue discount of ten percent (10%). In connection with the January Offering, the Company paid \$17,500 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs incurred in connection with the transactions contemplated by the Purchase Agreement and issued to Peak One and its designee an aggregate of 300,000 shares of its restricted common stock (the "Commitment Shares") (15,000 as adjusted for the May Stock Split) as provided in the January Purchase Agreement.

The Holdings Debenture matures twelve months from its date of issuance and bears interest at a rate of 8% per annum payable on the maturity date. The Debenture is convertible, at the option of the holder, at any time, into such number of shares of common stock of the Company equal to the principal amount of the Holdings Debenture, plus all accrued and unpaid interest, at a conversion price equal to \$0.46 (the "Conversion Price") (\$9.20 as adjusted for the May Stock Split), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions that are subject to a floor price as set forth in the Holdings Debenture.

The Holdings Debenture is redeemable by the Company at a redemption price equal to 110% of the sum of the principal amount to be redeemed plus accrued interest, if any. While the Holdings Debenture is outstanding, if the Company receives cash proceeds of more than \$1,500,000.00 (the "Minimum Threshold") in the aggregate from any source or series of related or unrelated sources, the Company shall, within two (2) business days of the Company's receipt of such proceeds, inform Peak One of such receipt, following which Peak One shall have the right, in its sole discretion, to require the Company to immediately apply up to 50% of all proceeds received by the Company (from any source except with respect to proceeds from the issuance of equity or debt to officers and directors of the Company) after the Minimum Threshold is reached to repay the outstanding amounts owed under the Debenture. During the three months ended March 31, 2024, Peak One converted \$300,000 of its principal balance into 57,627 shares of common stock of the Company. Such conversion was within the terms of the agreement with no gains or losses recognized on the transactions.

The Warrant expires five years from its date of issuance. The Warrant is exercisable, at the option of the holder, at any time, for up to 375,000 of shares of common stock (18,750 as adjusted for the May Stock Split) of the Company at an exercise price equal to \$0.53 (the "Exercise Price") (\$10.60 as adjusted for the May Stock Split), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions that are subject to a floor price as set forth in the Warrant. The Warrant provides for cashless exercise under certain circumstances.

Maxim Group LLC ("Maxim") acted as placement agent in the Offering. In connection with the closing of the first tranche of the Offering, the Company paid a placement fee of \$40,950 to Maxim. Assuming the second tranche is closed, a placement fee in an amount equal to \$40,950 will be payable by the Company to Maxim upon closing of the second tranche of the Offering.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**9. Notes Payable (continued)**

On January 29, 2024, SG Building Blocks, Inc., entered into a Cash Advance Agreement (“Second Cash Advance Agreement”) with Cedar Advance LLC (“Cedar”) pursuant to which SG Building Blocks sold to Cedar \$1,733,420 of its future receivables for a purchase price of \$1,180,000, less underwriting fees and expenses paid and the repayment of prior amounts due Cedar, for net funds provided of \$215,575.

Pursuant to the Second Cash Advance Agreement, Cedar is expected to withdraw \$49,150 a week directly from SG Building Blocks’ bank account until the \$1,733,420 due to Cedar under the Second Cash Advance Agreement is paid. In the event of a default (as defined in the Second Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the Second Cash Advance Agreement. SG Building Blocks’ obligations under the Cash Advance Agreement have been guaranteed by SG Echo.

On February 15, 2024, SG DevCo, entered into an amendment (the “Amendment”) to the Securities Purchase Agreement, dated November 30, 2023 (the “Purchase Agreement”) with Peak One pursuant to which SG DevCo agreed to issue, in a private placement offering (the “Offering”) upon the satisfaction of certain conditions specified in the Purchase Agreement, two Debentures to Peak One in the aggregate principal amount of \$1,200,000. The closing of the first tranche was consummated on November 30, 2023.

The Purchase Agreement provided that at any time after January 29, 2024, a second tranche closing could occur subject to the mutual written agreement of Peak One and SG DevCo and satisfaction of the closing conditions set forth in the Purchase Agreement, upon which SG DevCo would issue and sell to Peak One on the same terms and conditions a second 8% convertible debenture in the principal amount of \$500,000.

The Amendment provides that the second tranche be separated into two tranches (the second and third tranche) wherein which SG DevCo would issue in each tranche an 8% convertible debenture in the principal amount of \$250,000 at a purchase price of \$225,000. In addition, the Amendment provides that SG DevCo will issue (i) 35,000 shares of SG DevCo’s common stock on the closing of each of the second tranche and the third tranche as follows: 17,500 shares of common stock to Peak One’s designee as described in the Amendment and 17,500 shares of common stock to Peak One, as a commitment fee in connection with the issuance of the second debenture and the third debenture, respectively; (ii) a common stock purchase warrant to Peak One’s designee as described in the Amendment for the purchase of 125,000 shares of common stock on the closing of each of the second tranche and the third tranche; and (iii) pay \$6,500 of Peak One’s non-accountable fees in connection with each of the second tranche and the third tranche.

The closing of the second tranche was consummated on February 16, 2024 and SG DevCo issued an 8% convertible debenture in the principal amount of \$250,000 (the “Second Debenture”) to Peak One and a warrant (the “Second Warrant”) to purchase up to 125,000 shares of SG DevCo’s common stock to Peak One’s designee as described in the Amendment. The Second Debenture was sold to Peak One for a purchase price of \$225,000, representing an original issue discount of ten percent (10%). In connection with the closing of the second tranche, SG DevCo paid \$6,500 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs incurred in connection with the second tranche and issued to Peak One and its designee an aggregate total of 35,000 shares of SG DevCo’s restricted common stock as described in the Amendment.

The Second Debenture matures twelve months from its date of issuance and bears interest at a rate of 8% per annum payable on the maturity date. The Second Debenture is convertible, at the option of the holder, at any time, into such number of shares of common stock of SG DevCo equal to the principal amount of the Second Debenture plus all accrued and unpaid interest at a conversion price equal to \$2.14, subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions that are subject to a floor price as set forth in the Second Debenture.

The Second Debenture is redeemable by SG DevCo at a redemption price equal to 110% of the sum of the principal amount to be redeemed plus accrued interest, if any. While the Second Debenture is outstanding, if SG DevCo receives cash proceeds of more than \$1,500,000.00 (“Minimum Threshold”) in the aggregate from any source or series of related or unrelated sources, SG DevCo shall, within two business days of SG DevCo’s receipt of such proceeds, inform the holder of such receipt, following which the holder shall have the right in its sole discretion to require SG DevCo to immediately apply up to 50% of all proceeds received by SG DevCo (from any source except with respect to proceeds from the issuance of equity or debt to officers and directors of SG DevCo) after the Minimum Threshold is reached to repay the outstanding amounts owed under the Second Debenture.

The Second Debenture contains customary events of default. If an event of default occurs, until it is cured, Peak One may increase the interest rate applicable to the Second Debenture to the lesser of eighteen percent (18%) per annum and the maximum interest rate allowable under applicable law and accelerate the full indebtedness under the Second Debenture, in an amount equal to 110% of the outstanding principal amount and accrued and unpaid interest. The Second Debenture prohibits SG DevCo from entering into a Variable Rate Transaction (as defined in the Second Debenture) until the Second Debenture is paid in full.



**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**9. Notes Payable (continued)**

The Second Warrant expires five years from its date of issuance. The Second Warrant is exercisable, at the option of the holder, at any time, for up to 125,000 shares of common stock of SG DevCo at an exercise price equal to \$2.53, subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions that are subject to a floor price as set forth in the Second Warrant. The Second Warrant provides for cashless exercise under certain circumstances.

Under the Amendment, a closing of the third tranche may occur subject to the mutual written agreement of Peak One and SG DevCo and satisfaction of the closing conditions set forth in the Purchase Agreement at any time after April 16, 2024.

Maxim acted as placement agent in connection with the Offering. In connection with the closing of the second tranche, SG DevCo paid a placement fee of \$13,500 to Maxim. Assuming the third tranche is closed, a placement fee in an amount equal to \$13,500 will be payable by SG DevCo to Maxim upon closing of the third tranche.

On February 23, 2024, the Merchants entered into a Cash Advance Agreement (“February Cash Advance Agreement”) with Bridgecap Advance LLC (“Bridgecap”) pursuant to which the Merchants sold to Bridgecap \$224,850 of their future receivables for a purchase price of \$150,000, less underwriting fees and expenses paid, for net funds provided of \$135,000.

Pursuant to the February Cash Advance Agreement, Bridgecap is expected to withdraw \$2,248.50 a day directly from the Merchants’ bank account until the \$224,850 due to Bridgecap under the February Cash Advance Agreement is paid. In the event of a default (as defined in the February Cash Advance Agreement), Bridgecap, among other remedies (including penalties and fees) can demand payment in full of all amounts remaining due under the February Cash Advance Agreement. The Merchants’ obligations under the February Cash Advance Agreement are secured by a security interest in all accounts, including without limitation, all deposit accounts, accounts-receivable, other receivables, and proceeds therefrom, as those terms are defined by Article 9 of the Uniform Commercial Code, now or hereafter owned or acquired by any of them. The amounts outstanding under the February Cash Advance Agreement may be prepaid by the Merchants at any time without penalty.

On March 1, 2024, SG DevCorp entered into a credit agreement with the Bryan Leighton Revocable Trust Dated December 13th, 2023 (the “Lender”) pursuant to which the Lender agreed to provide SG DevCorp with a line of credit facility (the “Line of Credit”) up to the maximum amount of \$250,000 from which SG DevCorp may draw down, at any time and from time to time, during the term of the Line of Credit. The “Maturity Date” of the Line of Credit is September 1, 2024. At any time prior to the Maturity Date, upon mutual written consent of the Company and the Lender, the Maturity Date may be extended for up to an additional six-month period. The advanced and unpaid principal of the Line of Credit from time to time outstanding will bear interest at a fixed rate per annum equal to 12.0% (the “Fixed Rate”). On the first day of each month, SG DevCorp will pay to the Lender interest, in arrears, on the aggregate outstanding principal indebtedness of the Line of Credit at the Fixed Rate. The entire principal indebtedness of the Line of Credit and any accrued interest thereon will be due and payable on the Maturity Date. In consideration for the extension of the Line of Credit, SG DevCorp issued 154,320 shares of SG DevCorp restricted common stock to Lender. The fair value of the shares issued to Lender amounted to \$125,000 and has been recorded as a debt discount and will be amortized over the effective rate method. During the three months ended March 31, 2024, SG DevCorp drew down \$100,000 from the Line of Credit.

On March 5, 2024, the Company issued a Promissory Note (“Note”) in favor of 1800 Diagonal Lending LLC (the “Lender”) in the aggregate principal amount of \$149,500 (the “Principal”), and an accompanying Securities Purchase Agreement, dated March 5, 2024 (the “SPA”).

The Note was purchased by the Lender for a purchase price of \$130,000, representing an original issue discount of \$19,500. A one-time interest charge of ten percent (10%) (the “Interest Rate”) will be applied on the issuance date to the Principal. Under the terms of the Note, beginning on April 15, 2024, the Company is required to make nine monthly payments of accrued, unpaid interest and outstanding principal, subject to adjustment, in the amount of \$18,272.23. The Company shall have a five business day grace period with respect to each payment. Any amount of principal or interest on this Note which is not paid when due will bear interest at the rate of twenty two percent (22%) per annum from the due date thereof until the same is paid (“Default Interest”). The Company has right to accelerate payments or prepay in full at any time with no prepayment penalty.

SAFE & GREEN HOLDINGS CORP. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements  
For the Three Months Ended March 31, 2024 and 2023 (Unaudited)

9. Notes Payable (continued)

Among other things, an event of default (“Event of Default”) will be deemed to have occurred if the Company fails to pay the principal or interest when due on the Note, whether at maturity, upon acceleration or otherwise, if bankruptcy or insolvency proceedings are instituted by or against the Company or if the Company fails to maintain the listing of its common stock on The Nasdaq Stock Market. Upon the occurrence of an Event of Default, the Note will become immediately due and payable and the Company will be obligated to pay to the Investor, in satisfaction of its obligations under the Note, an amount equal to 200% times the sum of the then outstanding principal amount of the Note plus accrued and unpaid interest on the unpaid principal amount of this Note to the date of payment plus Default Interest, if any.

After an Event of Default, at any time following the six month anniversary of the Note, the Lender will have the right, to convert all or any part of the outstanding and unpaid amount of the Note into shares of the Company’s common stock at a conversion price equal to the greater of \$0.08 or 65% multiplied by the lowest closing bid price during the 10 trading days prior to the conversion date (representing a discount rate of 35%). The Note may not be converted into shares of the Company’s common stock if the conversion would result in the Lender and its affiliates owning an aggregate of in excess of 4.99% of the then outstanding shares of the Company’s common stock. In addition, unless the Company obtains shareholder approval of such issuance, the Company shall not issue a number of shares of its common stock under Note, which when aggregated with all other securities that are required to be aggregated for purposes of Nasdaq Rule 5635(d), would exceed 19.99% of the shares of the Company’s common stock outstanding as of the date of definitive agreement with respect to the first of such aggregated transactions (the “Conversion Limitation”). Upon the occurrence of an Event of Default as a result of the Company being delisted from Nasdaq, the Conversion Limitation shall no longer apply.

As of March 31, 2024 and December 31, 2023, long term notes payable consisted of the following:

|   | 2024                | 2023                |
|---|---------------------|---------------------|
| LV Note                                     | \$ 5,000,000        | \$ 5,000,000        |
| Loan Agreement                              | 750,000             | 750,000             |
| 2022 Note                                   | 200,000             | 148,300             |
| Debenture                                   | 123,600             | 123,600             |
| Cash Advance Agreement                      | 1,137,726           | 727,271             |
| Secured Note                                | 1,750,000           | 1,750,000           |
| Overadvance                                 | 790,546             | 790,546             |
| BCV Loan Agreement                          | 1,750,000           | 1,750,000           |
| Peak One                                    | -                   | 700,000             |
| Second Debenture                            | 250,000             | -                   |
| Third Debenture                             | 250,000             | -                   |
| Leighton Line of Credit                     | 100,000             | -                   |
| Holdings Debenture                          | 350,000             | -                   |
| 1800 Diagonal Note                          | 149,500             | -                   |
| January Cash Advance Agreement              | 175,000             | -                   |
| February Cash Advance Agreement             | 60,060              | -                   |
| Galvin Note Payable                         | 75,000              | 75,000              |
|   | <u>12,921,432</u>   | <u>11,814,717</u>   |
| Less: Debt discount and debt issuance costs | (1,217,161)         | (895,222)           |
|   | 11,704,271          | 10,919,495          |
| Less: current maturities                    | (9,249,341)         | (8,472,080)         |
|   | <u>\$ 2,454,930</u> | <u>\$ 2,447,415</u> |

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

**10. Business Combination**

On February 7, 2024, SG DevCorp entered into a Membership Interest Purchase Agreement (“MIPA”) to acquire Majestic World Holdings LLC (“Majestic”). The aggregate consideration payable by SG DevCorp for the outstanding membership interests (the “Membership Interests”) of Majestic consists of 500,000 shares of SG DevCorp restricted stock (the “Stock Consideration”) and \$500,000 in cash (the “Cash Consideration”). The MIPA and a related side letter provide that the aggregate purchase price be paid as follows: (i) the Stock Consideration was issued at the closing (the “Closing”) on February 7, 2024; and (ii) 100% of the Cash Consideration will be paid in five equal installments of \$100,000 each on the first day of each of the five quarterly periods following the Closing. In addition, pursuant to a profit sharing agreement entered into as of February 7, 2024 (the “Profit Sharing Agreement”), SG DevCorp agreed to pay the former members of Majestic a 50% share of the net profits for a period of five years that are directly derived from the technology and intellectual property utilized in the real estate focused software as a service offered and operated by Majestic and its subsidiaries. In accordance with ASC 805, the Majestic acquisition is accounted for as a business combination. The Majestic acquisition was made for the purpose of expanding SG DevCorp’s footprint into technology space.

The purchase consideration amounted to:

|                                  |    |                  |
|----------------------------------|----|------------------|
| Cash                             | \$ | 500,000          |
| Contingent consideration payable |    | 945,000          |
| Equity consideration             |    | 435,000          |
|                                  | \$ | <u>1,880,000</u> |

As part of the Majestic acquisition, the Company recorded a contingent consideration liability for additional payments pursuant to the Profit Sharing Agreement. The initial contingent consideration liability of \$945,000 was based on the fair value of the contingent consideration liability at the acquisition date, and is payable in cash.

The following table summarizes the preliminary allocation of the purchase price to the assets acquired and liabilities assumed for the Majestic Acquisition:

|                                       |    |                  |
|---------------------------------------|----|------------------|
| Cash and cash equivalents             | \$ | 1,082            |
| Intangible assets                     |    | 100,468          |
| Goodwill                              |    | 1,810,787        |
| Accounts payable and accrued expenses |    | (32,337)         |
|                                       | \$ | <u>1,880,000</u> |

As of March 31, 2024, the Company has not completed its measurement period with respect to the Majestic acquisition. The amounts above represent provisional amounts recorded at this time and are subject to adjustments once the measurement period has ended.

## SAFE &amp; GREEN HOLDINGS CORP. AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

**10. Business Combination (continued)**

Below is a proforma condensed consolidated statement of operations for the three months ended March 31, 2024, as if the Company purchased Majestic as of January 1, 2024. A proforma condensed consolidated statement of operations for the three months ended March 31, 2023, is not presented because during that period there was no activity in Majestic.

|  | <i><b>For the<br/>Three Months<br/>Ended<br/>March 31,<br/>2024<br/>(Unaudited)</b></i> |
|--|---|
| <b>Revenue:</b>                            |   |
| Sales                                      | \$ 121,808  |
| Total                                      | <u>121,808</u>  |
| <b>Operating expenses:</b>                 |   |
| Payroll and related expenses               | \$ 2,016,087  |
| General and administrative expenses        | 587,488   |
| Marketing and business development expense | 69,150  |
| Total                                      | <u>2,672,725</u>  |
| <b>Operating loss</b>                      | <u>(2,550,917)</u>  |
| <b>Other expense:</b>                      |   |
| Interest Expense                           | (565,996)   |
| Other Income                               | —   |
| <b>Net loss</b>                            | <u>\$ (3,116,913)</u>   |

SAFE & GREEN HOLDINGS CORP. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements  
For the Three Months Ended March 31, 2024 and 2023 (Unaudited)

11. Leases

The Company leases an office, a manufacturing plant and certain equipment under non-cancellable operating lease agreements. The leases have remaining lease terms ranging from one year to ten years.

Supplemental balance sheet information related to leases is as follows:

|  | Balance Sheet Location                     | March 31, 2024    |
|--|--|-------------------|
| <b>Operating Leases</b>                      |  |                   |
| Right-of-use assets, net                     |  | \$ 500,396        |
| Current liabilities                          | Lease liability, current maturities        | 65,753            |
| Non-current liabilities                      | Lease liability, net of current maturities | 408,894           |
| Total operating lease liabilities            |  | <u>\$ 474,647</u> |
| <b>Finance Leases</b>                        |  |                   |
| Right-of-use assets                          |  | \$ 1,330,403      |
| Current liabilities                          | Lease liability, current maturities        | 586,555           |
| Non-current liabilities                      | Lease liability, net of current maturities | 66,655            |
| Total finance lease liabilities              |  | <u>\$ 653,210</u> |
| <b>Weighted Average Remaining Lease Term</b> |  |                   |
| Operating leases                             |  | 1.75 years        |
| Finance leases                               |  | 0.75 years        |
| <b>Weighted Average Discount Rate</b>        |  |                   |
| Operating leases                             |  | 3%                |
| Finance leases                               |  | 3%                |

As the leases do not provide an implicit rate, the Company used an incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments, which is reflective of the specific term of the leases and economic environment of each geographic region.

Anticipated future lease costs, which are based in part on certain assumptions to approximate minimum annual rental commitments under non-cancellable leases, are as follows:

| Year Ending December 31:           | Operating         | Financing         | Total               |
|------------------------------------|-------------------|-------------------|---------------------|
| 2024 (remaining)                   | \$ 243,000        | \$ 601,402        | \$ 844,402          |
| 2025                               | 243,000           | 66,822            | 309,822             |
| Total lease payments               | 486,000           | 668,224           | 1,154,224           |
| Less: Imputed interest             | 11,353            | 15,014            | 26,367              |
| Present value of lease liabilities | <u>\$ 474,647</u> | <u>\$ 653,210</u> | <u>\$ 1,127,857</u> |

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

**12. Net Income (Loss) Per Share**

Basic net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common and potentially dilutive common shares outstanding during the period. Potentially dilutive common shares consist of the common shares issuable upon the exercise of stock options and warrants. Potentially dilutive common shares are excluded from the calculation if their effect is antidilutive.

At March 31, 2024, there were options and warrants of 1,822 and 239,321, respectively, outstanding that could potentially dilute future net income per share. Because the Company had a net loss as of March 31, 2024, it is prohibited from including potential common shares in the computation of diluted per share amounts. Accordingly, the Company has used the same number of shares outstanding to calculate both the basic and diluted loss per share. At March 31, 2023, there were restricted stock units, options and warrants of 59,547, 1,822 and 126,251, respectively, outstanding that could potentially dilute future net income per share.

**13. Construction Backlog**

The following represents the backlog of signed construction and engineering contracts in existence at March 31, 2024 and December 31, 2023, which represents the amount of revenue the Company expects to realize from work to be performed on uncompleted contracts in progress and from contractual agreements in effect at March 31, 2024 and December 31, 2023, respectively, on which work has not yet begun:

|   | <b>2024</b>       | <b>2023</b>         |
|---|-------------------|---------------------|
| <b>Balance - beginning of period</b>              | \$ 1,902,332      | \$ 6,810,762        |
| New contracts and change orders during the period | —                 | 11,614,650          |
| Adjustments and cancellations, net                | (61,655)          | —                   |
| Subtotal  | 1,840,677         | 18,425,412          |
| Less: contract revenue earned during the period   | (876,302)         | (16,523,080)        |
| <b>Balance - end of period</b>                    | <u>\$ 964,375</u> | <u>\$ 1,902,332</u> |

The Company's remaining backlog as of March 31, 2024 represents the remaining transaction price of firm contracts for which work has not been performed and excludes unexercised contract options.

The Company expects to satisfy its backlog which represents the remaining unsatisfied performance obligation on contracts as of March 31, 2024 over the following period:

|                      | <b>2024</b>       |
|----------------------|-------------------|
| Within 1 year        | \$ 964,375        |
| 1 to 2 years         | —                 |
| <b>Total Backlog</b> | <u>\$ 964,375</u> |

Although backlog reflects business that is considered to be firm, cancellations, deferrals or scope adjustments may occur. Backlog is adjusted to reflect any known project cancellations, revisions to project scope and cost and project deferrals, as appropriate.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023(Unaudited)*

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**14. Stockholders' Equity****Financings****Registered Direct Offering –**

In October 2021, the Company closed a registered direct offering and concurrent private placement of its common stock (the "October Offering") that the Company effected pursuant to the Securities Purchase Agreement that it entered into on October 25, 2021 with an institutional investor and received gross proceeds of \$11.55 million. Pursuant to the terms of the Securities Purchase Agreement, the Company issued to the investor (A) in a registered direct offering (i) 975,000 shares (the "Public Shares") of its common stock, and (ii) pre-funded warrants (the "Pre-Funded Warrants") to purchase up to 2,189,384 shares (the "Pre-Funded Warrant Shares") of common stock and (B) in a concurrent private placement, Series A warrants to purchase up to 1,898,630 shares (the "Common Stock Warrant Shares") of common stock (the "Common Stock Warrants," and together with the Public Shares and the Pre-Funded Warrants, the "Securities") (the "Offering The Pre-Funded Warrants were immediately exercisable at a nominal exercise price of \$0.001 and all Pre-Funded Warrants sold have been exercised. The Common Stock Warrants have an exercise price of \$4.80 per share, are exercisable upon issuance and will expire five years from the date of issuance. A.G.P./Alliance Global Partners (the "Placement Agent") acted as the exclusive placement agent for the transaction pursuant to that certain Placement Agency Agreement, dated as of October 25, 2021, by and between the Company and the Placement Agent (the "Placement Agency Agreement"), the Placement Agent received (i) a cash fee equal to seven percent (7.0%) of the gross proceeds from the placement of the Securities sold by the Placement Agent in the Offering and (ii) a non-accountable expense allowance of one half of one percent (0.5%) of the gross proceeds from the placement of the Gross Proceeds Securities sold by the Placement Agent in the Offering. The Company also reimbursed the Placement Agent's expenses up to \$50,000 upon closing the Offering. The net proceeds to the Company after deducting the Placement Agent's fees and the Company's estimated offering expenses was approximately \$10.5 million.

**Securities Purchase Agreement** – In April 2019, the Company issued 42,388 shares of its common stock at \$22.00 per share through a Securities Purchase Agreement (the "Purchase Agreement") with certain institutional investors and accredited investors. Concurrently with the sale of the common stock, pursuant to the Purchase Agreement, the Company also sold common stock purchase warrants to such investors to purchase up to an aggregate of 42,388 shares of common stock. The Company incurred \$379,816 in issuance costs from the offering and issued 4,239 warrants to the underwriters. The warrants are further discussed in Note 16.

**Underwriting Agreement** – In August 2019, the Company issued 45,000 shares of its common stock at \$17.00 per share pursuant to the terms of an Underwriting Agreement (the "Underwriting Agreement") to the public. The Company incurred \$181,695 in issuance costs from the offering and issued warrants to purchase 2,250 shares of common stock to the underwriter. The warrants are further discussed in Note 16.

**Equity Purchase Agreement** - On February 7, 2023, the Company entered into an Equity Purchase Agreement (the "EP Agreement") and related Registration Rights Agreement (the "Rights Agreement") with Peak One, pursuant to which the Company has the right, but not the obligation, to direct Peak One to purchase up to \$10,000,000.00 (the "Maximum Commitment Amount") in shares of the Company's common stock in multiple tranches upon satisfaction of certain terms and conditions contained in the EP Agreement and Rights Agreement which includes but is not limited to filing a registration statement with the Securities and Exchange Commission and registering the resale of any shares sold to Peak One. Further, under the EP Agreement and subject to the Maximum Commitment Amount, the Company has the right, but not the obligation, to submit a Put Notice (as defined in the EP Agreement) from time to time to Peak One (i) in a minimum amount not less than \$25,000.00 and (ii) in a maximum amount up to the lesser of (a) \$750,000.00 or (b) 200% of the Average Daily Trading Value (as defined in the EP Agreement).

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**14. Stockholders' Equity (continued)**

In connection with the EP Agreement, the Company issued to Investments, the general partner of Peak One, 75,000 shares of its common stock, and agreed to file a registration statement registering the common stock issued or issuable to Peak One and Investments under the Agreement for resale with the Securities and Exchange Commission within 60 calendar days of the Agreement, as more specifically set forth in the Rights Agreement. The registration statement was declared effective on April 14, 2023.

The obligation of Peak One to purchase the Company's common stock under the EP Agreement began on the date of the EP Agreement, and ends on the earlier of (i) the date on which Peak One shall have purchased common stock pursuant to the EP Agreement equal to the Maximum Commitment Amount, (ii) thirty six (36) months after the date of the EP Agreement, (iii) written notice of termination by the Company or (iv) the Company's bankruptcy or similar event (the "Commitment Period"), all subject to the satisfaction of certain conditions set forth in the EP Agreement.

During the Commitment Period, the purchase price to be paid by Peak One for the common stock under the EP Agreement will be 97% of the Market Price, which is defined as the lesser of the (i) closing bid price of the common stock on its principal market on the trading day immediately preceding the respective Put Date (as defined in the Agreement), or (ii) lowest closing bid price of the common stock during the Valuation Period (as defined in the Agreement), in each case as reported by Bloomberg Finance L.P or other reputable source designated by Peak One.

The EP Agreement and the Rights Agreement contain customary representations, warranties, agreements and conditions to completing future sale transactions, indemnification rights and obligations of the parties. Among other things, Peak One represented to the Company, that it is an "accredited investor" (as such term is defined in Rule 501(a) of Regulation D under the Securities Act, and the Company sold the securities in reliance upon an exemption from registration contained in Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder.

**Issuance of common stock and warrants for debt issuance** – During the three months ended March 31, 2023, the Company issued 15,000 shares of common stock and warrants for issuances of debt. The value of the shares and warrants amounted to \$251,361.

**Restricted Stock Units** – During the three months ended March 31, 2023, the Company issued 38,934 shares of common stock with a value of \$179,029 for vested restricted stock units.

**Conversion** – During the three months ended March 31, 2024, Peak One converted \$300,000 of its principal balance into 57,627 shares of common stock of the Company. Such conversion was within the terms of the agreement with no gains or losses recognized on the transactions.

**Warrant exercise** – During the three months ended March 31, 2024, 11,389 shares of common stock were issued resulting from cashless warrant exercises.

**Noncontrolling interest** – During the three months ended March 31, 2024 SG DevCorp recorded \$3,729,806 of additional equity transactions which related to transactions in its own stock from debt issuances to third parties.



**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**14. Stockholders' Equity (continued)**

**Inducement** - On March 8, 2024, the Company entered into a warrant inducement agreement (the "Inducement Agreement") with a certain holder (the "Holder") of warrants to purchase shares of the Company's common stock, par value \$0.01 per share (the "Common Stock"), issued in a private placement offering that closed on October 27, 2021 (the "Existing Warrants"). Pursuant to the Inducement Agreement, the Holder of the Existing Warrants agreed to exercise for cash the Existing Warrants to purchase up to 1,898,630 shares of common stock (94,932 as adjusted for the May Stock Split), at an exercise price of \$ 0.2603 per share (\$5.206 as adjusted for the May Stock Split). The Company recognized common stock deemed dividends in the amount of \$670,881 which resulted from the excess initial fair value of the New Warrants Shares issued described below. In addition, the Company incurred \$454,867 of equity related costs which have been netted with the net proceeds from the July 2022 Offering. The Company received aggregate gross proceeds of approximately \$494,213, before deducting placement agent fees and other expenses payable by the Company.

In consideration of the Holder's immediate exercise of the Existing Warrants, the Company issued unregistered warrants (the "New Warrants") to purchase 3,797,260 shares of Common Stock (189,863 as adjusted for the May Stock Split) (200% of the number of shares of common stock issued upon exercise of the Existing Warrants) (the "New Warrant Shares") to the Holder.

The issuance of the shares of Common Stock underlying the Existing Warrants have been registered pursuant to an existing registration statement on Form S-1 (File No. 333-260996), which was declared effective by the Securities and Exchange Commission (the "SEC") on November 23, 2021.

In addition, pursuant to the Inducement Agreement, the Company agreed not to issue any shares of Common Stock or Common Stock equivalents (as defined in the Inducement Agreement) or to file any other registration statement with the SEC (in each case, subject to certain exceptions) until thirty (30) days after the closing. The Company has also agreed not to effect or agree to effect any Variable Rate Transaction (as defined in the Inducement Agreement) until sixty (60) days after closing.

The Company agreed in the Inducement Agreement to file a registration statement to register the resale of the New Warrant Shares (the "Resale Registration Statement") on or before thirty (30) days from the initial closing of the transactions contemplated by the Inducement Agreement, and to use commercially reasonable efforts to have such Resale Registration Statement declared effective by the SEC within sixty (60) days (or, in the event of a full review, ninety (90) calendar days) following the date of filing the Resale Registration Statement.

Under the Inducement Agreement, to the extent required under the rules and regulations of the Nasdaq Stock Market, the Company agreed to hold a special or annual meeting of shareholders no later than the 60th calendar date following the date of the Inducement Agreement for the purpose of seeking the Stockholder Approval (as defined below). If the Company does not obtain Stockholder Approval at the first meeting, the Company shall call a meeting every ninety (90) days thereafter to seek Stockholder Approval until the earlier of the date Stockholder Approval is obtained or the New Warrants are no longer outstanding.

The Company expects to use the net proceeds from these transactions for working capital and other general corporate purposes.

Maxim Group LLC ("Maxim") served as the Company's financial advisor in connection with the transactions described in the Inducement Agreement, and the Company paid Maxim (i) a cash fee equal to 7.0% of the aggregate gross proceeds received from the Holder upon exercise of the Existing Warrants and the exercise of the New Warrants, and (ii) \$10,000 for legal fees and other out-of-pocket expenses.

## SAFE &amp; GREEN HOLDINGS CORP. AND SUBSIDIARIES

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

**15. Segments and Disaggregated Revenue**

|  | <u>Construction</u> | <u>Medical</u> | <u>Development</u> | <u>Corporate and support</u> | <u>Consolidated</u> |
|--|---------------------|----------------|--------------------|------------------------------|---------------------|
| <b>Three Months Ended March 31, 2024</b>   |                     |                |                    |                              |                     |
| Revenue  | \$ 968,115          | \$ —           | \$ 49,816          | \$ —                         | \$ 1,017,931        |
| Cost of revenue  | 644,983             | —              | —                  | —                            | 644,983             |
| Operating expenses   | 533                 | 35,884         | 2,551,492          | 1,817,498                    | 4,405,407           |
| Operating loss   | 322,599             | (35,884)       | (2,501,676)        | (1,817,498)                  | (4,032,459)         |
| Other income (expense)   | (49,953)            | —              | (565,995)          | (608,621)                    | (1,224,569)         |
| Income (loss) before income taxes  | 272,646             | (35,884)       | (3,067,671)        | (2,426,119)                  | (5,257,028)         |
| Common stock deemed dividend   | —                   | —              | —                  | (670,881)                    | (670,881)           |
| Net income attributable to non-controlling interest                                  | —                   | —              | 1,257,745          | —                            | 1,257,745           |
| Net income (loss) attributable to common stockholders of Safe & Green Holdings Corp. | \$ 272,646          | \$ (35,884)    | \$ (1,809,926)     | \$ (3,097,000)               | \$ (4,670,164)      |
| Total assets   | \$ 5,415,394        | \$ 51,481      | \$ 11,810,852      | \$ 2,677,367                 | \$ 19,955,094       |
| Depreciation and amortization  | \$ 74,707           | \$ —           | \$ —               | \$ 1,680                     | \$ 76,387           |
| Capital expenditures   | \$ —                | \$ —           | \$ 31,841          | \$ —                         | \$ 31,841           |
| <b>Three Months Ended March 31, 2023</b>   |                     |                |                    |                              |                     |
| Revenue  | \$ 5,503,935        | \$ —           | \$ —               | \$ —                         | \$ 5,503,935        |
| Cost of revenue  | 5,573,407           | —              | —                  | —                            | 5,573,407           |
| Operating expenses   | 118,560             | 897            | 720,913            | 2,350,227                    | 3,190,597           |
| Operating income (loss)  | (188,032)           | (897)          | (720,913)          | (2,350,227)                  | (3,260,069)         |
| Other income (expense)   | 18,564              | —              | (287,297)          | 9,362                        | (259,371)           |
| Income (loss) before income taxes  | (169,468)           | (897)          | (1,008,210)        | (2,340,865)                  | (3,519,440)         |
| Net income attributable to non-controlling interest                                  | —                   | —              | —                  | —                            | —                   |
| Net income (loss) attributable to common stockholders of Safe & Green Holdings Corp. | \$ (169,468)        | \$ (897)       | \$ (1,008,210)     | \$ (2,340,865)               | \$ (3,519,440)      |
| Total assets   | \$ 10,458,066       | \$ 4,581       | \$ 11,369,614      | \$ 6,608,514                 | \$ 28,440,775       |
| Depreciation and amortization  | \$ 148,508          | \$ —           | \$ —               | \$ —                         | \$ 148,508          |
| Capital expenditures   | \$ 531,083          | \$ —           | \$ —               | \$ —                         | \$ 531,083          |
| Inter-segment revenue elimination  | \$ —                | \$ —           | \$ —               | \$ —                         | \$ —                |

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**16. Warrants**

In conjunction with the June 2017 Public Offering, the Company issued to certain affiliates of the underwriters, as compensation, warrants to purchase an aggregate of 4,313 shares of common stock (216 shares as adjusted for the May Stock Split), at an exercise price of \$125.00 per share (\$2,500.00 as adjusted for the May Stock Split). The warrants are exercisable at the option of the holder on or after June 21, 2018 and expire June 21, 2023. The fair value of warrants was calculated utilizing a Black-Scholes model and amounted to \$63,796. The fair market value of the warrants as of the date of issuance has been included in issuance costs in additional paid-in capital.

In conjunction with the Purchase Agreement in April 2019, the Company also sold warrants to purchase up to an aggregate of 42,388 shares of common stock (2,119 shares as adjusted for the May Stock Split), at an initial exercise price of \$27.50 per share (\$550.00 as adjusted for the May Stock Split). The warrants are exercisable at the option of the holder on or after October 29, 2019 and expire October 29, 2024. The Company issued to certain affiliates of the underwriters, as compensation, warrants to purchase an aggregate of 4,239 shares of common stock (212 shares as adjusted for the May Stock Split), at an initial exercise price of \$27.50 per share (\$550.00 as adjusted for the May Stock Split). The warrants are exercisable at the option of the holder on or after October 29, 2019 and expire April 24, 2024.

In conjunction with the Underwriting Agreement in August 2019, the Company issued to the underwriter, as compensation, warrants to purchase an aggregate of 2,250 shares of common stock (112 shares as adjusted for the May Stock Split), at an initial exercise price of \$21.25 per share (\$425.00 as adjusted for the May Stock Split). The warrants are exercisable at the option of the holder on or after February 1, 2020 and expire August 29, 2024.

In conjunction with the Underwriting Agreement in May 2020, the Company issued to the underwriter, as compensation, warrants to purchase an aggregate of 300,000 shares of common stock (15,000 shares as adjusted for the May Stock Split), at an initial exercise price of \$3.14 per share (\$62.80 as adjusted for the May Stock Split). The warrants are exercisable at the option of the holder on or after November 6, 2020 and expire May 5, 2025. During the year ended December 31, 2021, 226,300 (11,315 shares as adjusted for the May Stock Split), warrants were exercised and converted into common stock of the Company. The Company has received proceeds of approximately \$707,000 from the exercise of the warrants.

In conjunction with the Purchase Agreement in October 2021, the Company also issued Series A warrants to purchase up to 1,898,630 shares of Common Stock (94,932 shares as adjusted for the May Stock Split), in a concurrent private placement. The warrants have an exercise price of \$4.80 per share, (\$96.00 as adjusted for the May Stock Split), exercisable at the option of the holder on or after October 26, 2021 and will expire five years from the date of issuance. These warrants were exercised in connection with the Inducement Agreement during the three months ended March 31, 2024.

In conjunction with the issuance of the Debenture in February 2023, the Company issued the Peak Warrant to purchase 500,000 shares of common stock (25,000 shares as adjusted for the May Stock Split). The Peak Warrant expires five years from its date of issuance. The Peak Warrant is exercisable, at the option of the holder, at any time, for up to 500,000 of shares of common stock (25,000 shares as adjusted for the May Stock Split), of the Company at an exercise price equal to \$2.25 (the "Exercise Price") (\$45.00 as adjusted for the May Stock Split), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events and in the event the Company, at any time while the Peak Warrant is outstanding, issues, sells or grants any option to purchase, or sells or grants any right to reprice, or otherwise disposes of, or issues common stock or other securities convertible into, exercisable for, or otherwise entitle any person the right to acquire, shares of common stock, other than with respect to an Exempt Issuance, at an effective price per share that is lower than the then Exercise Price. In the event of any such anti-dilutive event, the Exercise Price will be reduced at the option of the holder to such lower effective price of the dilutive event, subject to a floor price of \$0.40 per share (\$8.00 as adjusted for the May Stock Split), unless and until the Company obtains shareholder approval for any issuance below such floor price. The initial fair value of the Peak Warrant amounted to \$278,239 and was recorded, in combination with common stock issued above, as a debt discount of \$354,329 at the time of issuance of the Debenture.

**Notes to Condensed Consolidated Financial Statements**  
For the Three Months Ended March 31, 2024 and 2023 (Unaudited)

**16. Warrants (continued)**

In connection with the issuance of the Holdings Debenture in January 2024, the Company issued the warrant (the “Warrant”) to purchase up to Three Hundred Seventy-Five Thousand (375,000) shares of the Company’s common stock (18,750 as adjusted for the May Stock Split), par value \$0.01 per share (the “common stock”) to Peak One’s designee, as described in the Purchase Agreement. The Warrant expires five years from its date of issuance. The Warrant is exercisable, at the option of the holder, at any time, for up to 375,000 of shares of common stock (18,750 as adjusted for the May Stock Split) of the Company at an exercise price equal to \$0.53 (the “Exercise Price”) (\$10.60 as adjusted for the May Stock Split), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions that are subject to a floor price as set forth in the Warrant. The Warrant provides for cashless exercise under certain circumstances. The initial fair value of the Warrant amounted to \$109,161 and was recorded, in combination with common stock issued above, as a debt discount of \$251,361 at the time of issuance of the Debenture.

Warrant activity for the three months ended March 31, 2024 are summarized as follows:

| Warrants  | Number of Warrants | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value |
|---|--------------------|---------------------------------|---|---------------------------|
| Outstanding and exercisable - January 1, 2024   | 125,856            | \$ 93.60                        | 2.75  | -                         |
| Granted   | 208,613            | 5.69                            |   | -                         |
| Expired   | —                  |                                 |   |                           |
| Exercised                                       | (108,635)          |                                 |   |                           |
| Outstanding and exercisable - December 31, 2024 | <u>225,834</u>     | \$ 14.41                        | 2.25  | \$ -                      |

The fair value of warrants granted during the three months ended March 31, 2024 were valued using a Black-Scholes Value model, with the following assumptions

|                                |         |
|--------------------------------|---------|
| <u>Risk-free interest rate</u> | 3.90%   |
| <u>Contractual term</u>        | 5 years |
| <u>Dividend yield</u>          | 0%      |
| <u>Expected volatility</u>     | 98%     |

**17. Share-based Compensation**

On October 26, 2016, the Company’s Board of Directors approved the issuance of up to 25,000 shares of the Company’s common stock (1,250 shares as adjusted for the May Stock Split), in the form of restricted stock or options (“2016 Stock Plan”). Effective January 20, 2017, the 2016 Stock Plan was amended and restated as the SG Blocks, Inc. Stock Incentive Plan, as further amended effective June 1, 2018 and as further amended on July 30, 2020 and as further amended on August 18, 2021, (the “Incentive Plan”). The Incentive Plan authorizes the issuance of up to 3,625,000 shares of common stock (181,250 shares as adjusted for the May Stock Split). It authorizes the issuance of equity-based awards in the form of stock options, stock appreciation rights, restricted shares, restricted share units, other share-based awards and cash-based awards to non-employee directors and to officers, employees and consultants of the Company and its subsidiary, except that incentive stock options may only be granted to the Company’s employees and its subsidiary’s employees. During December 2023, the Incentive Plan was amended to increase the available shares by 5,000,000. The Incentive Plan expires on October 26, 2026, and is administered by the Company’s Compensation Committee of the Board of Directors. Each of the Company’s employees, directors, and consultants are eligible to participate in the Incentive Plan. As of March 31, 2024, there were 4,892,146 shares of common stock available for issuance under the Incentive Plan.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

**17. Share-based Compensation (continued)****Stock-Based Compensation Expense**

Stock-based compensation expense is included in the condensed consolidated statements of operations as follows:

|                              | <b>Three Months Ended<br/>March 31,</b> |                   |
|------------------------------|---|-------------------|
|                              | <b>2024</b>                             | <b>2023</b>       |
| Payroll and related expenses | \$ 179,029                              | \$ 656,369        |
| Total                        | <u>\$ 179,029</u>                       | <u>\$ 656,369</u> |

The following table presents total stock-based compensation expense by security type included in the condensed consolidated statements of operations:

|                        | <b>Three Months Ended<br/>March 31,</b> |                   |
|------------------------|---|-------------------|
|                        | <b>2024</b>                             | <b>2023</b>       |
| Stock options          | \$ —                                    | \$ —              |
| Restricted Stock Units | \$ 179,029                              | \$ 656,369        |
| Total                  | <u>\$ 179,029</u>                       | <u>\$ 656,369</u> |

**Stock-Based Option Awards**

The Company has issued no stock-based options during the three months ended March 31, 2024 or 2023.

Because the Company does not have significant historical data on employee exercise behavior, the Company uses the “Simplified Method” to calculate the expected life of the stock-based option awards granted to employees. The simplified method is calculated by averaging the vesting period and contractual term of the options.

**Notes to Condensed Consolidated Financial Statements**  
For the Three Months Ended March 31, 2024 and 2023 (Unaudited)

**17. Share-based Compensation (continued)**

The following table summarizes stock-based option activities and changes during the three months ended March 31, 2024 as described below:

|  | Shares | Weighted<br>Average Fair<br>Value Per Share | Weighted<br>Average<br>Exercise Price<br>Per Share | Weighted<br>Average<br>Remaining<br>Terms (in years) | Aggregate<br>Intrinsic Value |
|--|--------|---|--|--|------------------------------|
| <b>Outstanding – December 31, 2023</b> | 1,822  | 496.00                                      | 1,574.20   | —  | —                            |
| Granted                                | —      | —   | —  | —  | —                            |
| Exercised                              | —      | —   | —  | —  | —                            |
| Cancelled                              | —      | —   | —  | —  | —                            |
| <b>Outstanding – March 31, 2024</b>    | 1,822  | 496.00                                      | 1,574.20   | —  | —                            |
| <b>Exercisable – December 31, 2023</b> | 1,822  | —   | —  | —  | —                            |
| <b>Exercisable – March 31, 2024</b>    | —      | —   | —  | —  | —                            |

**Restricted Stock Units**

During the three months ended June 30, 2023, a total of 316,834 of restricted stock units (15,842 as adjusted for the May Stock Split) were granted to Mr. Galvin and six employees of the Company under the Company's stock-based compensation plan, at the fair value of \$0.85 to \$1.01 per share (\$17 to \$20.20 as adjusted for the May Stock Split), which represents the closing price of the Company's common stock at the grant date. The restricted stock units granted vest in equal quarterly installments over a two-year period.

On April 4, 2023, a total of 268,166 of restricted stock units (13,408 as adjusted for the May Stock Split) were granted to five of the Company's non-employee directors, under the Company's stock-based compensation plan, at the fair value of \$1.01 (\$20.20 as adjusted for the May Stock Split) per share, which represents the closing price of the Company's common stock on April 4, 2023. The restricted stock units granted vest in equal quarterly installments over a two-year period.

During the three months ended March 31, 2024, a total of 44,147, 15,000, and 10,000 of restricted stock units were granted to Mr. Galvin, Ms. Kaelin and an employee of the Company, respectively, under the Company's stock-based compensation plan at a fair value of \$2.27 per share, which represents the closing price of the Company's common stock at the grant date. The restricted stock units granted vest immediately.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

**17. Share-based Compensation (continued)**

For the three months ended March 31, 2024 and 2023, the Company recognized stock-based compensation of \$179,029 and \$656,369 related to restricted stock units. This expense is included in the payroll and related expenses, general and administrative expenses, and marketing and business development expense in the accompanying condensed consolidated statement of operations. As of March 31, 2024, there was no unrecognized compensation costs related to non-vested restricted stock units.

The following table summarized restricted stock unit activities during the three months ended March 31, 2024:

|                                       | <b>Number of Shares</b> |
|---------------------------------------|-------------------------|
| Non-vested balance at January 1, 2024 | —                       |
| Granted                               | 69,147                  |
| Vested                                | (69,147)                |
| Forfeited/Expired                     | —                       |
| Non-vested balance at March 31, 2024  | —                       |

**18. Commitments and Contingencies*****Legal Proceedings***

The Company is subject to certain claims and lawsuits arising in the normal course of business. The Company assesses liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that the Company will incur a loss and the amount of the loss can be reasonably estimated, the Company records a liability in our consolidated financial statements. These legal accruals may be increased or decreased to reflect any relevant developments on a quarterly basis. Where a loss is not probable or the amount of the loss is not estimable, the Company does not record an accrual, consistent with applicable accounting guidance. Based on information currently available, advice of counsel, and available insurance coverage, the Company believes that the established accruals are adequate and the liabilities arising from the legal proceedings will not have a material adverse effect on the consolidated financial condition. However, that in light of the inherent uncertainty in legal proceedings there can be no assurance that the ultimate resolution of a matter will not exceed established accruals. As a result, the outcome of a particular matter or a combination of matters may be material to the results of operations for a particular period, depending upon the size of the loss or the income for that particular period.

**1.) Pizzarotti Litigation** - On or about August 10, 2018 Pizzarotti, LLC filed a complaint against the Company and Mahesh Shetty, the Company's former President and CFO, and others, seeking unspecified damages for an alleged breach of contract by the Company and another entity named Phipps & Co. ("Phipps"). The lawsuit was filed as Pizzarotti, LLC. v. Phipps & Co., et al., Index No. 653996/2018 and commenced in the Supreme Court of the State of New York for the County of New York. On or about April 1, 2019, Phipps filed cross-claims against the Company and Mr. Shetty asserting claims for indemnification, contribution, fraud, negligence, negligent misrepresentation, and breach of contract. The Company has likewise cross claimed against Phipps for indemnification and contribution, claiming that any damages to the Plaintiff were the result of the acts or omissions of Phipps and its principals.

Pizzarotti's suit arose from a contract dated April 3, 2018 that it executed with Phipps whereby Pizzarotti, a construction manager, engaged Phipps to perform stone procuring and tile work at a construction project located at 161 Maiden Lane, New York 10038. Pizzarotti's claims against the Company arise from a purported assignment agreement dated August 10, 2018, whereby Pizzarotti claims that the Company agreed to assume certain obligations of Phipps under a certain trade contract between Pizzarotti and Phipps & Co. Phipps' claims against the Company arise from a purported Assignment Agreement, dated as of May 30, 2018, between Pizzarotti, Phipps and the Company (the "Assignment Agreement"), pursuant to which, it is alleged, that the Company agreed to provide a letter of credit in connection with the sub-contracted work to be provided by Phipps to Pizzarotti.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**18. Commitments and Contingencies (continued)**

The Company believes that the Assignment Agreement was void for lack of consideration and moved to dismiss the case on those and other grounds. On June 17, 2020, the New York Supreme Court entered an order dismissing certain claims against the Company brought by cross claimant Phipps & Co. Specifically, the court dismissed Phipps' claims for indemnification, contribution, fraud, negligence and negligent misrepresentation. The court did not dismiss Phipps' claim for breach of the Assignment Agreement. The issue of the validity of the Assignment Agreement, and the Company's defenses to the claims brought by the plaintiff Pizzarotti, and cross claimant Phipps, are being litigated. The Company maintains that the Assignment Agreement, to the extent valid and enforceable, was properly terminated and/or there are no damages, and, consequently, that the claims brought against the Company are without merit. The Company intends to continue to vigorously defend the litigation. The parties have engaged in written discovery but no depositions have been conducted as of yet. By motion dated February 24, 2021, Pizzarotti moved to stay the entire action pending the outcome of a separate litigation captioned *Pizzarotti, LLC v. FPG Maiden Lane, LLC et. al.*, Index No. 651697/2019, involving some of the same parties (but excluding the Company). Phipps cross moved to consolidate the two actions. The Company opposed both motions. On April 26, 2021, the court denied both motions and directed the parties to meet and confer concerning the scheduling of depositions. On May 10, 2021, the parties jointly filed with the court a proposed order providing the completion of depositions of all parties and nonparties by September 30, 2021. On April 4, 2024, the court entered an order setting forth the following dates for the completion of the parties depositions: (1) deposition of plaintiff shall occur by May 31, 2024, (2) deposition of Phipps shall occur by June 30, 2024, (3) deposition of the Company shall occur by July 20, 2024, (4) deposition of Mr. Shetty shall occur by August 9, 2024, (5) deposition of FPG Maiden Lane, & J. Landau shall occur by August 30, 2024, and (6) depositions of non-parties shall occur by September 30, 2024. As of December 31, 2023, the Company cannot estimate any potential loss.

(2) CPF GP 2019-1, LLC Litigation – In September 2023, a suit was filed in the form of a declaratory judgment to say CPF GP did not owe certain monies to the Company. The Company filed counterclaims for the amounts owed. The case settled in February 2024 in exchange for mutual dismissals and monthly payments of the balance due to the Company from CPF GP.

(3) Farnam Litigation – In October 2023, Farnam Street Financial, Inc. ("Farnam"), filed suit against the Company seeing monies owed under certain leases. The Company is confident in its position that the lending practices of Farnam constitute illegal business practices under federal and state law, but is also optimistic of the potential for a resolution.

Litigation is subject to many uncertainties, and the outcome of this action is not predicted with assurance. The Company is currently unable to predict the possible loss or range of loss, if any, associated with the resolution of this litigation, and, accordingly, the Company has made no provision related to this matter in the consolidated financial statements.

**Vendor Litigation****1.) SG Blocks, Inc. v HOLA Community Partners, et. al.**

On April 13, 2020, Plaintiff SG Blocks, Inc. (the "Company") filed a Complaint against HOLA Community Partners ("HCP"), Heart of Los Angeles Youth, Inc. ("HOLA") (HCP and HOLA are collectively referred to as the "HOLA Defendants"), and the City of Los Angeles ("City") in the United States District Court for the Central District of California, Case No. 2:20-cv-03432-ODW ("HOLA Action"). The Company asserted seven claims against HOLA Defendants arising out of and related to the HOLA Project, to wit, for: (1) breach of contract; (2) conversion; (3) default and judicial foreclosure under the Agreement as a security agreement; (4) misappropriation of trade secrets under California Civil Code section 3426; (5) misappropriation of trade secrets under 18 U.S.C. § 1836; and (6) intentional interference with contractual relations. On April 20, 2020, HOLA filed a separate action against the Company in the Los Angeles Superior Court arising out of the HOLA Project, asserting claims of (1) negligence; (2) strict products liability; (3) strict products liability, (4) breach of contract; (5) breach of express warranty; (6) violation of Business and Professions Code § 7031(b); and (7) violation of California's unfair competition law, Business and Professions Code section 17200 ("UCL") ("HOLA State Court Action"). The HOLA State Court Action was removed to the Central District of California and consolidated with the HOLA Action.

On January 22, 2021, the Company filed a Third-Party Complaint in the HOLA Action against Third-Party Defendants Teton Buildings, LLC, Avesi Construction, LLC, and American Home Building and Masonry Corp ("AHB") for indemnity and contribution with respect to HOLA's claims. The Company has also notified its general liability carrier Somp International regarding coverage concerning HOLA's claims. On February 25, 2021, the Court entered an order dismissing the Company's claims for (1) breach of contract; (2) conversion; (3) default and judicial foreclosure under the Agreement as a security agreement; (4) misappropriation of trade secrets under California Civil Code section 3426; (5) misappropriation of trade secrets under 18 U.S.C. § 1836; but denied dismissal of the Company's claims for intentional interference with contractual relations. The Court also denied the Company's motion to dismiss HOLA's claims.



**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**18. Commitments and Contingencies (continued)**

On March 12, 2021, the HOLA Defendants filed an answer to the Company's complaint against it denying liability and asserting affirmative defenses. On March 12, 2021, the Company filed an answer to the HOLA Defendants' First Amended Consolidated Complaint against it, denying liability and asserting affirmative defenses.

On April 26, 2021, the Company and the HOLA Defendants filed a Joint Stipulation to Dismiss HOLA Community Partners' Sixth Claim for Relief (violation of California Business and Professions Code §7031(b)), with prejudice, pursuant to Fed. R. Civ. P. 41(a)(1)(A)(ii).

On July 23, 2021, the Company filed a First Amended Third-Party Complaint adding the following additional third party defendants seeking, *inter alia*, contractual indemnity, equitable indemnity; and contribution: American Home Building and Masonry Corp. ("American Home"), Anderson Air Conditioning, L.P. ("Anderson"), Broadway Glass and Mirror, Inc. ("Broadway"), Marne Construction, Inc. ("Marne"), The McIntyre Company ("McIntyre"), Dowell & Bradley Construction, Inc. dba J R Construction ("JR Construction") Junior Steel Co. ("Junior Steel") Saddleback Roofing, Inc. ("Saddleback") Schindler Elevator Corporation ("Schindler") U.S. Smoke & Fire Corp. ("U.S. Smoke") and FirstForm, Inc. ("FirstForm") (collectively the "Additional Third Party Defendants").

On September 2, 2021, Schindler Elevator Corp. filed its answer to the First Amended Third-Party Complaint. On September 3, 2021, Junior Steel Co. filed its answer to the First Amended Third-Party Complaint. On September 7, 2021, Anderson Air Conditioning, L.P. filed its answer to the First Amended Third-Party Complaint. On October 6, 2021, the McIntyre Group filed its answer to the First Amended Third-Party Complaint.

On February 7, 2022, the Company filed a request for entry of a Clerk's default against the following defendants: American Home Building and Masonry Corp., Avesi Construction, Marne Construction, Inc., FirstForm, Inc., Dowell & Bradley Construction, Inc, Saddleback Roofing, Inc., and US Smoke and Fire Corp. On February 9, 2022, the court entered a clerk's default pursuant to Federal Rule 55 against the following defendants: American Home Building and Masonry Corp. Avesi Construction, Dowel & Bradley Construction, Inc., Saddleback Roofing Inc. and US smoke and Fire Corp. The parties that have answered and appeared in the case are currently engaged in discovery.

The dispute between SG Blocks, Inc., HOLA Community Partners, and others in the above-described lawsuit settled, and a formal settlement agreement was executed in December 2022. In accordance with the settlement agreement, all funds to be paid were, in fact, paid. On February 27, 2023, the settling parties filed a Joint Stipulation to Dismiss All Causes of Action Against All Parties Except Avesi Construction, LLC ("Aveshi"), and Saddleback Roofing, Inc. ("Saddleback"). The claims against the settling parties, pursuant to the settlement, were to be dismissed and have since been dismissed. SG Blocks, Inc. had taken defaults against Aveshi and Saddleback, and is continuing to pursue default judgments against same.

**2.) SG Blocks, Inc. v. EDI International, PC**

On June 21, 2019, SG Blocks, Inc. filed a lawsuit against EDI International, PC, a New Jersey corporation, in connection with the parties' consulting agreement, dated June 29, 2016, pursuant to which EDI International, PC, was to provide, for a fee, certain architectural and design services for the Project. The lawsuit is styled SG Blocks, Inc. v. EDI International, PC et al., and was filed in California Superior Court, for the County of Los Angeles, case no. 19STCV21725. SG Blocks, Inc. claims that EDI International, PC, tortiously interfered with SG Blocks, Inc's economic relationship with HOLA Community Partners and Heart of Los Angeles Youth, Inc. The complaint seeks in excess of \$1,275,754 in damages. EDI International, PC, filed a cross-complaint for alleged unpaid fees and tortious interference with EDI International, PC's contractual relationship with HOLA Community Partners and Heart of Los Angeles Youth, Inc. EDI International, PC's cross-complaint seeks in excess of \$30,428.71 in damages. On July 8, 2020, SG Blocks, Inc. added PVE LLC as a defendant in the lawsuit, claiming PVE LLC is liable to the same extent as EDI International, PC. In May 2021, the parties settled EDI International, PC's affirmative claims, and its cross-complaint was dismissed with prejudice on August 23, 2021. On SG Blocks, Inc.'s remaining claims, trial is set for May 13, 2024. Consistent with the Statement, the likelihood of an unfavorable outcome is neither probable nor remote and we cannot, consistent with the Statement, estimate the amount or range of recovery in the event of an unfavorable outcome.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**18. Commitments and Contingencies (continued)****3.) Teton Buildings, LLC**

(i) On January 1, 2019, the Company commenced an action against Teton Buildings, LLC (“Teton”) in Harris County, Texas (“Teton Texas Action”) to recover approximately \$2,100,000 arising from defendant’s breach of the operative contract related to Heart of Los Angeles construction project in Los Angeles (the “HOLA Project”) entered into on or about June 2, 2017. The Petition brought claims of breach of contract, negligence, and breach of express warranty. In or about February 2022 the Company dismissed without prejudice the Teton Texas Action.

(ii) On or about September 12, 2018, the Company entered into a Firm Price Quote and Purchase (the “GVL Contract”) with Teton to govern the manufacture and provision of 23 shipping containers and modular units (the “Teton GVL Modules”) for the Four Oaks Gather GVL project in South Carolina (the “GVL Project.”). The Company maintains that Teton breached the GVL Contract by (i) failing to timely deliver the Teton GVL Modules, (ii) delivering Teton GVL Modules that were defective in their design and manufacture, (iii) otherwise failed to meet South Carolina Building Code regulations and (iv) breached applicable warranties. As a result of the breach and defects in performance, design and manufacture by Teton, Company asserts that it has sustained \$761,401.66 in actual and consequential damages, excluding attorney’s fees. On October 16, 2019, Teton filed for Chapter 11 in the United States Bankruptcy Court for Southern District of Texas, Houston Division styled In re: Teton Buildings, LLC and bearing the case number 19-35811. On February 11, 2020, the Company filed a proof of claim against Teton in the amount of \$2,861,401.66 arising from the HOLA Project and the GVL Contract.

On or about March 16, 2020, the Bankruptcy Court converted Teton’s Chapter 11 reorganization case to a Chapter 7 liquidation case. On July 18, 2019, Ronald Sommers, the Chapter 7 Trustee, filed a Report of No Distribution stating that there is no property available for distribution to creditors. On August 20, 2019, the Bankruptcy Court closed the Teton bankruptcy case. As such, there is no prospect of any recovery against Teton.

On January 22, 2021, the Company filed a third-party complaint against Teton in the United States District Court for the Central District of California, Case No. 2:20-cv-03432 in the HOLA Action (described above), seeking to determine Teton’s liability in its capacity as a bankruptcy debtor in order to collect any damages payable from Teton’s liability insurance carrier or carriers. On July 23, 2021, the Company filed a First Amended Third-Party Complaint against Teton and other named third party defendants (see #2 below). Teton has been served with the First Amended Third-Party Complaint and on or about February 11, 2022, Teton filed an answer and affirmative defenses.

On or about December 31, 2022, the parties who appeared in the HOLA Action, including Teton by and through its insurance carrier, executed a Settlement Agreement and Release. On February 28, 2023 the court “so ordered” the parties’ stipulation dismissing all causes of action against the parties to the Settlement Agreement and Release.

**Other Litigation****1.) SG Blocks, Inc. v. Osang Healthcare Company, Ltd.,**

On April 14, 2021, the Company commenced an action against Osang Healthcare Company, Ltd. (“Osang”) in the United States District Court, Eastern District of New York, Case No. 21-01990 (“Osang Action”). The Company has asserted that Osang materially breached a certain Managed Supply Agreement (“MSA”) entered into between the parties on October 12, 2020, pursuant to which the Company received on consignment two million (2,000,000) units of Osang’s “Genefinder Plus RealAmp Covid-19 PCR Test” (the “Covid-19 Test”) for domestic and international distribution. The Company has also asserted that Osang breached the covenant of good faith and fair dealing, fraudulently induced it to enter into the MSA, and violated §349 of the New York General Business Law’s prohibition of deceptive business practices.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**18. Commitments and Contingencies (continued)**

On June 18, 2021, Osang served a motion to dismiss the Osang Action pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure. On July 30, 2021, the Company served its opposition to the motion to dismiss. On September 22, 2022, the court entered an order granting in part and denying in part Osang's motion to dismiss. The court denied that part of Osang's motion that sought dismissal of the Company's causes of action for breach of contract (but denied recovery of lost profits) and fraud, but dismissed the Company's causes of action for breach of implied covenant of good faith and fair dealing, indemnification, accounting, and violation of the New York Unlawful and Deceptive Trade Practices Act (GBL §349).

A status conference was held on November 16, 2022 at which time the Court entered a scheduling order for the conducting of discovery. Discovery is ongoing. A settlement conference was held by the Court on March 14, 2023, of which the Company was granted \$450,000.

**2.) John Williams Shaw and Leo Patrick Shaw**

On March 15, 2023, a complaint was filed against John Williams Shaw and Leo Patrick Shaw (the "Defendants") in the United States District Court of the Southern District of New York seeking damages to recover short swing profits from the Defendants pursuant to Section 16(b) of the Exchange Act. On September 26, 2023, the matter was settled and on, October 3, 2023, a Stipulation and Order of Dismissal with Prejudice was filed and so-ordered by the assigned judge.

Litigation is subject to many uncertainties, and the outcome of this action is not predicted with assurance. The Company is currently unable to predict the outcome or possible recovery, if any, associated with the resolution of this litigation, and, accordingly, the Company has made no provision related to this matter in the consolidated financial statements.

**Commitments**

In April 2020, the Company entered into an amendment to its employment agreement, dated January 1, 2017, with Paul Gavin (the "Amendment"), to extend the term of employment to December 31, 2021, provide for an annual base salary of \$400,000 provide for a performance bonus structure for a bonus of up to 50% of base salary upon the Company's achievement of \$2,000,000 EBITDA and additional performance bonus payments for the achievement of EBITDA in excess of \$2,000,000 based on a percentage of the incremental increase in EBITDA (ranging from 10% of the incremental increase in EBITDA if the Company achieves over \$2,000,000 and up to \$7,000,000 in EBITDA, 8% of the incremental increase in EBITDA if the Company achieves over \$7,000,000 and up to \$12,000,000 in EBITDA and 3% of the incremental increase in EBITDA over \$12,000,000), provide for a profits-based additional bonus of up to \$250,000 in certain limited circumstances, and provide for one (1) year severance, plus a pro-rated amount of any unpaid bonus earned by him during the year as verified by the Company's principal financial officer, if Mr. Galvin is terminated without cause. At the Company's option, up to fifty (50%) percent of the EBITDA performance bonuses may be paid in restricted stock units if then available for grant under the Company's Incentive Plan.

On July 5, 2022, the Company entered into an amendment to its employment agreement, dated January 1, 2017, as amended, with Paul Galvin, to provide for the payment of an annual base salary of \$500,000 and on September 19, 2023 the agreement was amended to increase the annual base salary to \$750,000. All other terms of the employment agreement remain in full force and effect.

On May 1, 2023, the Company appointed Patricia Kaelin as the Company's Chief Financial Officer and entered into an employment agreement with Patricia Kaelin (the "Kaelin Employment Agreement") to employ Ms. Kaelin in such capacity for an initial term of two (2) years, which provides for an annual base salary of \$250,000, a discretionary bonus of up to 20% of her base salary upon achievement of objectives as may be determined by the Company's board of directors and severance in the event of a termination without cause on or after September 30, 2023 in amount equal to equal to one year's annual base salary and benefits. The Kaelin Employment Agreement also provides for the grant to Ms. Kaelin of a restricted stock grant under the Company's Stock Incentive Plan, as amended and as available for grant, of 60,000 shares of the Company's common stock, vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service. Ms. Kaelin is subject to a one-year post-termination non-compete and non-solicit of employees and clients. She is also bound by confidentiality provisions. During July 2023, Ms. Kaelin's annual base salary was adjusted to \$300,000, retroactive to May 1, 2023.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**19. Related Party Transactions**

As disclosed in Note 8, on January 21, 2020, CPF GP issued the Company Note and issued to Paul Galvin, the Company's Chairman and CEO, the Galvin Note. The transaction closed on January 22, 2019, on which date the Company loaned CPF GP 2019-1 LLC \$400,000 and Mr. Galvin personally loaned CPF GP \$100,000 on behalf of the Company.

The Company Note and Galvin Note were issued pursuant to the Loan Agreement and Promissory Note, dated October 3, 2019, as amended on October 15, 2019 and November 7, 2019 by and between the CPF GP and the Company, and bear interest at five percent (5%) per annum, payable, together with the unpaid principal amount of the promissory notes, on the earlier of the July 31, 2023 maturity date or upon the liquidation, redemption sale or issuance of a dividend upon the LLC interests in CPF MF 2019-1 LLC, a Texas limited liability company of which CPF GP is the general partner. The terms of the Galvin Note, however, provide that all interest payments due to Mr. Galvin under the Galvin Note shall be paid directly to, and for the benefit of, the Company. In connection with the issuance of the Company Note and the Galvin Note, CPF GP, the Company and Mr. Galvin entered into a Security Agreement, dated January 21, 2020, pursuant to which CPF GP granted a security interest in its LLC interests in CPF MF 2019-1 LLC to the Company and Mr. Galvin to secure its obligations thereunder. Subsequent to the year ended December 31, 2021, the Galvin Note was assigned to the Company and the principal amount of \$100,000 was returned to Mr. Galvin. The Company has a promissory note in the principal amount of \$100,000 and the assignment of the promissory note occurred in January 2022.

As disclosed previously on December 14, 2023, the Company and Mr. Galvin entered into the Galvin Note Payable and an additional note payable during the three months ended March 31, 2024.

**20. Subsequent Events**

The Company has evaluated all events or transactions that occurred after March 31, 2024 through May 17, 2024, which is the date that the condensed financial statements were available to be issued. During this period, there were no material subsequent events requiring recognition or disclosure besides below.

During April 2024, Peak One converted \$350,000 of outstanding notes payable to 1,344,602 shares of common stock of the Company (67,230 as adjusted for the May Stock Split). Additionally, during April 2024, the Company issued 853,055 shares of common stock (42,653 as adjusted for the May Stock Split) to Peak One under the EP Agreement.

During April 2024, the Company issued 178,571 shares of common stock (8,928 as adjusted for the May Stock Split) to a consultant for services performed.

On April 19, 2024, the Company received a delinquency letter (the "Notice") from the Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that it is not in compliance with the continued listing requirements set forth in Nasdaq Listing Rule 5250(c)(1) (the "Rule"), which requires timely filing of periodic reports with the Securities and Exchange Commission (the "SEC") for continued listing. Nasdaq rules require public announcement to disclose the Company's receipt of the Notice within four business days of receipt. On May 7, 2024, we received a letter from Nasdaq stating that we now comply with the Rule.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**20. Subsequent Events (continued)**

As of April 25, 2024, SG DevCorp entered into an amendment to the agreement of sale with Pigmental, LLC, a Delaware limited liability company (“Pigmental Studios”), to sell approximately the St. Mary’s Site. Pursuant to the original agreement of sale, the Company was to sell the St. Mary’s Site to Pigmental Studios for \$1.35 million, payable \$900,000 in cash and \$450,000 by the issuance of a promissory note SG DevCorp, with the closing to occur no later than April 30, 2024. The amendment to the agreement of sale extends the closing date and amends the purchase price contingent upon the closing date selected by Pigmental Studios as follows:

- If Pigmental Studios closes by April 30, 2024, the total purchase price will be \$1,290,000. The payment breakdown for the purchase price will be as follows: \$899,000 in cash and \$390,000 by the issuance of a promissory note to the SG DevCorp.
- If Pigmental Studios closes by May 15, 2024, the total purchase price will be \$1,310,000. The payment breakdown for the purchase price will be as follows: \$899,000 in cash and \$410,000 by the issuance of a promissory note to SG DevCorp.
- If Pigmental Studios closes by May 30, 2024, the total purchase price will be \$1,375,000. The payment breakdown for the purchase price will be as follows: \$899,000 in cash and \$475,000 by the issuance of a promissory note to SG DevCorp.

On April 25, 2024, SG DevCorp entered into a Commercial Contract (the “Contract of Sale”) with Lithe Development Inc., a Texas corporation (“Lithe”), to sell SG DevCorp’s Lago Vista site to Lithe for \$5.825 million. The Contract of Sale provides that the closing of the sale by SG DevCorp to Lithe of the Lago Vista site is expected to occur after a 70-day due diligence period and a subsequent 30-day closing period.

On April 29, 2024, SG DevCorp entered into a Securities Purchase Agreement, dated April 29, 2024 (the “April 2024 Purchase Agreement”) with Peak One, pursuant to which SG DevCorp agreed to issue, in a private placement offering upon the satisfaction of certain conditions specified in the April 2024 Purchase Agreement, three Debentures to Peak One in the aggregate principal amount of \$1,200,000. At the closing of the first tranche was consummated on April 29, 2024 and SG DevCorp issued an 8% convertible debenture in principal amount of \$350,000 (the “First 2024 Debenture”) to Peak One and a warrant (the “First 2024 Warrant”) to purchase up to 262,500 shares of SG DevCorp’s common stock, to Peak One’s designee as described in the Purchase Agreement. The First 2024 Debenture was sold to Peak One for a purchase price of \$315,000, representing an original issue discount of ten percent (10%). In connection with the closing of the first tranche, SG DevCorp paid \$10,000 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs and issued to Peak One and its designee an aggregate total of 80,000 shares of its restricted common stock as commitment shares.

The First 2024 Debenture matures twelve months from its date of issuance and bears interest at a rate of 8% per annum payable on the maturity date. The First 2024 Debenture is convertible, at the option of the holder, at any time, into such number of shares of common stock of SG DevCorp equal to the principal amount of the First 2024 Debenture plus all accrued and unpaid interest at a conversion price equal to \$0.70, subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions that are subject to a floor price of \$0.165.

The First 2024 Debenture is redeemable by SG DevCorp at a redemption price equal to 110% of the sum of the principal amount to be redeemed plus accrued interest, if any. While the First 2024 First Debenture contains customary events of default. If an event of default occurs, until it is cured, Peak One may increase the interest rate applicable to the First 2024 Debenture to the lesser of eighteen percent (18%) per annum and the maximum interest rate allowable under applicable law and accelerate the full indebtedness under the First 2024 Debenture, in an amount equal to 110% of the outstanding principal amount and accrued and unpaid interest. Subject to limited exceptions set forth in the First 2024 Debenture, the First 2024 Debenture prohibits the Company from entering into a Variable Rate Transaction (as defined in the First 2024 Debenture) or incurring any new indebtedness that is senior to the First 2024 Debenture or secured by the assets of the Company until the First 2024 Debenture is paid in full.

The First 2024 Warrant expires five years from its date of issuance. The First 2024 Warrant is exercisable, at the option of the holder, at any time, for up to 262,500 of shares of common stock of SG DevCorp at an exercise price equal to \$0.76, subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions that are subject to a floor price of \$0.165. The First 2024 Warrant provides for cashless exercise under certain circumstances.

**Notes to Condensed Consolidated Financial Statements**  
*For the Three Months Ended March 31, 2024 and 2023 (Unaudited)*

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**20. Subsequent Events (continued)**

Under the April 2024 Purchase Agreement, a closing of the second tranche may occur subject to the mutual written agreement of Peak One and SG DevCorp and satisfaction of the closing conditions set forth in the Purchase Agreement at any time after June 28, 2024, upon which the Company would issue and sell to Peak One on the same terms and conditions a second 8% convertible debenture in the principal amount of \$350,000 and issue to Peak One's designee on the same terms and conditions a second warrant to purchase up to 262,500 shares of SG DevCorp's common stock. The second debenture would be sold to Peak One for a purchase price of \$315,000, representing an original issue discount of ten percent (10%). In connection with the closing of the second tranche, the Company will pay \$10,000 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs and will issue to Peak One and its designee an aggregate total of 80,000 shares as commitment shares.

Under the April 2024 Purchase Agreement, a closing of the third tranche may occur subject to the mutual written agreement of Peak One and SG DevCorp and satisfaction of the closing conditions set forth in the Purchase Agreement at any time after 60 days after the closing of the second tranche, upon which SG DevCorp would issue and sell to Peak One on the same terms and conditions a third 8% convertible debenture in the principal amount of \$500,000, and issue to Peak One's designee on the same terms and conditions a third warrant ) to purchase up to 375,000 shares of SG DevCorp's common stock. The third debenture would be sold to Peak One for a purchase price of \$450,000, representing an original issue discount of ten percent (10%). In connection with the closing of the third tranche, SG DevCorp will pay \$10,000 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs and will issue to Peak One and its designee an aggregate total of 100,000 shares as commitment shares.

The number of shares of SG DevCorp's common stock that may be issued pursuant to the April 2024 Purchase Agreement (including the commitment shares), upon conversion of the debentures, exercise of the warrants, the issuance of Common Stock underlying the common stock purchase warrants issued by SG DevCorp on February 15, 2024 and March 21, 2024 (the "Prior Warrants"), and the issuance of an aggregate of 35,000 shares of Common Stock to Peak One and its designee in connection with the issuance of the Prior Warrants, is subject to an exchange cap of 19.99% of the outstanding number of shares of SG DevCorp's common stock on the closing date, of which at least 1,982,819 shares of Common Stock shall be allocated to the transactions contemplated by the April 2024 Purchase Agreement, unless shareholder approval to exceed the exchange cap is approved.

On May 1, 2024, the Company filed an amendment (the "Amendment") to its Amended and Restated Certificate of Incorporation (the "Restated Certificate") with the Secretary of State of the State of Delaware to effect a reverse stock split of the Company's common stock, par value \$0.01 (the "Common Stock"), at a ratio of 1-for-20 (the "Reverse Stock Split"), with an effective time of 12:01 a.m. Eastern Time on May 2, 2024 (the "Effective Time"). The Company expects that upon the opening of trading on May 2, 2024, the Common Stock will begin trading under the existing trading symbol "SGBX" on a split-adjusted basis under a new CUSIP number, 78418A604.

On May 3, 2024, the Company entered into a Securities Purchase Agreement (the "May Securities Purchase Agreement") for a private placement (the "Private Placement") with a single accredited institutional investor (the "Purchaser"). Pursuant to the Securities Purchase Agreement, the Purchaser agreed to purchase 130,000 shares (the "Shares") of the Company's common stock, par value \$0.01 per share (the "Common Stock"), and pre-funded warrants to purchase 1,249,310 shares of Common Stock in lieu thereof (the "Pre-Funded Warrants") and common warrants (the "Common Warrants") to purchase up to 2,758,620 shares of Common Stock. Pursuant to the May Securities Purchase Agreement, the combined offering price of each Share and Common Warrant was set at \$2.90 and the combined offering price of each Pre-Funded Warrant and Common Warrant was set at \$2.8999. The Shares, the Pre-Funded Warrants, the Common Warrants and the shares of Common Stock issuable upon exercise of the Pre-Funded Warrants and Common Warrants are collectively referred to herein as the "Securities."

The Pre-Funded Warrants are exercisable immediately following the date of issuance, may be exercised at any time until all of the Pre-Funded Warrants are exercised in full, and have an exercise price of \$0.0001 per share. The Common Warrants are exercisable immediately following the date of issuance, have a term of five years from the effective date of the Registration Statement (as defined below) registering the Shares and the shares of Common Stock issuable upon exercise of the Pre-Funded Warrants and the Common Warrants and have an exercise price of \$2.65 per share. A holder may not exercise any Pre-Funded Warrants that would cause the aggregate number of shares of common stock beneficially owned by the holder to exceed 9.99% of the Company's outstanding Common Stock immediately after exercise. A holder may not exercise any Common Warrants that would cause the aggregate number of shares of common stock beneficially owned by the holder to exceed 4.99% of the Company's outstanding Common Stock immediately after exercise. The Pre-Funded Warrants and the Common Warrants are subject to adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the Common Stock and also upon any distributions for no consideration of assets to the Company's stockholders. In the event of certain corporate transactions, the holders of the Pre-Funded Warrants and the Common Warrants will be entitled to receive, upon exercise of the Pre-Funded Warrants and the Common Warrants, respectively, the kind and amount of securities, cash or other property that the holders would have received had they exercised the Pre-Funded Warrants and the Common Warrants immediately prior to such transaction. The Pre-Funded Warrants and the Common Warrants do not entitle the holders thereof to any voting rights or any of the other rights or privileges to which holders of common stock are entitled.

**Notes to Condensed Consolidated Financial Statements**  
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**20. Subsequent Events (continued)**

In the event of a “Fundamental Transaction,” which term is defined in the Pre-Funded Warrants and the Common Warrants and generally includes (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person (as defined in the Pre-Funded Warrants and Common Warrants) in which the Company is not the surviving entity (other than a reincorporation in a different state, a transaction for changing the Company’s name, or a similar transaction pursuant to which the surviving company remains a public company), (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of the Company’s assets in one or a series of related transactions (which, for the avoidance of doubt, shall not include such transactions that do not require approval of the Company’s stockholders), (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of more than 50% of the voting power of the common equity of the Company, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property other than a stock split, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons

whereby such other Person or group acquires more than 50% of the voting power of the common equity of the Company, the holders of the Pre-Funded Warrants and Common Warrants will be entitled to receive upon exercise of the Pre-Funded Warrants and the Common Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised such warrants immediately prior to such Fundamental Transaction. Additionally, as more fully described in the Common Warrants, in the event of certain Fundamental Transactions, the holders of the Common Warrants will be entitled to receive consideration in an amount equal to the Black Scholes Value (as defined in the Common Warrants) of the remaining unexercised portion of the Common Warrants on the date of consummation of such Fundamental Transaction.

The Private Placement closed on May 7, 2024. The Company received gross proceeds from the Private Placement of approximately \$4.0 million before deducting fees to the placement agent and other offering expenses payable by the Company. The Company intends to use the net proceeds from the Private Placement for general corporate purposes and potential repayment of indebtedness.

As of May 6, 2024, SG DevCorp entered into an Asset Purchase Agreement (the “APA”) with Dr. Axely Congress to purchase all of the assets related to the A.I technology known as My Virtual Online Intelligent Assistant (“MyVONIA”). MyVONIA, an advanced artificial intelligence (AI) assistant, utilizes machine learning and natural language processing algorithms to provide users with human-like conversational interactions, tailored to their specific needs. MyVONIA does not require an app, or website but is accessible to subscribers via text messaging. The purchase price for MyVONIA is up to 500,000 shares of SG DevCorp’s common stock. Of such shares, 200,000 shares of common stock will be issued at closing, with an additional 300,000 shares of common stock issuable upon the achievement of certain benchmarks. The APA contains customary closing conditions and Dr. Congress has agreed to a non-compete. Dr. Congress will also enter into a consulting agreement with SG DevCorp at closing to continue to develop MyVONIA and provide such other services as are required pursuant thereto.

On May 16, 2024, the Company received a letter from Nasdaq stating that for the period from May 2, 2024 to May 15, 2024, the closing bid price of the Company’s common stock has been at \$1.00 per share or greater, and accordingly the Company has regained compliance with Listing Rule 5550(a)(2).

Also on May 16, 2024, the Company received a letter from Nasdaq notifying the Company that it was not in compliance with Nasdaq Listing Rule 5550(b)(1) (“Rule 5550(b)(1)”) because the stockholders’ equity of the Company of \$6,334,859, as reported in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, was below the minimum requirement of \$2.5 million. The notification received has no immediate effect on the Company’s continued listing on Nasdaq, subject to the Company’s compliance with the other continued listing requirements. The Company intends to submit a compliance plan by the deadline, monitor its stockholders’ equity, and if appropriate, evaluate further available options to regain compliance with Rule 5550(b)(1).

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

### Introduction and Certain Cautionary Statements

As used in this Quarterly Report on Form 10-Q for the period ended March 31, 2024 (this "Quarterly Report on Form 10-Q"), unless the context requires otherwise, references to the "Company," "we," "us," and "our" refer to Safe & Green Holdings Corp. and its subsidiaries. The following discussion and analysis of the financial condition and results of our operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes and schedules included elsewhere in this Quarterly Report on Form 10-Q and with our audited condensed consolidated financial statements and notes for the year ended December 31, 2023, which were included in our Annual Report on Form 10-K for the year then ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on May 7, 2024 (the "2023 Form 10-K"). This discussion, particularly information with respect to our future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading "Special note regarding forward-looking statements" in this Quarterly Report on Form 10-Q. You should review the disclosure under the heading "Risk Factors" in the 2023 Form 10-K and in this Quarterly Report on Form 10-Q for a discussion for important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements.

### Special note regarding forward-looking statements

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements. The statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Statements contained in this Quarterly Report on Form 10-Q may use forward-looking terminology, such as "anticipates," "believes," "could," "would," "estimates," "may," "might," "plan," "expect," "intend," "should," "will," or other variations on these terms or their negatives. All statements other than statements of historical facts are statements that could potentially be forward-looking. The Company cautions that forward-looking statements involve risks and uncertainties and actual results could differ materially from those expressed or implied in these forward-looking statements or could affect the extent to which a particular objective, projection, estimate or prediction is realized. Factors that could cause or contribute to such differences include, but are not limited to: general economic, political and financial conditions, including inflation, both in the United States and internationally; our ability to continue as a going concern; our ability to obtain additional financing on acceptable terms, if at all, or to obtain additional capital in other ways; our ability to increase sales, generate income, effectively manage our growth and realize our backlog; competition in the markets in which we operate, including the consolidation of our industry, our ability to expand into and compete in new geographic markets and our ability to compete by protecting our proprietary manufacturing process; a disruption or cybersecurity breach in our or third-party suppliers' information technology systems; our ability to adapt our products and services to industry standards and consumer preferences and obtain general market acceptance of our products; product shortages and the availability of raw materials, and potential loss of relationships with key vendors, suppliers or subcontractors; the seasonality of the construction industry in general, and the commercial and residential construction markets in particular; a disruption or limited availability with our third party transportation vendors; the loss or potential loss of any significant customers; exposure to product liability, including the possibility that our liability for estimated warranties may be inadequate, and various other claims and litigation; our ability to attract and retain key employees; our ability to attract private investment for sales of product; the credit risk from our customers and our customers' ability to obtaining third-party financing if and as needed; an impairment of goodwill; the impact of federal, state and local regulations, including changes to international trade and tariff policies, and the impact of any failure of any person acting on our behalf to comply with applicable regulations and guidelines; costs incurred relating to current and future legal proceedings or investigations; the cost of compliance with environmental, health and safety laws and other local building regulations; our ability to utilize our net operating loss carryforwards and the impact of changes in the United States' tax rules and regulations; dangers inherent in our operations, such as natural or man-made disruptions to our facilities and project sites and other restrictions on business and commercial activity and the adequacy of our insurance coverage; our ability to comply with the requirements of being a public company; fluctuations in the price of our common stock, including decreases in price due to sales of significant amounts of stock; potential dilution of the ownership of our current stockholders due to, among other things, public offerings or private placements by the Company or issuances upon the exercise of outstanding options or warrants and the vesting of restricted stock units; the ability of our principal stockholders, management and directors to potentially exert control due to their ownership interest; any ability to pay dividends in the future; potential negative reports by securities or industry analysts regarding our business or the construction industry in general; Delaware law provisions discouraging, delaying or preventing a merger or acquisition at a premium price; our ability to remain listed on the Nasdaq Capital Market and the possibility that our stock will be subject to penny stock rules; our classification as a smaller reporting company resulting in, among other things, a potential reduction in active trading of our common stock or increased volatility in our stock price; and any factors discussed in "Part II - Item 1A. Risk Factors" to this Quarterly Report on Form 10-Q as well as "Part I - Item 1A. Risk Factors" in our 2023 Form 10-K, and other filings with the SEC. In addition, certain information presented below is based on unaudited financial information. There can be no assurance that there will be no changes to this information once audited financial information is available. As a result, readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of this report. The Company will not undertake to update any forward-looking statement herein or that may be made from time to time on behalf of the Company.



## Overview

We operate in the following four segments: (i) construction; (ii) medical; (ii) real estate development; and (iv) environmental. The construction segment designs and constructs modular structures built in our factories using raw materials that are Made-in-America. In the medical segment we use our modular technology to offer turnkey solutions to medical testing and treatment and generating revenue from medical testing. Our real estate development segment builds innovative and green single or multifamily projects in underserved regions nationally using modules built in one of our vertically integrated factories. The environmental segment, the newest segment, is a sustainable medical and waste management solution that has a patented technology to collect waste and treat waste for safe disposal.

We are a provider of modular facilities (“Modules”). We currently provide Modules made out of both code-engineered cargo shipping containers and wood for use as both permanent or temporary structures for residential housing use and commercial use, including for health care facilities. Prior to the COVID-19 pandemic, the Modules we supplied were primarily for retail, restaurant and military use and were manufactured by third party suppliers using our proprietary technology and design and engineering expertise, which modifies code-engineered cargo shipping containers and purpose-built modules for use for safe and sustainable commercial, industrial and residential building. Since our acquisition in September 2020 of Echo DCL, LLC (“Echo”), one of our key supply chain providers, we now have more control over the manufacturing process and have increased our product offerings to add Modules made out of wood. In March 2020, in response to the COVID-19 pandemic we began increasing our focus on providing our Modules as health care facilities for deployable medical response solutions. In February 2023, we entered into an agreement with The Peoples Health Care, in Glendale, California, working in conjunction with Teamsters Local 848, to deliver four Modules to provide medical services to union members. In March 2023, we formed Safe & Green Medical Corporation to focus on our medical segment with an objective to establish a national presence with various clinics and labs that cater to the specific needs of local communities. During 2021, through our subsidiary, Safe and Green Development Corporation. (“SG DevCorp”), we also began to focus on acquiring property to build multi-family housing communities that allows us to utilize the manufacturing services of Echo. SG Environmental Solutions Corp. (“SG Environmental”), formed in Delaware is focused on biomedical waste removal and will utilize a patented technology that it licenses to shred and disinfect biomedical waste, rendering the waste disinfected, unrecognizable, and of no greater risk to the public health than residential household waste.

SG DevCorp develops, co-develops builds and finances single and multi-family homes in underserved regions nationally using modules built in one of our vertically integrated factories. SG DevCorp has a minority interest in Norman Berry II Owners LLC and JDI-Cumberland Inlet LLC.

## Recent Developments

On May 1, 2024, we filed an amendment (the “Amendment”) to our Amended and Restated Certificate of Incorporation (the “Restated Certificate”) with the Secretary of State of the State of Delaware to effect a reverse stock split of the Company’s common stock, par value \$0.01 (the “Common Stock”), at a ratio of 1-for-20 (the “Reverse Stock Split”), with an effective time of 12:01 a.m. Eastern Time on May 2, 2024 (the “Effective Time”). Upon the opening of trading on May 2, 2024, the Common Stock will begin trading under the existing trading symbol “SGBX” on a split-adjusted basis under a new CUSIP number, 78418A604.

During April 2024, the Company issued 178,571 shares of common stock (8,928 as adjusted for the May Stock Split) to a consultant for services performed.

On April 19, 2024, we received a delinquency letter (the “Notice”) from the Nasdaq Stock Market LLC (“Nasdaq”) notifying that we were not in compliance with the continued listing requirements set forth in Nasdaq Listing Rule 5250(c)(1) (the “Rule”), which requires timely filing of periodic reports with the Securities and Exchange Commission (the “SEC”) for continued listing. Nasdaq rules require public announcement to disclose the Company’s receipt of the Notice within four business days of receipt.

On May 7, 2024, we received a letter from Nasdaq stating that we now comply with the Rule.

## Results of Operations

### Three Months Ended March 31, 2024 and 2023:

|   | <b>For the Three<br/>Months Ended<br/>March 31, 2024</b> | <b>For the Three<br/>Months Ended<br/>March 31, 2023</b> |
|---|--|--|
| Total revenue   | \$ 1,017,931   | \$ 5,503,935   |
| Total cost of revenue   | (644,983)  | (5,573,407)  |
| Total payroll and related expenses  | (3,268,069)  | (1,314,390)  |
| Total operating expenses  | (1,137,338)  | (1,042,155)  |
| Total operating loss  | (4,032,459)  | (3,260,069)  |
| Total other expense   | (1,224,569)  | (259,371)  |
| Total loss before income tax  | (5,257,028)  | (3,519,440)  |
| Common stock deemed dividend  | (670,881)  | —  |
| Add: Net income attributable non-controlling interest                       | 1,257,745  | —  |
| Net loss attributable to common stockholders of Safe & Green Holdings Corp. | <u>\$ (4,670,164)</u>                                    | <u>\$ (3,519,440)</u>                                    |

### Revenue

During the three months ended March 31, 2024, we derived revenue from our construction segment, as well as sales from SG DevCorp's new revenue stream. Total revenue for the three months ended March 31, 2024 was \$1,017,931 compared to \$5,503,935 for the three months ended March 31, 2023. This decrease of \$4,486,004 or approximately 82% was mainly driven by a decrease in construction services.

### Cost of Revenue and Gross Profit

Cost of revenue was \$644,983 for the three months ended March 31, 2024, compared to \$5,573,407 for the three months ended March 31, 2023. The decrease of \$4,928,424 or an increase of approximately 88%, is primarily related to the decrease in construction services during the three months ended March 31, 2024.

Gross profit (loss) was \$372,948 and \$(69,472) for the three months ended March 31, 2024 and 2023, respectively.

Gross profit (loss) margin percentage increased to 37% for the three months ended March 31, 2024 compared to (1)% for the three months ended March 31, 2023 primarily due to the recognition of losses on construction services recognized during the year ended December 31, 2023.

### Operating Expenses

Payroll and related expenses for the three months ended March 31, 2024 were \$3,268,069 compared to \$1,314,390 for the three months ended March 31, 2023. This increase was primarily caused by stock-based compensation being recognized by SG DevCorp during the three months ended March 31, 2024.

Other operating expenses (general and administrative expenses, marketing and business development expenses, pre-project expenses) for the three months ended March 31, 2024 were \$1,137,338 compared to \$1,876,207 for the three months ended March 31, 2023.

### Other Income (Expense)

Interest income for the three months ended March 31, 2024 was \$9,570 mainly derived from bank interest and interest associated with an outstanding note receivable. There was \$9,362 of interest income for the three months ended March 31, 2023. There was \$48,617 and \$18,639 of other income for the three months ended March 31, 2024 and 2023. Interest expense for the three months ended March 31, 2024 and 2023 was \$1,282,756 and \$287,372, respectively. The increase in interest expense resulted from an increase in notes payable balances during 2024.

**Income Tax Provision**

A 100% valuation allowance was provided against the deferred tax asset consisting of available net operating loss carry forwards and, accordingly, no income tax benefit was provided.

**Impact of Inflation**

Inflation has caused increases on some of the Company's estimated costs for construction projects in progress and completed during the past two fiscal years, which has affected the Company's revenue and income (loss) from continuing operations.

Our operations for the three months ended March 31, 2024 and 2023 may not be indicative of our future operations.

**Liquidity and Capital Resources**

As of March 31, 2024 and December 31, 2023, we had an aggregate of \$739,787 and \$17,448, respectively, of cash and cash equivalents and short-term investments.

Historically, our operations have primarily been funded through proceeds from equity and debt financings, as well as revenue from operations.

We have negative operating cash flows, which has raised substantial doubt about our ability to continue as a going concern.

We intend to meet our capital needs from revenue generated from operations and by containing costs, entering into strategic alliances, as well as exploring other options, including the possibility of raising additional debt or equity capital as necessary. There is, however, no assurance we will be successful in meeting our capital requirements prior to becoming cash flow positive. We do not have any additional sources secured for future funding, and if we are unable to raise the necessary capital at the times we require such funding, we may need to materially change our business plan, including delaying implementation of aspects of such business plan or curtailing or abandoning such business plan altogether.

On January 5, 2024, SG Building Blocks and SG Echo, together with SG Building Blocks, the ("Merchants"), entered into a Cash Advance Agreement ("January Cash Advance Agreement") with Maison Capital Group ("Maison") pursuant to which the Merchants sold to Maison \$300,000 of their future receivables for a purchase price of \$200,000, less underwriting fees and expenses paid, for net funds provided of \$190,000.

Pursuant to the January Cash Advance Agreement, Maison is expected to withdraw \$12,500 a week directly from the Merchants' bank account until the \$300,000 due to Maison under the January Cash Advance Agreement is paid. In the event of a default (as defined in the January Cash Advance Agreement), Maison, among other remedies, can demand payment in full of all amounts remaining due under the January Cash Advance Agreement. The Merchants' obligations under the January Cash Advance Agreement are secured by a security interest in all accounts, including without limitation, all deposit accounts, accounts-receivable, and other receivables, chattel paper, documents, equipment, general intangibles, instruments, and inventory, as those terms are defined by Article 9 of the Uniform Commercial Code, now or hereafter owned or acquired by any of them. In addition, SG Building Blocks' obligations under the January Cash Advance Agreement have been guaranteed by SG Echo, and SG Echo's obligations under the January Cash Advance Agreement have been guaranteed by SG Building Blocks. The amounts outstanding under the January Cash Advance Agreement may be prepaid by the Merchants at any time without penalty.

On January 11, 2024, we entered into a Securities Purchase Agreement (the "January Purchase Agreement") with Peak One, pursuant to which we agreed to issue, in a private placement offering (the "January Offering"), upon the satisfaction of certain conditions specified in the January Purchase Agreement, two debentures to Peak One in the aggregate principal amount of \$1,300,000.

The closing of the first tranche was consummated on January 12, 2024 and we issued an 8% convertible debenture in the principal amount of Six Hundred Fifty Thousand Dollars (\$650,000) (the "Holdings Debenture") to Peak One and a warrant (the "Warrant") to purchase up to Three Hundred Seventy-Five Thousand (375,000) shares of our common stock (18,750 as adjusted for the May Stock Split), par value \$0.01 per share (the "common stock") to Peak One's designee, as described in the Purchase Agreement. The Holdings Debenture was sold to Peak One for a purchase price of \$585,000, representing an original issue discount of ten percent (10%). In connection with the January Offering, we paid \$17,500 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs incurred in connection with the transactions contemplated by the Purchase Agreement and issued to Peak One and its designee an aggregate of 300,000 shares of its restricted common stock (the "Commitment Shares") (15,000 as adjusted for the May Stock Split) as provided in the January Purchase Agreement.

The Holdings Debenture matures twelve months from its date of issuance and bears interest at a rate of 8% per annum payable on the maturity date. The Debenture is convertible, at the option of the holder, at any time, into such number of shares of common stock equal to the principal amount of the Holdings Debenture, plus all accrued and unpaid interest, at a conversion price equal to \$ 0.46 (the "Conversion Price") (\$9.20 as adjusted for the May Stock Split), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions that are subject to a floor price as set forth in the Holdings Debenture.

The Holdings Debenture is redeemable by us at a redemption price equal to 110% of the sum of the principal amount to be redeemed plus accrued interest, if any. While the Holdings Debenture is outstanding, if we receives cash proceeds of more than \$1,500,000.00 (the "Minimum Threshold") in the aggregate from any source or series of related or unrelated sources, we shall, within two (2) business days of our receipt of such proceeds, inform Peak One of such receipt, following which Peak One shall have the right, in its sole discretion, to require us to immediately apply up to 50% of all proceeds received by us (from any source except with respect to proceeds from the issuance of equity or debt to officers and directors of us) after the Minimum Threshold is reached to repay the outstanding amounts owed under the Debenture. During the three months ended March 31, 2024, Peak One converted \$300,000 of its principal balance into 57,627 shares of common stock. Such conversion was within the terms of the agreement with no gains or losses recognized on the transactions.

The Warrant expires five years from its date of issuance. The Warrant is exercisable, at the option of the holder, at any time, for up to 375,000 of shares of common stock (18,750 as adjusted for the May Stock Split) at an exercise price equal to \$0.53 (the "Exercise Price") (\$10.60 as adjusted for the May Stock Split), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions that are subject to a floor price as set forth in the Warrant. The Warrant provides for cashless exercise under certain circumstances.

Maxim Group LLC (“Maxim”) acted as placement agent in the Offering. In connection with the closing of the first tranche of the Offering, we paid a placement fee of \$40,950 to Maxim. Assuming the second tranche is closed, a placement fee in an amount equal to \$40,950 will be payable by us to Maxim upon closing of the second tranche of the Offering.

On January 29, 2024, SG Building Blocks, Inc., entered into a Cash Advance Agreement (“Second Cash Advance Agreement”) with Cedar Advance LLC (“Cedar”) pursuant to which SG Building Blocks sold to Cedar \$1,733,420 of its future receivables for a purchase price of \$1,180,000, less underwriting fees and expenses paid and the repayment of prior amounts due Cedar, for net funds provided of \$215,575.

Pursuant to the Second Cash Advance Agreement, Cedar is expected to withdraw \$49,150 a week directly from SG Building Blocks’ bank account until the \$1,733,420 due to Cedar under the Second Cash Advance Agreement is paid. In the event of a default (as defined in the Second Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the Second Cash Advance Agreement. SG Building Blocks’ obligations under the Cash Advance Agreement have been guaranteed by SG Echo.

On February 15, 2024, SG DevCo, entered into an amendment (the “Amendment”) to the Securities Purchase Agreement, dated November 30, 2023 (the “Purchase Agreement”) with Peak One pursuant to which SG DevCo agreed to issue, in a private placement offering (the “Offering”) upon the satisfaction of certain conditions specified in the Purchase Agreement, two Debentures to Peak One in the aggregate principal amount of \$1,200,000. The closing of the first tranche was consummated on November 30, 2023.

The Purchase Agreement provided that at any time after January 29, 2024, a second tranche closing could occur subject to the mutual written agreement of Peak One and SG DevCo and satisfaction of the closing conditions set forth in the Purchase Agreement, upon which SG DevCo would issue and sell to Peak One on the same terms and conditions a second 8% convertible debenture in the principal amount of \$500,000.

The Amendment provides that the second tranche be separated into two tranches (the second and third tranche) wherein which SG DevCo would issue in each tranche an 8% convertible debenture in the principal amount of \$250,000 at a purchase price of \$225,000. In addition, the Amendment provides that SG DevCo will issue (i) 35,000 shares of SG DevCo’s common stock on the closing of each of the second tranche and the third tranche as follows: 17,500 shares of common stock to Peak One’s designee as described in the Amendment and 17,500 shares of common stock to Peak One, as a commitment fee in connection with the issuance of the second debenture and the third debenture, respectively; (ii) a common stock purchase warrant to Peak One’s designee as described in the Amendment for the purchase of 125,000 shares of common stock on the closing of each of the second tranche and the third tranche; and (iii) pay \$6,500 of Peak One’s non-accountable fees in connection with each of the second tranche and the third tranche.

The closing of the second tranche was consummated on February 16, 2024 and SG DevCo issued an 8% convertible debenture in the principal amount of \$250,000 (the “Second Debenture”) to Peak One and a warrant (the “Second Warrant”) to purchase up to 125,000 shares of SG DevCo’s common stock to Peak One’s designee as described in the Amendment. The Second Debenture was sold to Peak One for a purchase price of \$225,000, representing an original issue discount of ten percent (10%). In connection with the closing of the second tranche, SG DevCo paid \$6,500 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs incurred in connection with the second tranche and issued to Peak One and its designee an aggregate total of 35,000 shares of SG DevCo’s restricted common stock as described in the Amendment.

The Second Debenture matures twelve months from its date of issuance and bears interest at a rate of 8% per annum payable on the maturity date. The Second Debenture is convertible, at the option of the holder, at any time, into such number of shares of common stock of SG DevCo equal to the principal amount of the Second Debenture plus all accrued and unpaid interest at a conversion price equal to \$2.14, subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions that are subject to a floor price as set forth in the Second Debenture.

The Second Debenture is redeemable by SG DevCo at a redemption price equal to 110% of the sum of the principal amount to be redeemed plus accrued interest, if any. While the Second Debenture is outstanding, if SG DevCo receives cash proceeds of more than \$1,500,000.00 (“Minimum Threshold”) in the aggregate from any source or series of related or unrelated sources, SG DevCo shall, within two business days of SG DevCo’s receipt of such proceeds, inform the holder of such receipt, following which the holder shall have the right in its sole discretion to require SG DevCo to immediately apply up to 50% of all proceeds received by SG DevCo (from any source except with respect to proceeds from the issuance of equity or debt to officers and directors of SG DevCo) after the Minimum Threshold is reached to repay the outstanding amounts owed under the Second Debenture.

The Second Debenture contains customary events of default. If an event of default occurs, until it is cured, Peak One may increase the interest rate applicable to the Second Debenture to the lesser of eighteen percent (18%) per annum and the maximum interest rate allowable under applicable law and accelerate the full indebtedness under the Second Debenture, in an amount equal to 110% of the outstanding principal amount and accrued and unpaid interest. The Second Debenture prohibits SG DevCo from entering into a Variable Rate Transaction (as defined in the Second Debenture) until the Second Debenture is paid in full.

The Second Warrant expires five years from its date of issuance. The Second Warrant is exercisable, at the option of the holder, at any time, for up to 125,000 shares of common stock of SG DevCo at an exercise price equal to \$2.53, subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions that are subject to a floor price as set forth in the Second Warrant. The Second Warrant provides for cashless exercise under certain circumstances.

Under the Amendment, a closing of the third tranche may occur subject to the mutual written agreement of Peak One and SG DevCo and satisfaction of the closing conditions set forth in the Purchase Agreement at any time after April 16, 2024.

Maxim acted as placement agent in connection with the Offering. In connection with the closing of the second tranche, SG DevCo paid a placement fee of \$13,500 to Maxim. Assuming the third tranche is closed, a placement fee in an amount equal to \$13,500 will be payable by SG DevCo to Maxim upon closing of the third tranche.

On February 23, 2024, the Merchants entered into a Cash Advance Agreement (“February Cash Advance Agreement”) with Bridgecap Advance LLC (“Bridgecap”) pursuant to which the Merchants sold to Bridgecap \$224,850 of their future receivables for a purchase price of \$150,000, less underwriting fees and expenses paid, for net funds provided of \$135,000.

Pursuant to the February Cash Advance Agreement, Bridgecap is expected to withdraw \$2,248.50 a day directly from the Merchants’ bank account until the \$224,850 due to Bridgecap under the February Cash Advance Agreement is paid. In the event of a default (as defined in the February Cash Advance Agreement), Bridgecap, among other remedies (including penalties and fees) can demand payment in full of all amounts remaining due under the February Cash Advance Agreement. The Merchants’ obligations under the February Cash Advance Agreement are secured by a security interest in all accounts, including without limitation, all deposit accounts, accounts-receivable, other receivables, and proceeds therefrom, as those terms are defined by Article 9 of the Uniform Commercial Code, now or hereafter owned or acquired by any of them. The amounts outstanding under the February Cash Advance Agreement may be prepaid by the Merchants at any time without penalty.

On March 1, 2024, SG DevCorp entered into a credit agreement with the Bryan Leighton Revocable Trust Dated December 13th, 2023 (the “Lender”) pursuant to which the Lender agreed to provide SG DevCorp with a line of credit facility (the “Line of Credit”) up to the maximum amount of \$250,000 from which SG DevCorp may draw down, at any time and from time to time, during the term of the Line of Credit. The “Maturity Date” of the Line of Credit is September 1, 2024. At any time prior to the Maturity Date, upon mutual written consent of SG DevCorp and the Lender, the Maturity Date may be extended for up to an additional six-month period. The advanced and unpaid principal of the Line of Credit from time to time outstanding will bear interest at a fixed rate per annum equal to 12.0% (the “Fixed Rate”). On the first day of each month, SG DevCorp will pay to the Lender interest, in arrears, on the aggregate outstanding principal indebtedness of the Line of Credit at the Fixed Rate. The entire principal indebtedness of the Line of Credit and any accrued interest thereon will be due and payable on the Maturity Date. In consideration for the extension of the Line of Credit, SG DevCorp issued 154,320 shares of SG DevCorp restricted common stock to Lender. The fair value of the shares issued to Lender amounted to \$125,000 and has been recorded as a debt discount and will be amortized over the effective rate method. During the three months ended March 31, 2024, SG DevCorp drew down \$100,000 from the Line of Credit.

On March 5, 2024, we issued a Promissory Note (“Note”) in favor of 1800 Diagonal Lending LLC (the “Lender”) in the aggregate principal amount of \$149,500 (the “Principal”), and an accompanying Securities Purchase Agreement, dated March 5, 2024 (the “SPA”).

The Note was purchased by the Lender for a purchase price of \$130,000, representing an original issue discount of \$19,500. A one-time interest charge of ten percent (10%) (the “Interest Rate”) will be applied on the issuance date to the Principal. Under the terms of the Note, beginning on April 15, 2024, we are required to make nine monthly payments of accrued, unpaid interest and outstanding principal, subject to adjustment, in the amount of \$18,272.23. We shall have a five business day grace period with respect to each payment. Any amount of principal or interest on this Note which is not paid when due will bear interest at the rate of twenty two percent (22%) per annum from the due date thereof until the same is paid (“Default Interest”). We have the right to accelerate payments or prepay in full at any time with no prepayment penalty.

Among other things, an event of default (“Event of Default”) will be deemed to have occurred if we fails to pay the principal or interest when due on the Note, whether at maturity, upon acceleration or otherwise, if bankruptcy or insolvency proceedings are instituted by or against us or if we fail to maintain the listing of its common stock on The Nasdaq Stock Market. Upon the occurrence of an Event of Default, the Note will become immediately due and payable and we will be obligated to pay to the Investor, in satisfaction of its obligations under the Note, an amount equal to 200% times the sum of the then outstanding principal amount of the Note plus accrued and unpaid interest on the unpaid principal amount of this Note to the date of payment plus Default Interest, if any.

After an Event of Default, at any time following the six month anniversary of the Note, the Lender will have the right, to convert all or any part of the outstanding and unpaid amount of the Note into shares of the our common stock at a conversion price equal to the greater of \$0.08 or 65% multiplied by the lowest closing bid price during the 10 trading days prior to the conversion date (representing a discount rate of 35%). The Note may not be converted into shares of our common stock if the conversion would result in the Lender and its affiliates owning an aggregate of in excess of 4.99% of the then outstanding shares of our common stock. In addition, unless we obtain shareholder approval of such issuance, we shall not issue a number of shares of its common stock under Note, which when aggregated with all other securities that are required to be aggregated for purposes of Nasdaq Rule 5635(d), would exceed 19.99% of the shares of our common stock outstanding as of the date of definitive agreement with respect to the first of such aggregated transactions (the “Conversion Limitation”). Upon the occurrence of an Event of Default as a result of us being delisted from Nasdaq, the Conversion Limitation shall no longer apply.

On May 3, 2024, we entered into a Securities Purchase Agreement (the “May Securities Purchase Agreement”) for a private placement (the “Private Placement”) with a single accredited institutional investor (the “Purchaser”). Pursuant to the Securities Purchase Agreement, the Purchaser agreed to purchase 130,000 shares (the “Shares”) of our common stock, par value \$0.01 per share (the “Common Stock”), and pre-funded warrants to purchase 1,249,310 shares of Common Stock in lieu thereof (the “Pre-Funded Warrants”) and common warrants (the “Common Warrants”) to purchase up to 2,758,620 shares of Common Stock. Pursuant to the May Securities Purchase Agreement, the combined offering price of each Share and Common Warrant was set at \$2.90 and the combined offering price of each Pre-Funded Warrant and Common Warrant was set at \$2.8999. The Shares, the Pre-Funded Warrants, the Common Warrants and the shares of Common Stock issuable upon exercise of the Pre-Funded Warrants and Common Warrants are collectively referred to herein as the “Securities.”

The Pre-Funded Warrants are exercisable immediately following the date of issuance, may be exercised at any time until all of the Pre-Funded Warrants are exercised in full, and have an exercise price of \$0.0001 per share. The Common Warrants are exercisable immediately following the date of issuance, have a term of five years from the effective date of the Registration Statement (as defined below) registering the Shares and the shares of Common Stock issuable upon exercise of the Pre-Funded Warrants and the Common Warrants and have an exercise price of \$2.65 per share. A holder may not exercise any Pre-Funded Warrants that would cause the aggregate number of shares of common stock beneficially owned by the holder to exceed 9.99% of the Company’s outstanding Common Stock immediately after exercise. A holder may not exercise any Common Warrants that would cause the aggregate number of shares of common stock beneficially owned by the holder to exceed 4.99% of the Company’s outstanding Common Stock immediately after exercise. The Pre-Funded Warrants and the Common Warrants are subject to adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the Common Stock and also upon any distributions for no consideration of assets to the Company’s stockholders. In the event of certain corporate transactions, the holders of the Pre-Funded Warrants and the Common Warrants will be entitled to receive, upon exercise of the Pre-Funded Warrants and the Common Warrants, respectively, the kind and amount of securities, cash or other property that the holders would have received had they exercised the Pre-Funded Warrants and the Common Warrants immediately prior to such transaction. The Pre-Funded Warrants and the Common Warrants do not entitle the holders thereof to any voting rights or any of the other rights or privileges to which holders of common stock are entitled.

In the event of a “Fundamental Transaction,” which term is defined in the Pre-Funded Warrants and the Common Warrants and generally includes (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person (as defined in the Pre-Funded Warrants and Common Warrants) in which the Company is not the surviving entity (other than a reincorporation in a different state, a transaction for changing the Company’s name, or a similar transaction pursuant to which the surviving company remains a public company), (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of the Company’s assets in one or a series of related transactions (which, for the avoidance of doubt, shall not include such transactions that do not require approval of the Company’s stockholders), (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of more than 50% of the voting power of the common equity of the Company, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property other than a stock split, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the voting power of the common equity of the Company, the holders of the Pre-Funded Warrants and Common Warrants will be entitled to receive upon exercise of the Pre-Funded Warrants and the Common Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised such warrants immediately prior to such Fundamental Transaction. Additionally, as more fully described in the Common Warrants, in the event of certain Fundamental Transactions, the holders of the Common Warrants will be entitled to receive consideration in an amount equal to the Black Scholes Value (as defined in the Common Warrants) of the remaining unexercised portion of the Common Warrants on the date of consummation of such Fundamental Transaction.

The Private Placement closed on May 7, 2024. We received gross proceeds from the Private Placement of approximately \$4.0 million before deducting fees to the placement agent and other offering expenses. We intend to use the net proceeds from the Private Placement for general corporate purposes and potential repayment of indebtedness.

We continue to generate losses from operations. As of March 31, 2024, our stockholders' equity was \$6,637,478, compared to \$6,334,859 as of December 31, 2023, and we had an accumulated deficit of \$79,930,088, compared to \$75,930,805 as of December 31, 2023. Our net loss attributable to our common stockholders for the three months ended March 31, 2024 was \$4,670,164 and net cash used in operating activities was \$923,847.

We will need to generate additional revenues or secure additional financing sources, such as debt or equity capital, to fund future growth, which financing may not be available on favorable terms or at all. We are in the process of securing funding, which we believe will provide the needed working capital until we are cash flow positive[, which we believe will be in the first half of 2024]. If we are unable to raise the necessary capital at the times we require such funding, we may need to materially change our business plan, including delaying implementation of aspects of such business plan or curtailing or abandoning such business plan altogether.

#### Cash Flow Summary

|   | Three Months Ended<br>March 31, |                   |
|---|---------------------------------|-------------------|
|   | 2024                            | 2023              |
| Net cash provided by (used in):           |                                 |                   |
| Operating activities                      | \$ (923,847)                    | \$ (1,378,685)    |
| Investing activities                      | (257,186)                       | (638,348)         |
| Financing activities                      | 1,903,372                       | 2,886,758         |
| Net increase in cash and cash equivalents | <u>\$ 722,339</u>               | <u>\$ 869,725</u> |

Operating activities used net cash of \$923,847 during the three months ended March 31, 2024, and used net cash of \$1,378,685 during the three months ended March 31, 2023. Generally, our net operating cash flows fluctuate primarily based on changes in our profitability and working capital. Cash used in operating activities decreased by approximately \$454,838.

Investing activities used net cash of \$257,186 during the three months ended March 31, 2024, and \$638,348 net cash during the three months ended March 31, 2023 a decrease in cash used of \$381,162. This amount resulted from \$31,841 in purchases of property an equipment, \$1,082 received from our business combination and \$226,425 in project development costs.

Financing activities provided net cash of \$1,903,372 during the three months ended March 31, 2024. Financing activities used \$2,886,758 net cash during the three months ended March 31, 2023. This amount resulted from \$885,485 in repayments of short-term notes payable, proceeds of \$2,293,644 from the issuances of short-term notes payable and \$494,213 received from a warrant inducement transaction.



There can be no assurance that our customers will decide to and/or be able to proceed with these construction projects, or that we will ultimately recognize revenue from these projects in a timely manner or at all.

### **Off-Balance Sheet Arrangements**

As of March 31, 2024 and December 31, 2023, we had no material off-balance sheet arrangements to which we are a party.

In the ordinary course of business, we enter into agreements with third parties that include indemnification provisions which, in our judgment, are normal and customary for companies in our industry sector. These agreements are typically with consultants and certain vendors. Pursuant to these agreements, we generally agree to indemnify, hold harmless, and reimburse indemnified parties for losses suffered or incurred by the indemnified parties with respect to actions taken or omitted by us. The maximum potential amount of future payments we could be required to make under these indemnification provisions is unlimited. We have not incurred material costs to defend lawsuits or settle claims related to these indemnification provisions. As a result, the estimated fair value of liabilities relating to these provisions is minimal. Accordingly, we have no liabilities recorded for these provisions as of March 31, 2024.

### **Critical Accounting Estimates**

Our condensed consolidated financial statements have been prepared using generally accepted accounting principles in the United States of America (“GAAP”). In connection with the preparation of the financial statements, we are required to make assumptions and estimates and apply judgments that affect the reported amounts of assets, liabilities, revenue, and expenses, and the related disclosures. We base our assumptions, estimates, and judgments on historical experience, current trends, and other factors that we believe to be relevant at the time the consolidated financial statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates, and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in “Note 3— Summary of Significant Accounting Policies” of the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. We believe that the following accounting policies are the most critical in fully understanding and evaluating our reported financial results.

*Share-based payments.* We measure the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, including non-employee directors, the fair value of the award is measured on the grant date. For non-employees, the fair value of the award is generally re-measured on interim financial reporting dates and vesting dates until the service period is complete. The fair value amount is then recognized over the period services are required to be provided in exchange for the award, usually the vesting period. We recognize stock-based compensation expense on a graded-vesting basis over the requisite service period for each separately vesting tranche of each award. Stock-based compensation expense to employees and all directors is reported within payroll and related expenses in the consolidated statements of operations. Stock-based compensation expense to non-employees is reported within marketing and business development expense in the consolidated statements of operations.

*Other derivative financial instruments.* We classify as equity any contracts that (i) require physical settlement or net-share settlement or (ii) provide a choice of net-cash settlement or settlement in our own shares (physical settlement or net-share settlement), provided that such contracts are indexed to our own stock. We classify as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net-cash settle the contract if any event occurs and if that event is outside SGB’s control) or (ii) give the counterparty a choice of net-cash settlement or settlement shares (physical settlement or net-cash settlement). SGB assesses classification of common stock purchase warrants and other free-standing derivatives at each reporting date to determine whether a change in classification between assets and liabilities or equity is required.

*Convertible instruments.* We bifurcate conversion options from their host instruments and accounts for them as free-standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (i) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract; (ii) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not measured at fair value under otherwise applicable GAAP measures with changes in fair value reported in earnings as they occur; and (iii) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

We determined that the embedded conversion options that were included in the previously outstanding convertible debentures should be bifurcated from their host and a portion of the proceeds received upon the issuance of the hybrid contract has been allocated to the fair value of the derivative. The derivative was subsequently marked to market at each reporting date based on current fair value, with the changes in fair value reported in results of operations.

### ***Critical Accounting Estimates (continued)***

**Revenue recognition** – We determine, at contract inception, whether we will transfer control of a promised good or service over time or at a point in time, regardless of the length of contract or other factors. The recognition of revenue aligns with the timing of when promised goods or services are transferred to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. To achieve this core principle, we apply the following five steps in accordance with its revenue policy:

- (1) Identify the contract with a customer*
- (2) Identify the performance obligations in the contract*
- (3) Determine the transaction price*
- (4) Allocate the transaction price to performance obligations in the contract*
- (5) Recognize revenue as performance obligations are satisfied*

On certain contracts, the Company applies recognition of revenue over time, which is similar to the method the Company applied under previous guidance (i.e. percentage of completion). Due to uncertainties inherent in the estimation process, it is possible that estimates of costs to complete a performance obligation will be revised in the near-term. For those performance obligations for which revenue is recognized using a cost-to-cost input method, changes in total estimated costs, and related progress toward complete satisfaction of the performance obligation, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. When the current estimate of total costs for a performance obligation indicate a loss, a provision for the entire estimated loss on the unsatisfied performance obligation is made in the period in which the loss becomes evident.

For product or equipment sales, the Company applies recognition of revenue when the customer obtains control over such goods, which is at a point in time. Additionally, SG DevCorp has begun to generate revenue resulting from commissions on residential real estate purchases and sales transactions. For this revenue, the Company applies recognition of revenue when the customer obtains control over such service, which is at a point in time.

**Goodwill** – The Company performs its impairment test of goodwill at the reporting unit level each fiscal year, or more frequently if events or circumstances change that would more likely than not reduce the fair value of its reporting unit below its carrying values. The Company performs a goodwill impairment test by comparing the fair value of the reporting unit with its carrying value and recognizes an impairment charge for the amount by which the carrying value exceeds the fair value, not to exceed the total amount of goodwill. The amount by which the carrying value of the goodwill exceeds its implied fair value, if any, is recognized as an impairment loss. There were no impairments during the three months ended March 31, 2024 or 2023.

**Intangible assets** – Intangible assets consist of \$2,766,000 of proprietary knowledge and technology, which is being amortized over 20 years. In addition, included in intangible assets is \$68,344 of trademarks, and \$238,422 of website costs that are being amortized over 5 years. The Company evaluated intangible assets for impairment during the year ended December 31, 2023 and determined that there was an \$1,880,547 impairment loss for the year ended December 31, 2023. The amortization expense for the three months ended March 31, 2024 and 2023 was \$3,417 and \$46,119, respectively. The accumulated amortization as of March 31, 2024 and December 31, 2023 was \$2,921,272 and \$2,852,929, respectively. The remaining balance of the Company's intangible assets is comprised of website cost which are not yet placed in service.

### ***New Accounting Pronouncements***

See Note 3 to the accompanying consolidated financial statements for all recently adopted and new accounting pronouncements.

### Non-GAAP Financial Information

In addition to our results under GAAP, we also present EBITDA and Adjusted EBITDA for historical periods. EBITDA and Adjusted EBITDA are non-GAAP financial measures and have been presented as supplemental measures of financial performance that are not required by, or presented in accordance with, GAAP. We calculate EBITDA as net income (loss) attributable to common stockholders before interest expense, income tax benefit (expense), depreciation and amortization. We calculate Adjusted EBITDA as EBITDA before certain non-recurring, unusual or non-operational items, such as litigation expense, stock issuance expense and stock compensation expense. We believe that adjusting EBITDA to exclude the effects of these items that are not closely associated with ongoing corporate operations provides management and investors with a meaningful measure that increases period-to -period comparability of our operating performance.

We believe the presentation of EBITDA and Adjusted EBITDA is relevant and useful by enhancing the readers' ability to understand the Company's operating performance. Our management utilizes EBITDA and Adjusted EBITDA as a means to measure performance. EBITDA and Adjusted EBITDA are also frequently used by analysts, investors and other interested parties to evaluate companies in our industry. These measures, when used in conjunction with related GAAP financial measures, provide investors with an additional financial analytical framework that may be useful in assessing us and our results of operations.

Our measurements of EBITDA and Adjusted EBITDA may not be comparable to similar titled measures reported by other companies. Other companies, including other companies in our industry, may not use such measures or may calculate one or more of the measures differently than as presented in this Quarterly Report on Form 10-Q, limiting their usefulness as a comparative measure. EBITDA and Adjusted EBITDA are not measurements of financial performance under GAAP and should not be considered as an alternative to net income (loss) attributable to common stockholders, or any other measures of financial performance derived in accordance with GAAP. We do not consider these non-GAAP measures to be substitutes for or superior to the information provided by our GAAP financial results. . The non-GAAP information should be read in conjunction with our consolidated financial statements and related notes.

These measures also should not be construed as an inference that our future results will be unaffected by the non-recurring, unusual or non-operational items for which these non-GAAP measures make adjustments. Additionally, EBITDA and Adjusted EBITDA are not intended to be liquidity measures.

### Non-GAAP Financial Information (continued)

The following is a reconciliation of EBITDA and Adjusted EBITDA to the nearest GAAP measure, net gain (loss) attributable to common stockholders:

|   | <b>Three<br/>Months Ended<br/>March 31, 2024</b> | <b>Three<br/>Months Ended<br/>March 31, 2023</b> |
|---|--|--|
| Net loss attributable to common stockholders of Safe & Green Holdings Corp. | \$ (4,670,164)                                   | \$ (3,519,440)                                   |
| Addback interest expense  | 1,282,756  | 287,372  |
| Addback interest income   | (9,570)  | (9,362)  |
| Addback depreciation and amortization                                       | 76,387   | 138,312  |
| EBITDA (non-GAAP)   | <u>(3,320,591)</u>                               | <u>(3,103,118)</u>                               |
| Common stock deemed dividend  | 670,881  | —  |
| Addback litigation expense  | 143,745  | 17,361   |
| Addback stock issued for services   | 251,361  | 437,325  |
| Addback stock compensation expense  | 179,029  | 656,369  |
| Adjusted EBITDA (non-GAAP)  | <u>\$ (2,075,575)</u>                            | <u>\$ (1,992,063)</u>                            |

**ITEM 3. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable.

**ITEM 4. Controls and Procedures*****Evaluation of Disclosure Controls and Procedures***

Management of Safe & Green Holdings Corp., with the participation of our Principal Executive Officer and the Principal Financial Officer carried out an evaluation of the effectiveness of our “disclosure controls and procedures” (as defined in the Exchange Act, Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q (the “Evaluation Date”). Based upon that evaluation, our Principal Executive Officer and our Principal Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were not effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The Principal Executive Officer and the Principal Financial Officer believe that the condensed consolidated financial statements and other information contained in this Quarterly Report on Form 10-Q present fairly, in all material respects, our business, financial condition and results of operations.

***Changes in Internal Control over Financial Reporting***

Other than as described above, for the fiscal quarter ended March 31, 2024, there have been no changes in our internal control over financial reporting identified in connection with the evaluations required by Rule 13a-15(d) or Rule 15d-15(d) under the Exchange Act that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

***Inherent Limitations on Effectiveness of Controls***

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

## **PART II. OTHER INFORMATION**

### **ITEM 1. Legal Proceedings**

The information included in "Note 18 - Commitments and Contingencies" of our condensed consolidated financial statements included elsewhere in this Quarterly Report Form 10-Q is incorporated by reference into this Item.

### **ITEM 1A. Risk Factors**

Investing in our common stock involves a high degree of risk. You should consider carefully the following risks, together with all other information in this Quarterly Report on Form 10-Q, including our unaudited condensed consolidated financial statements and notes thereto. If any of the following risks actually materializes, our operating results, financial condition and liquidity could be materially adversely affected. As a result, the trading price of our common stock could decline and you could lose part or all of your investment. The following information updates, and should be read in conjunction with, the information disclosed in Part I, Item 1A, "Risk Factors," contained in the Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K"). There have been no material changes from the risk factors disclosed in "Part I—Item 1A. Risk Factors" in our 2023 Form 10-K, except as follows:

***If we are not successful in our efforts to increase sales or raise capital, we could experience a shortfall in cash over the next twelve months, and our ability to obtain additional financing on acceptable terms, if at all, may be limited.***

At March 31, 2024 and December 31, 2023, we had cash and cash equivalents and a short-term investment, collectively, of \$739,787 and \$17,448 respectively. However, during the three months ended March 31, 2024 and year ended December 31, 2023, we reported a net loss attributable to common stockholders of Safe & Green Holdings Corp. of \$4,670,164 and \$26,757,906, respectively, and used \$923,847 and \$7,141,754 of cash for operations, respectively. If we are not successful with our efforts to increase revenue, we could experience a shortfall in cash over the next twelve months. If there is a shortfall, we may be forced to reduce operating expenses, among other steps, all of which would have a material adverse effect on our operations going forward.

We may also seek to obtain debt or additional equity financing to meet any cash shortfalls. The type, timing and terms of any financing we may select will depend on, among other things, our cash needs, the availability of other financing sources and prevailing conditions in the financial markets. However, there can be no assurance that we will be able to secure additional funds if needed and that, if such funds are available, the terms or conditions would be acceptable to us. In addition, our inability to currently utilize a short form registration statement on Form S-3 may impair our ability to obtain capital in a timely fashion. If we are unable to secure additional financing, further reduction in operating expenses might need to be substantial in order for us to ensure enough liquidity to sustain our operations. Any equity financing would be dilutive to our stockholders. If we incur debt, we will likely be subject to restrictive covenants that significantly limit our operating flexibility and require us to encumber our assets. If we fail to raise sufficient funds and continue to incur losses, our ability to fund our operations, take advantage of strategic opportunities, or otherwise respond to competitive pressures will be significantly limited. Any of the above limitations could force us to significantly curtail or cease our operations, and you could lose all of your investment in our common stock. These circumstances have raised substantial doubt about our ability to continue as a going concern, and continued cash losses may risk our status as a going concern. Our consolidated financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern.

***Our independent registered public accounting firm has expressed doubt about our ability to continue as a going concern.***

The report of our independent registered public accounting firm contains a note stating that the accompanying financial statements have been prepared assuming we will continue as a going concern. At March 31, 2024 and December 31, 2023, we had cash and cash equivalents and a short-term investment, collectively, of \$739,787 and \$17,448, respectively. However, during the three months ended March 31, 2024 and year ended December 31, 2023, we reported a net loss attributable to common stockholders of Safe & Green Holdings Corp. of \$4,670,164 and \$26,757,906, respectively, and used \$923,847 and \$7,141,754 of cash for operations, respectively.

We have incurred losses since inception, have negative working capital of \$16,600,204 as of March 31, 2024 and have negative operating cash flows, which has raised substantial doubt about our ability to continue as a going concern. We expect our current cash and the proceeds from anticipated financings to be sufficient for working capital until we are cash flow positive, which we believe will be in the first half of 2024.

***The loss of one or a few customers could have a material adverse effect on us.***

A few customers have in the past, and may in the future, account for a significant portion of our revenues in any one year or over a period of several consecutive years. For example, for the three months ended March 31, 2024 approximately 86% of our revenue was generated from one customer and for the year ended December 31, 2023, approximately 87% of our revenue was generated from one customers. Although we have contractual relationships with many of our significant customers, our customers may unilaterally reduce or discontinue their contracts with us at any time. The loss of business from a significant customer could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***Our clients may adjust, cancel or suspend the contracts in our backlog; as such, our backlog is not necessarily indicative of our future revenues or earnings. In addition, even if fully performed, our backlog is not a good indicator of our future gross margins.***

Backlog represents the total dollar amount of revenues we expect to record in the future as a result of performing work under contracts we have been awarded. Backlog may fluctuate significantly due to the timing of orders or awards for large projects and is not necessarily indicative of future backlog levels or the rate at which backlog will be recognized as revenue. We include in backlog only those contracts for which we have reasonable assurance that the customer can obtain the permits for construction and can fund the construction. As of December 31, 2023, our backlog totaled approximately \$1.9 million and as of March 31, 2024, our backlog totaled approximately \$0.9 million. Our backlog is described more in detail in “Note 13—Construction Backlog” of the notes to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. We cannot provide assurance that our backlog will be realized as revenues in the amounts reported or, if realized, will result in profits. In accordance with industry practice, substantially all of our contracts are subject to cancellation, termination or suspension at our customer’s discretion. In the event of a project cancellation, we generally would not have a contractual right to the total revenue reflected in our backlog. Projects can remain in backlog for extended periods of time because of the nature of the project and the timing of the particular services required by the project. In addition, the risk of contracts in backlog being cancelled or suspended generally increases during periods of widespread economic slowdowns or in response to changes in commodity prices.

The contracts in our backlog are subject to changes in the scope of services to be provided and adjustments to the costs relating to the contracts. The revenue for certain contracts included in backlog is based on estimates. Additionally, our performance of our individual contracts can affect greatly our gross margins and, therefore, our future profitability. We can provide no assurance that the contracts in backlog, assuming they produce revenues in the amounts currently estimated, will generate gross margins at the rates we have realized in the past.

***The issuance of shares of our common stock upon the exercise of outstanding options, warrants and restricted stock units may dilute the percentage ownership of the then-existing stockholders and may make it more difficult to raise additional equity capital.***

At March 31, 2024, there were options and warrants to purchase of 1,822 and 239,321 respectively, outstanding that could potentially dilute future net income per share. Because we had a net loss as of March 31, 2024, we are prohibited from including potential shares of common stock in the computation of diluted per share amounts. Accordingly, we used the same number of shares outstanding to calculate both the basic and diluted loss per share. At March 31, 2023, there were restricted stock units, options, including options to non-employees and non-directors and warrants to purchase 59,547, 1,822 and 126,521 shares of common stock, respectively, outstanding that could potentially dilute future net income per share.

***If SG DevCorp were to default in its obligation to repay the loan received from BCV S&G it could adversely affect our investment in SG DevCorp.***

To date, SG DevCorp has received \$1,750,000 as a secured loan from BCV S&G, a Luxembourg-based specialized investment fund, and has entered into a loan agreement with BCV S&G DevCorp to receive up to \$2,000,000 as a secured loan. The loan matures on December 1, 2024 and is secured by 1,999,999 of our shares of SG DevCorp’s common stock. The loan agreement, as amended, provides that if SG DevCorp’s shares of common stock were not listed on The Nasdaq Stock Market before September 30, 2023 or if following such listing the total market value of the pledged shares falls below twice the face value of the loan, the loan would be further secured by SG DevCorp’s St. Mary’s industrial site. Following the listing, the total market value of the pledged shares has fallen below twice the face value of the loan and SG DevCorp and BCV S&G are in discussions regarding alternatives. If SG DevCorp were to default in its obligation to repay the loan when due it could adversely affect our investment in SG DevCorp.

***Changes in general economic conditions, geopolitical conditions, domestic and foreign trade policies, monetary policies and other factors beyond our control may adversely impact our business and operating results.***

The uncertain financial markets, disruptions in supply chains, mobility restraints, and changing priorities as well as volatile asset values also affect our business operations and our ability to enter into collaborations and joint ventures. To date, inflation has caused increases on some of our estimated costs for construction projects in progress and completed during the past two fiscal years, which has affected our revenue and income(loss) from continuing operations. It is difficult to predict the impact on increasing inflation on our operations. We are actively monitoring the effects these disruptions and increasing inflation could have on our operations.

A number of other economic and geopolitical factors both in the U.S. and abroad, could ultimately have material adverse effects on our business, financial condition, results of operations or cash flows, including the following:

- effects of significant changes in economic, monetary and fiscal policies in the U.S. and abroad including currency fluctuations, inflationary pressures and significant income tax changes;
- supply chain disruptions;
- a global or regional economic slowdown in any of our market segments;
- changes in government policies and regulations affecting the Company or its significant customers;
- postponement of spending, in response to tighter credit, financial market volatility and other factors;
- rapid material escalation of the cost of regulatory compliance and litigation;
- the effects of the war in the Middle East;
- longer payment cycles;
- credit risks and other challenges in collecting accounts receivable; and
- the impact of each of the foregoing on outsourcing and procurement arrangements.

***Failure to meet NASDAQ's continued listing requirements could result in the delisting of our common stock, negatively impact the price of our common stock and negatively impact our ability to raise additional capital.***

On November 7, 2023, Safe & Green Holdings Corp. (the "Company") received a deficiency letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that for the preceding 30 consecutive business days (September 26, 2023 through November 6, 2023), the Company's common stock did not maintain a minimum closing bid price of \$1.00 ("Minimum Bid Price Requirement") per share as required by Nasdaq Listing Rule 5550(a)(2). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has a compliance period of 180 calendar days, or until May 6, 2024, to regain compliance with Nasdaq Listing Rule 5550(a)(2). Compliance may be achieved automatically and without further action if the closing bid price of the Company's common stock is at or above \$1.00 for a minimum of ten consecutive business days at any time during the 180-day compliance period, in which case Nasdaq will notify the Company of its compliance and the matter will be closed. If, however, the Company does not achieve compliance with the Minimum Bid Price Requirement by May 6, 2024, the Company may be eligible for additional time to comply. In order to be eligible for such additional time, the Company will be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the Minimum Bid Price Requirement, and must notify Nasdaq in writing of its intention to cure the deficiency during the second compliance period. The Company intends to actively monitor the bid price of its common stock and will consider available options to regain compliance with the Nasdaq listing requirements, including such actions as effecting a reverse stock split to maintain its Nasdaq listing.

If we cannot regain compliance with the Minimum Bid Price Requirement, our common stock will be subject to delisting. If that were to occur, our common stock would be subject to rules that impose additional sales practice requirements on broker-dealers who sell our securities. The additional burdens imposed upon broker-dealers by these requirements could discourage broker-dealers from effecting transactions in our common stock. This would adversely affect the ability of investors to trade our common stock and would adversely affect the value of our common stock. These factors could contribute to lower prices and larger spreads in the bid and ask prices for our common stock.

On May 16, 2014, the Company received a letter from Nasdaq stating that for the period from May 2, 2024 to May 15, 2024, the closing bid price of the Company's common stock has been at \$1.00 per share or greater, and accordingly the Company has regained compliance with Listing Rule 5550(a)(2). However, the Company cannot provide assurances that it will be able to continue to comply with the Minimum Bid Price Requirement in the future.

On May 16, 2024, the Company received a letter from Nasdaq notifying the Company that it was not in compliance with Nasdaq Listing Rule 5550(b)(1) ("Rule 5550(b)(1)") because the stockholders' equity of the Company of \$6,334,859, as reported in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, was below the minimum requirement of \$2.5 million. As of the date of this Quarterly Report on Form 10-Q, the Company does not have a market value of listed securities of \$35 million, or net income from continued operations of \$500,000 in the most recently completed fiscal year or in two of the last three most recently completed fiscal years, the alternative quantitative standards for continued listing on Nasdaq. The notification received has no immediate effect on the Company's continued listing on Nasdaq, subject to the Company's compliance with the other continued listing requirements. The Company intends to submit a compliance plan by the deadline, monitor its stockholders' equity, and if appropriate, evaluate further available options to regain compliance with Rule 5550(b)(1).

## **ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds**

We did not sell any equity securities during the quarter ended March 31, 2024 in transactions that were not registered under the Securities Act other than as set forth in our previous filings with the Securities and Exchange Commission.

## **ITEM 3. Defaults Upon Senior Securities**

None.

## **ITEM 4. Mine Safety Disclosures**

Not applicable.

## **ITEM 5. Other Information**

### **Rule 10b5-1 Trading Arrangements**

During the three months ended December 31, 2023, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

### **Nasdaq Notifications**

On May 10, 2024, the Company received a letter (the “Delisting Notice”) from The Nasdaq Stock Market LLC (“Nasdaq”) notifying the Company that Nasdaq previously notified the Company on November 7, 2023 that the Company was not in compliance with Nasdaq Listing Rule 5550(a)(2) (“Rule 5550(a)(2)”), which requires a minimum bid price of at least \$1.00 per share for continued listing. On May 16, 2024, the Company received a letter (the “May 16 Compliance Notice”) from Nasdaq notifying the Company that it was now in compliance with Rule 5550(a)(2). Based on the Company’s closing bid price at or greater than \$1.00 per share for 10 consecutive business days, from May 2, 2024 to May 15, 2024, Nasdaq has determined that the Company has regained compliance with Rule 5550(a)(2), and this matter is now closed according to the May 16 Compliance Notice.

As previously disclosed, on April 19, 2024, the Company received a letter from Nasdaq notifying it that it was not in compliance with Nasdaq Listing Rule 5250(c)(1) (“Rule 5250(c)(1)”), which requires companies to timely file all required periodic financial reports with the SEC for continued listing. On May 13, 2024, the Company received a letter (the “May 13 Compliance Notice”) from Nasdaq notifying the Company that it was now in compliance with Rule 5250(c)(1). Based on the May 7, 2024 and May 10, 2024 filings of the Company’s Form 10-K and Form 10-K/A, respectively, for the year ended December 31, 2023, Nasdaq has determined that the Company has regained compliance with Rule 5250(c)(1), and this matter is now closed according to the May 13 Compliance Notice.

On May 16, 2024, the Company received a letter (the “Deficiency Notice”) from Nasdaq notifying the Company that it was not in compliance with Nasdaq Listing Rule 5550(b)(1) (“Rule 5550(b)(1)”) because the stockholders’ equity of the Company of \$6,334,859, as reported in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, was below the minimum requirement of \$2.5 million. As of the date of this Quarterly Report on Form 10-Q, the Company does not have a market value of listed securities of \$35 million, or net income from continued operations of \$500,000 in the most recently completed fiscal year or in two of the last three most recently completed fiscal years, the alternative quantitative standards for continued listing on Nasdaq.

The notification received has no immediate effect on the Company’s continued listing on Nasdaq, subject to the Company’s compliance with the other continued listing requirements.

In accordance with Nasdaq’s Listing Rules, the Company has 45 calendar days from the date of the Deficiency Notice, or no later than June 30, 2024, to submit a plan to regain compliance with Rule 5550(b)(1) (a “Compliance Plan”). The Company intends to submit a Compliance Plan within 45 calendar days of the date of the Deficiency Notice and will evaluate available options to regain compliance. If such Compliance Plan is accepted by Nasdaq, the Company will be granted up to 180 calendar days from May 16, 2024, to evidence compliance with Rule 5550(b)(1).

In the event the Company’s Compliance Plan is not accepted by Nasdaq, or in the event such Compliance Plan is accepted but the Company fails to evidence compliance within the extension period, the Company will have the right to a hearing before Nasdaq’s Hearing Panel (the “Panel”). The hearing request would stay any suspension or delisting action pending the conclusion of the hearing process and expiration of any additional extension period granted by the Panel following the hearing.

The Company intends to submit a Compliance Plan on or before June 30, 2024, monitor its stockholders’ equity and, if appropriate, consider further available options to evidence compliance with Rule 5550(b)(1).



ITEM 6. Exhibits

EXHIBIT INDEX

| Exhibit Number | Description   |
|----------------|---|
| 2.1            | <a href="#"><u>Separation and Distribution Agreement by and between the Registrant and Safe and Green Development Corporation (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on September 28, 2023 (File No. 001-38037)).</u></a>              |
| 3.1            | <a href="#"><u>Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on July 7, 2016 (File No. 000-22563)).</u></a>  |
| 3.2            | <a href="#"><u>Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock (incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on July 7, 2016 (File No. 000-22563)).</u></a>                         |
| 3.3            | <a href="#"><u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on February 28, 2017 (File No. 000-22563)).</u></a>                             |
| 3.4            | <a href="#"><u>Certificate of Amendment to Certificate of Designation, dated May 11, 2017 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K as filed by the Company with the Securities and Exchange Commission on May 12, 2017 (File No. 001-38037)).</u></a>   |
| 3.5            | <a href="#"><u>Certificate of Elimination of Series A Convertible Preferred Stock, dated December 13, 2018 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on December 17, 2018 (File No. 001-38037)).</u></a>                                  |
| 3.6            | <a href="#"><u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation dated June 5, 2019 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on June 5, 2019 (File No. 001-38037)).</u></a>                              |
| 3.7            | <a href="#"><u>Form of Certificate of Designation of the Series B Convertible Preferred Stock (incorporated herein by reference to Exhibit 3.7 to the Registration Statement on Form S-1/A (File No. 333-235295) as filed by the Registrant with the Securities and Exchange Commission on December 9, 2019).</u></a>                                     |
| 3.8            | <a href="#"><u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended, of the Company (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on February 5, 2020 (File No. 001-38037)).</u></a>                 |
| 3.9            | <a href="#"><u>Amended and Restated Bylaws of the Company dated June 4, 2021 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on June 7, 2021 (File No. 001-38037)).</u></a>   |
| 3.10           | <a href="#"><u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended, of the Company (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on December 22, 2022 (File No. 001-38037)).</u></a>                |
| 3.11           | <a href="#"><u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended, of the Company (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on October 17, 2023 (File No. 001-38037)).</u></a>                 |
| 3.12           | <a href="#"><u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Safe &amp; Green Holdings Corp. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on May 2, 2024 (File No. 001-38037)).</u></a>                      |
| 4.1            | <a href="#"><u>Form of Pre-Funded Warrant (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on May 9, 2024 (File No. 001-38037)).</u></a>  |
| 4.2            | <a href="#"><u>Form of Common Warrant (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on May 9, 2024 (File No. 001-38037)).</u></a>  |
| 4.3            | <a href="#"><u>Form of Placement Agent's Warrant (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on May 9, 2024 (File No. 001-38037)).</u></a>   |
| 4.4*           | <a href="#"><u>Form of Common Warrant</u></a>   |
| 10.1+          | <a href="#"><u>Form of Securities Purchase Agreement, dated May 3, 2024, by and between Safe &amp; Green Holdings Corp. and the Purchaser named therein (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on May 9, 2024 (File No. 001-38037)).</u></a> |
| 10.2+          | <a href="#"><u>Form of Registration Rights Agreement, dated May 3, 2024, by and between Safe &amp; Green Holdings Corp. and the Purchaser named therein (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on May 9, 2024 (File No. 001-38037)).</u></a> |
| 10.3*          | <a href="#"><u>Inducement Agreement</u></a>   |
| 31.1*          | <a href="#"><u>Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>   |

|          |   |
|----------|---|
| 31.2*    | <a href="#">Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>  |
| 32.1**   | <a href="#">Certification by Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>  |
| 32.2**   | <a href="#">Certification by Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>   |
| 101.INS* | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File as the XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document.   |
| 101.CAL* | <a href="#">Inline XBRL Taxonomy Extension Calculation Linkbase Document.</a>   |
| 101.DEF* | <a href="#">Inline XBRL Taxonomy Extension Definition Linkbase Document.</a>  |
| 101.LAB* | <a href="#">Inline XBRL Taxonomy Extension Label Linkbase Document.</a>   |
| 101.PRE* | <a href="#">Inline XBRL Taxonomy Extension Presentation Linkbase Document.</a>  |
| 104*     | <a href="#">Cover Page Interactive Data File (embedded within the Inline XBRL document)</a>   |

+ Schedules and attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted exhibit to the SEC upon request.

\* Filed herewith.

\*\* This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**SAFE & GREEN HOLDINGS CORP.**  
(Registrant)

By: /s/ Paul M. Galvin  
Paul M. Galvin  
Chairman of the Board and Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Patricia Kaelin  
Patricia Kaelin  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

Date: May 17, 2024

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

COMMON STOCK PURCHASE WARRANT

SAFE & GREEN HOLDINGS, INC.

Warrant Shares: 3,797,260

Issue Date: \_\_\_\_\_, 2023

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, \_\_\_\_\_ or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the Stockholder Approval Date (the "Initial Exercise Date") and on or prior to 5:00 p.m. (New York City time) on the five year anniversary of the Initial Exercise Date (the "Termination Date") but not thereafter, to subscribe for and purchase from Safe & Green Holdings, Inc., a Delaware corporation (the "Company"), up to 3,797,260 shares (as subject to adjustment hereunder, the "Warrant Shares") of the Company's Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement (the "Purchase Agreement"), dated October 25, 2021, among the Company and the purchasers signatory thereto.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed PDF copy submitted by e-mail (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the "Notice of Exercise"). Within the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 2(d)(i) herein) following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the Warrant Shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise. The Company shall have no obligation to inquire with respect to or otherwise confirm the authenticity of the signature(s) contained on any Notice of Exercise nor the authority of the person so executing such Notice of Exercise. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation as soon as reasonably practicable following the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Trading Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of Common Stock under this Warrant shall be \$0.2603 , subject to adjustment hereunder (the “Exercise Price”).

c) Cashless Exercise. If at the time of exercise hereof on a date that is after the 90<sup>th</sup> day anniversary of the Issue Date, there is no effective registration statement registering, or the prospectus contained therein is not available for the resale of the Warrant Shares by the Holder, then this Warrant may also be exercised, in whole or in part, at such time by means of a “cashless exercise” in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

- (A) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) both executed and delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of “regular trading hours” (as defined in Rule 600(b) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (y) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise or (z) the Bid Price of the Common Stock on the principal Trading Market as reported by Bloomberg L.P. (“Bloomberg”) as of the time of the Holder’s execution of the applicable Notice of Exercise if such Notice of Exercise is executed during “regular trading hours” on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of “regular trading hours” on a Trading Day) pursuant to Section 2(a) hereof or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is both executed and delivered pursuant to Section 2(a) hereof after the close of “regular trading hours” on such Trading Day;
- (B) = the Exercise Price of this Warrant, as adjusted hereunder; and
- (X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

“Bid Price” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the bid price of the Common Stock for the time in question (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on The Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the OTCQB Venture Market (“OTCQB”) or the OTCQX Best Market (“OTCQX”) is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on the Pink Open Market (“Pink Market”) operated by the OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the holding period of the Warrant Shares being issued may be tacked on to the holding period of this Warrant. The Company agrees not to take any position contrary to this Section 2(c).

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) the Warrant Shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144 (assuming cashless exercise of the Warrants), and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earliest of (i) two (2) Trading Days after the delivery to the Company of the Notice of Exercise; provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received by the Company, (ii) one (1) Trading Day after delivery of the aggregate Exercise Price to the Company and (iii) the number of Trading Days comprising the Standard Settlement Period after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received by the Warrant Share Delivery Date. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), \$10 per Trading Day (increasing to \$20 per Trading Day on the fifth (5<sup>th</sup>) Trading Day after the Warrant Share Delivery Date) for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise by delivering written notice to the Company at any time prior to the delivery of such Warrant Shares (in which case any liquidated damages payable under Section 2(d)(i) shall no longer be payable).

iv. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date (other than any such failure that is solely due to any action or inaction by the Holder with respect to such exercise), and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof. The obligation of the Company to pay compensation for Buy-In under this Section 2(d)(iv) is subject to delivery by the Holder of the aggregate Exercise Price in accordance with the terms of Section 2(a).

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder and the Company shall have no obligation to verify or confirm the accuracy of such determination and shall have no liability for exercises of this Warrant that are not in compliance with the Beneficial Ownership Limitation (other than to the extent that information on the number of outstanding shares of Common Stock of the Company is provided by the Company and relied upon by the Holders). For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one (1) Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be [4.99%/9.99%] of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61<sup>st</sup> day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

### Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.



b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Warrant is outstanding the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to all of the record holders of all of the shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to all of the holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, that to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person (other than a reincorporation in a different state), (ii) the Company (or any Subsidiary), directly or indirectly, effects any sale, lease, assignment, transfer, conveyance or other disposition of all or substantially all of the Company's assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of more than 50% or more of the outstanding Common Stock or more than 50% of the voting power of the common equity of the Company, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (other than a stock split), or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement but excluding a stock split) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock or more than 50% of the voting power of the common equity of the Company (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction, the Company or any Successor Entity (as defined below) shall, at the Holder's option, exercisable at any time concurrently with, or within 30 days after, the consummation of the Fundamental Transaction (or, if later, the date of the public announcement of the applicable Fundamental Transaction), purchase this Warrant from the Holder by paying to the Holder an amount of cash equal to the Black Scholes Value (as defined below) of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction; provided, however, that, if the Fundamental Transaction is not within the Company's control, including not approved by the Company's Board of Directors, the Holder shall only be entitled to receive from the Company or any Successor Entity the same type or form of consideration (and in the same proportion), at the Black Scholes Value of the unexercised portion of this Warrant, that is being offered and paid to the holders of Common Stock of the Company in connection with the Fundamental Transaction, whether that consideration be in the form of cash, stock or any combination thereof, or whether the holders of Common Stock are given the choice to receive from among alternative forms of consideration in connection with the Fundamental Transaction; provided, further, that if holders of Common Stock of the Company are not offered or paid any consideration in such Fundamental Transaction, such holders of Common Stock will be deemed to have received common stock of the Successor Entity (which Entity may be the Company following such Fundamental Transaction) in such Fundamental Transaction. "Black Scholes Value" means the value of this Warrant based on the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable contemplated Fundamental Transaction and the Termination Date, (B) an expected volatility equal to the greater of (1) the 30 day volatility, (2) the 100 day volatility or (3) the 365 day volatility, each of clauses (1)-(3) as obtained from the HVT function on Bloomberg (determined utilizing a 365 day annualization factor) as of the Trading Day immediately following the public announcement of the applicable contemplated Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the highest VWAP during the period beginning on the Trading Day immediately preceding the public announcement of the applicable contemplated Fundamental Transaction (or the consummation of the applicable Fundamental Transaction, if earlier) and ending on the Trading Day of the Holder's request pursuant to this Section 3(d) and (D) a remaining option time equal to the time between the date of the public announcement of the applicable contemplated Fundamental Transaction and the Termination Date and (E) a zero cost of borrow. The payment of the Black Scholes Value will be made by wire transfer of immediately available funds (or such other consideration) within the later of (i) five Business Days of the Holder's election and (ii) the date of consummation of the Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(d) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall be added to the term "Company" under this Warrant (so that from and after the occurrence or consummation of such Fundamental Transaction, each and every provision of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to each of the Company and the Successor Entity or Successor Entities, jointly and severally), and the Successor Entity or Successor Entities, jointly and severally with the Company, may exercise every right and power of the Company prior thereto and the Successor Entity or Successor Entities shall assume all of the obligations of the Company prior thereto under this Warrant and the other Transaction Documents with the same effect as if the Company and such Successor Entity or Successor Entities, jointly and severally, had been named as the Company herein.

e) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

f) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment; provided however, that no notice shall be required if the information is disseminated by the Company in a filing with the Commission on its EDGAR system pursuant to a Current Report on Form 8-K or Quarterly Report on Form 10-Q or Annual Report on Form 10-K or in a press release.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock (excluding any granting or issuance of rights to all of the Company's stockholders pursuant to a stockholder rights plan), (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company (or any of its Subsidiaries) is a party, any sale or transfer of all or substantially all of its assets, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by email to the Holder at its last email address as it shall appear upon the Warrant Register of the Company, at least four (4) Business Days prior to the applicable record or effective date hereinafter specified (unless such information is filed with the Commission on its EDGAR system in which case a notice shall not be required), a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

#### Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof and to the provisions of Section 4.1 of the Purchase Agreement, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Issue Date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the “Warrant Register”), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of Section 5.7 of the Purchase Agreement.

e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise; No Settlement in Cash. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth in Section 3. Without limiting any rights of a Holder to receive Warrant Shares on a "cashless exercise" pursuant to Section 2(c) or to receive cash payments pursuant to Section 2(d)(i) and Section 2(d)(iv) herein, in no event shall the Company be required to net cash settle an exercise of this Warrant.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Trading Day, then, such action may be taken or such right may be exercised on the next succeeding Trading Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies, notwithstanding the fact that the right to exercise this Warrant terminates on the Termination Date. Without limiting any other provision of this Warrant, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company, on the one hand, and the Holders of a majority of the Warrant Shares underlying the Warrants of the Company issued on the Closing Date that are outstanding as of such date.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

\*\*\*\*\*

*(Signature Page Follows)*

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

**SAFE & GREEN HOLDINGS, INC.**

By:

\_\_\_\_\_  
Name:

Title:

NOTICE OF EXERCISE

TO: SAFE & GREEN HOLDINGS, INC.

(1) The undersigned hereby elects to purchase \_\_\_\_\_ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

in lawful money of the United States; or

if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number:

(4) Accredited Investor. The undersigned is an “accredited investor” as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: \_\_\_\_\_  
*Signature of Authorized Signatory of Investing Entity:* \_\_\_\_\_  
Name of Authorized Signatory: \_\_\_\_\_  
Title of Authorized Signatory: \_\_\_\_\_  
Date: \_\_\_\_\_



**ASSIGNMENT FORM**

*(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to exercise the Warrant to purchase shares.)*

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: \_\_\_\_\_  
(Please Print)

Address: \_\_\_\_\_  
(Please Print)

Phone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Dated: \_\_\_\_\_

Holder's Signature: \_\_\_\_\_

Holder's Address: \_\_\_\_\_

## SAFE &amp; GREEN HOLDINGS CORP.

March 8, 2024

Holder of Common Stock Purchase Warrants

Re: Inducement Offer to Exercise Common Stock Purchase Warrants

Dear Holder:

Safe & Green Holdings Corp. (the “Company”) is pleased to offer to you (“Holder”, “you” or similar terminology) the opportunity to receive new warrants to purchase shares of the Company’s common stock, par value \$0.01 per share (the “Common Stock”) in consideration for exercising by you for cash all of the Existing Warrants, as set forth on the signature page hereto. The issuance and/or resale of the shares of Common Stock underlying the Existing Warrants (the “Existing Warrant Shares”) has been registered pursuant to the registration statement on Form S-1 (File No. 333-260996) (the “Registration Statement”). The Registration Statement is currently effective and, upon exercise of the Existing Warrants pursuant to this letter agreement, will be effective for the issuance and/or resale of the Existing Warrant Shares. Capitalized terms not otherwise defined herein shall have the meanings set forth in the New Warrants (as defined herein).

In consideration for the exercise in full for cash all of the Existing Warrants held by the Holder as set forth on the Holder’s signature page hereto (the “Warrant Exercise”) on or before the Execution Time (as defined below), the Company hereby offers to sell and issue you new unregistered Common Stock purchase warrants (the “New Warrants”) pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended (“Securities Act”), to purchase up to a number of shares (the “New Warrant Shares”) of Common Stock equal to 200% of the number of Existing Warrant Shares issued pursuant to the Warrant Exercise hereunder, which New Warrants shall have an exercise price per share equal to \$0.2603, subject to adjustment as provided in the New Warrants, will be exercisable on and after the date on which such approval as may be required by the applicable rules and regulations of the Nasdaq Stock Market (or any successor entity) from the stockholders of the Company with respect to issuance of all of the Warrant Shares upon the exercise thereof (the “Stockholder Approval Date”). and be exercisable until (i) five years from the Stockholder Approval Date, which New Warrants shall be substantially in the form as set forth in Exhibit A hereto.

The New Warrant certificate(s) will be delivered at Closing (as defined below), and such New Warrants, together with any underlying shares of Common Stock issued upon exercise of the New Warrants, will, unless and until their sales are registered under the Securities Act, contain customary restrictive legends and other language typical for an unregistered warrant and unregistered shares. Notwithstanding anything herein to the contrary, in the event that any Warrant Exercise would otherwise cause the Holder to exceed the beneficial ownership limitations (“Beneficial Ownership Limitation”) set forth in Section 2(e) of the Existing Warrants (or, if applicable and at the Holder’s election, 9.99%), the Company shall only issue such number of Existing Warrant Shares to the Holder that would not cause the Holder to exceed the maximum number of Warrant Shares permitted thereunder, as directed by the Holder, with the balance to be held in abeyance until notice from the Holder that the balance (or portion thereof) may be issued in compliance with such limitations, which abeyance shall be evidenced through the Existing Warrants which shall be deemed prepaid thereafter (including the cash payment in full of the exercise price), and exercised pursuant to a Notice of Exercise in the Existing Warrants (provided no additional exercise price shall be due and payable). The parties hereby agree that the Beneficial Ownership Limitation for purposes of the Existing Warrants is as set forth on the Holder’s signature page hereto.

Expressly subject to the paragraph immediately following this paragraph below, Holder may accept this offer by signing this letter agreement below, with such acceptance constituting Holder's exercise in full of the Existing Warrants for an aggregate exercise price set forth on the Holder's signature page hereto (the "Warrant Exercise Price") on or before \_\_\_\_\_, Eastern Time, on March 8, 2024 (the "Execution Time").

Additionally, the Company agrees to the representations, warranties and covenants set forth on Annex A attached hereto. Holder represents and warrants that, as of the date hereof it is, and on each date on which it exercises any New Warrants it will be, an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act, and agrees that the New Warrants will contain restrictive legends when issued, and neither the New Warrants nor the shares of Common Stock issuable upon exercise of the New Warrants will be registered under the Securities Act, except as provided in Annex A attached hereto. Also, Holder represents and warrants that it is acquiring the New Warrants as principal for its own account and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of the New Warrants or the New Warrant Shares (this representation is not limiting Holder's right to sell the New Warrant Shares pursuant to an effective registration statement under the Securities Act or otherwise in compliance with applicable federal and state securities laws).

The Holder understands that issuance of the New Warrants and the New Warrant Shares are not, and may never be, registered under the Securities Act, or the securities laws of any state and, accordingly, each certificate, if any, representing such securities shall bear a legend substantially similar to the following:

"THE OFFER AND SALE OF THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS."

Certificates evidencing the New Warrant Shares shall not contain any legend (including the legend set forth above), (i) following any sale of such New Warrant Shares pursuant to a registration statement covering the resale of such New Warrant Shares which is effective under the Securities Act, (ii) following any sale of such New Warrant Shares pursuant to Rule 144 under the Securities Act, (iii) if such New Warrant Shares are eligible for sale under Rule 144 (assuming cashless exercise of the New Warrants), without the requirement for the Company to be in compliance with the current public information required under Rule 144 as to such New Warrant Shares and without volume or manner-of-sale restrictions, or (iv) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Securities and Exchange Commission (the "Commission") and the earliest of clauses (i) through (iv), the "Delegend Date"). The Company shall cause its counsel to issue a legal opinion to the Transfer Agent promptly after the Delegend Date if required by the Company and/or the Transfer Agent to effect the removal of the legend hereunder, or at the request of the Holder, which opinion shall be in form and substance reasonably acceptable to the Holder. From and after the Delegend Date, such New Warrant Shares shall be issued free of all legends. The Company agrees that following the Delegend Date or at such time as such legend is no longer required under this Section, it will, no later than two (2) Trading Days following the delivery by the Holder to the Company or the Transfer Agent of a certificate representing the New Warrant Shares issued with a restrictive legend, along with such certificate(s) or other documentation reasonably requested by the Company's counsel and/or the Transfer Agent, including a customary representation letter, in form and substance reasonably acceptable to the Company's counsel and/or the Transfer Agent (such second (2<sup>nd</sup>) Trading Day, the "Legend Removal Date"), deliver or cause to be delivered to the Holder a certificate representing such shares that is free from all restrictive and other legends or, at the request of the Holder shall credit the account of the Holder's prime broker with the Depository Trust Company System as directed by the Holder.

In addition to the Holder's other available remedies, the Company shall pay to a Holder, in cash, (i) as partial liquidated damages and not as a penalty, for each \$1,000 of New Warrant Shares (based on the VWAP of the Common Stock on the date such New Warrant Shares are submitted to the Transfer Agent) delivered for removal of the restrictive legend, \$10 per Trading Day (increasing to \$20 per Trading Day five (5) Trading Days after such damages have begun to accrue) for each Trading Day after the Legend Removal Date until such certificate is delivered without a legend and (ii) if the Company fails to (a) issue and deliver (or cause to be delivered) to the Holder by the Legend Removal Date a certificate representing the New Warrant Shares that is free from all restrictive and other legends and (b) if after the Legend Removal Date the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of all or any portion of the number of shares of Common Stock, or a sale of a number of shares of Common Stock equal to all or any portion of the number of shares of Common Stock that the Holder anticipated receiving from the Company without any restrictive legend, then, an amount equal to the excess of the Holder's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the shares of Common Stock so purchased (including brokerage commissions and other out-of-pocket expenses, if any) over the product of (A) such number of New Warrant Shares that the Company was required to deliver to the Holder by the Legend Removal Date and for which the Holder was required to purchase shares to timely satisfy delivery requirements, multiplied by (B) the weighted average price at which the Holder sold that number of shares of Common Stock.

If this offer is accepted and the transaction documents are executed by the Execution Time, then as promptly as possible following the Execution Time, but in any event no later than \_\_\_\_\_, Eastern Time, on the date hereof, the Company shall issue a press release disclosing the material terms of the transactions contemplated hereby and shall file a Current Report on Form 8-K with the Commission disclosing all material terms of the transactions contemplated hereunder, including the filing with the Commission of this letter agreement as an exhibit thereto within the time required by the Exchange Act. From and after the dissemination of such press release, the Company represents to you that it shall have publicly disclosed all material, non-public information delivered to you by the Company, or any of its respective officers, directors, employees or agents in connection with the transactions contemplated hereunder. In addition, effective upon the dissemination of such press release, the Company acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Company, any of its Subsidiaries or any of their respective officers, directors, agents, employees or Affiliates on the one hand, and you and your Affiliates on the other hand, shall terminate. The Company represents, warrants and covenants that, upon acceptance of this offer, the Warrant Shares shall be issued at Closing free of any legends or restrictions on resale by Holder.

No later than the second (2nd) Trading Day following the date of the public disclosure of the transactions hereunder, the closing ("Closing") shall occur at such location as the parties shall mutually agree. Unless otherwise directed by Maxim Group LLC (the "Placement Agent"), settlement of the Warrant Shares shall occur via "Delivery Versus Payment" ("DVP") (i.e., on the Closing Date, the Company shall issue the Warrant Shares registered in the Holder's name and address provided to the Company in writing and released by the Transfer Agent directly to the account(s) at the Placement Agent identified by the Holder; upon receipt of such Warrant Shares, the Placement Agent shall promptly electronically deliver such Warrant Shares to the Holder, and payment therefor shall concurrently be made to the Company by the Placement Agent (or its clearing firm) by wire transfer to the Company). The date of the Closing of the Warrant Exercise shall be referred to as the "Closing Date".

The Company shall pay all transfer agent fees, stamp taxes and other taxes and duties levied in connection with the delivery of any Exiting Warrant Shares. This letter agreement shall be construed and enforced in accordance with the laws of the State of New York, without regards to conflicts of laws principles. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby.

Sincerely yours,

**SAFE & GREEN HOLDINGS, INC.**

By: \_\_\_\_\_  
Name:  
Title:

[Holder Signature Page Follows]

Accepted and Agreed to:

Name of Holder: \_\_\_\_\_

*Signature of Authorized Signatory of Holder:* \_\_\_\_\_

Name of Authorized Signatory: \_\_\_\_\_

Title of Authorized Signatory: \_\_\_\_\_

Number of Existing Warrants: \_\_\_\_\_

\_\_\_\_\_ Common Stock Purchase Warrants

Aggregate Warrant Exercise Price being exercised contemporaneously with signing this letter agreement: \$ \_\_\_\_\_

Existing Warrants Beneficial Ownership Blocker:  4.99% or  9.99%

New Warrants: \_\_\_\_\_ (200% of the total Existing Warrants being exercised)

New Warrants Beneficial Ownership Blocker:  4.99% or  9.99%

DTC Instructions:

[Holder signature page to SGBX Inducement Offer]

## Annex A

Representations, Warranties and Covenants of the Company. The Company hereby makes the following representations and warranties to the Holder:

- a) SEC Reports. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the one year preceding the date hereof (or such shorter period as the Company was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein "SEC Reports"). As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Exchange Act and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Company is not currently an issuer identified in Rule 144(i) under the Securities Act.
- b) Authorization: Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this letter agreement and otherwise to carry out its obligations hereunder. The execution and delivery of this letter agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, its board of directors or its stockholders in connection herewith. This letter agreement has been duly executed by the Company and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.
- c) No Conflicts. The execution, delivery and performance of this letter agreement by the Company and the consummation by the Company of the transactions contemplated hereby do not and will not: (i) conflict with or violate any provision of the Company's certificate or articles of incorporation, bylaws or other organizational or charter documents; or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any liens, claims, security interests, other encumbrances or defects upon any of the properties or assets of the Company in connection with, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any material agreement, credit facility, debt or other material instrument (evidencing Company debt or otherwise) or other material understanding to which such Company is a party or by which any property or asset of the Company is bound or affected; or (iii) conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company is bound or affected, except, in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a material adverse effect upon the business, prospects, properties, operations, condition (financial or otherwise) or results of operations of the Company, taken as a whole, or in its ability to perform its obligations under this letter agreement.
- d) Registration Obligations. As soon as reasonably practicable (and in any event within 60 calendar days of the date of this letter agreement), the Company shall file a registration statement on Form S-3 (or other appropriate form, including on Form S-1, if the Company is not then S-3 eligible) providing for the resale of the New Warrant Shares by the holders of the New Warrants (the "Resale Registration Statement"). The Company shall use commercially reasonable efforts to cause the Resale Registration Statement to become effective within seventy five (75) calendar days (or, in the event of a full review, ninety (90) calendar days) following the date hereof and to keep the Resale Registration Statement effective at all times until no holder of the New Warrants owns any New Warrants or New Warrant Shares.
- e) Trading Market. The transactions contemplated under this letter agreement comply with all the rules and regulations of the Nasdaq Capital Market.

- f) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of this letter agreement, other than: (i) the filings required pursuant to this letter agreement, (ii) application(s) or notice to each applicable Trading Market for the listing of the New Warrants and New Warrant Shares for trading thereon in the time and manner required thereby, (iii) the filing of Form D with the Commission, and (iv) such filings as are required to be made under applicable state securities laws.
- g) Listing of Common Stock. The Company hereby agrees to use best efforts to maintain the listing or quotation of the Common Stock on the Trading Market on which it is currently listed, and concurrently with the Closing, the Company shall apply to list or quote all of the New Warrant Shares on such Trading Market and promptly secure the listing of all of the New Warrant Shares on such Trading Market. The Company further agrees, if the Company applies to have the Common Stock traded on any other Trading Market, it will then include in such application all of the New Warrant Shares, and will take such other action as is necessary to cause all of the New Warrant Shares to be listed or quoted on such other Trading Market as promptly as possible. The Company will then take all action reasonably necessary to continue the listing and trading of its Common Stock on a Trading Market and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Trading Market. The Company agrees to maintain the eligibility of the Common Stock for electronic transfer through the Depository Trust Company or another established clearing corporation, including, without limitation, by timely payment of fees to the Depository Trust Company or such other established clearing corporation in connection with such electronic transfer.
- h) Form D: Blue Sky Filings. If required, the Company agrees to timely file a Form D with respect to the New Warrants and New Warrant Shares as required under Regulation D and to provide a copy thereof, promptly upon request of any Holder. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the New Warrants and New Warrant Shares for, sale to the Holder at Closing under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of any Holder.



**CERTIFICATION PURSUANT TO  
RULE 13a-14 AND 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Paul M. Galvin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Safe & Green Holdings Corp.;
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 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 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: May 17, 2024

/s/ Paul M. Galvin  
\_\_\_\_\_  
Paul M. Galvin  
Chairman, Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO  
RULE 13a 14 AND 15d 14 OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Patricia Kaelin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Safe & Green Holdings Corp.;
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 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 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: May 17, 2024

/s/ Patricia Kaelin  
Patricia Kaelin  
Chief Financial Officer  
(Principal Financial Officer)

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

In connection with the quarterly report of Safe & Green Holdings Corp. (the “Company”) on Form 10-Q for the quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Paul M. Galvin, the Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief 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.

Date: May 17, 2024

/s/ Paul M. Galvin

Name: Paul M. Galvin

Title: Chairman and Chief Executive Officer  
(Principal Executive Officer)

This certification accompanies each Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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

In connection with the quarterly report of Safe & Green Holdings Corp. (the "Company") on Form 10-Q for the quarter ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patricia Kaelin, the Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief 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.

Date: May 17, 2024

/s/ Patricia Kaelin

Name: Patricia Kaelin  
Title: Chief Financial Officer  
(Principal Financial Officer)

This certification accompanies each Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.