

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

FORM 10-K

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

For the fiscal year ended **December 31, 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)

Delaware

(State or other jurisdiction of
incorporation or organization)

95-4463937

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

990 Biscayne Blvd., #501, Office 12, Miami, Florida

(Address of principal executive offices)

33132

(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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the common stock held by non-affiliates of the registrant based on the closing price of the shares of common stock on the Nasdaq Capital Market on June 30, 2024 was approximately \$4,816,024.

As of March 28, 2025, the registrant had a total of 6,389,041 shares of common stock outstanding

DOCUMENTS INCORPORATED BY REFERENCE

None

SAFE & GREEN HOLDINGS CORP.
FORM 10-K

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (the “Annual Report”) 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 Annual Report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the “Securities Act”, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements are often identified by the use of words such as, but not limited to, “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “seek,” “should,” “strategy,” “target,” “will,” “would” and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section titled “Risk Factors” included under Part I, Item 1A below. Furthermore, such forward-looking statements speak only as of the date of this Annual Report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Although we believe that our assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Annual Report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the objectives and plans of ours will be achieved. Investors are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date on which such statements are made. Any forward-looking statements made by us or on our behalf speak only as of the date they are made, and we do not undertake to update any forward-looking statement that may be made from time to time on our behalf.

As used in this Annual Report, unless the context requires otherwise, references to “Safe & Green”, “the Company”, “we”, “us”, and “our” refer to Safe & Green Holdings Corp. and its subsidiaries, as the context requires.

“Safe & GreenTM”, GreenSteelTM and the SG logo are our trademarks. All other trademarks and service marks appearing in this Annual Report are the property of their respective owners.

Unless otherwise stated all shares and per share amounts for all periods presented in this Annual Report have been adjusted to reflect the 1-for-20 reverse stock split we effected on May 2, 2024 (“May Stock Split”).

Summary Risk Factors

Our business and our ability to execute our business strategy are subject to a number of risks of which you should be aware of before you decide to invest in our Company. The following is a summary of the more significant risks relating to the Company. A more detailed description of our risk factors can be found below in Item 1A. Risk Factors.

Risks Relating to our Financial Position and Capital Requirements

- We could experience a shortfall in cash over the next twelve months.
- Our independent registered public accounting firm has expressed doubt about our ability to continue as a going concern.
- We have incurred net losses in prior periods and there can be no assurance that we will generate income in the future.
- To date we have not generated revenue from SG Medical Co or SG Environmental Services.
- We will need to raise additional capital to fund our existing operations.
- We must timely register the shares issuable under the Debenture and the Warrant.
- We may not have an adequate number of shares of common stock authorized to complete future equity transactions.

Risks Relating to our Company

- Our ability to meet our workforce needs is crucial to our results of operations and future sales and profitability.
- We have a fixed cost base that will affect our profitability if our sales decrease.
- A material disruption of our suppliers or SG Echo's facilities could prevent us from meeting customer demand.
- A natural disaster, the effects of climate change, or other disruptions at our SG Echo facility could adversely affect us.
- The requirements of being a public company may strain our resources and divert management's attention.
- We are dependent on the services of key personnel, a few customers and vendors.
- We currently are, and may in the future be, subject to legal proceedings or investigations.
- The loss customers or vendors could have a material adverse effect on us.

Risks Relating to our Business and Industry

- Changes in general economic conditions and geopolitical and other conditions may adversely impact our business.
- Limited availability or increases in costs of transportation could adversely affect our business and operations.
- Expansion of our operations may strain resources.
- Our clients may adjust, cancel or suspend the contracts in our backlog.
- Our liability for estimated warranties may be inadequate.
- We can be adversely affected by failures of persons who act on our behalf to comply with applicable regulations.
- The cyclical and seasonal nature of the construction industry causes our revenues and operating results to fluctuate.
- Our business depends on the construction industry and general business, financial market and economic conditions.
- Our business relies on private investment and a slower than expected economy may adversely affect our results.
- A material disruption at one of our suppliers' facilities could negatively affect our overall financial results.
- We are subject to risks regarding environmental, health and safety laws and regulations.
- Our business may be subject to economic and political risks of vendors obtaining supplies from foreign countries.
- Our operating results will be subject to fluctuations and are inherently unpredictable.
- We are subject to cybersecurity risks.
- We could suffer adverse tax and other financial consequences if we are unable to utilize our net operating loss carryforwards.

Risks Relating to our Common Stock

- Failure to meet the continued listing requirements of the Nasdaq Capital Market could result in a delisting.
- Our stock price has been subject to fluctuations in the past, has recently been volatile and our stock is thinly traded.
- The requirements of being a public company may strain our resources.
- Sales of shares of our common stock, could cause the price of our common stock to decline and result in dilution.
- Certain provisions of Delaware law could discourage, delay or prevent a merger or acquisition at a premium price.
- We have availed ourselves of reduced disclosure requirements, which may make our common stock less attractive.

Item 1. Business.

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.

During 2024, the Company’s ownership in SG DevCorp fell below 50%, and the Company deconsolidated SG DevCorp from its financial statements (the “Deconsolidation”). As of December 31, 2024, the Company accounts for its investment in SG DevCorp on the equity method. Upon deconsolidation, the Company recognized a gain of \$4,637,013 which resulted from the difference between the fair value of the Company’s investment upon deconsolidation, and the net assets and carrying value of the non-controlling interest. The Deconsolidation represents a strategic shift in the Company’s operations and will have a major effect on the Company’s operations and financial results. Prior year financial statements for 2023 have been restated to present the operations of SG DevCorp as a discontinued operation.

Our Modules

Prior to October 2019, our business model was solely a project-based construction model pursuant to which we were responsible for the design and construction of finished products that incorporated our technology primarily to customers in the retail, restaurant, military and education industries throughout the United States. In October 2019, we changed our business model for our residential building construction to a royalty fee model and entered into a five-year exclusive license with CPF GP2019-1 LLC (“CPF”) under which CPF licensed on an exclusive basis our proprietary technology and intellectual property to develop and commercialize products in the United States (and its territories) for residential use, including, without limitation, single-family residences and multi-family residences, but excluding military housing. On June 15, 2021, we terminated the exclusive license by mutual agreement and ceased our royalty fee model.

Prior to the COVID-19 pandemic, our core customer base was comprised of architects, landowners, builders and developers who used our Modules in commercial and residential structures. Our cargo modified Modules allow for the redesign, repurpose and conversion of heavy-gauge steel cargo shipping containers into Safe & Green™, which are safe green building blocks for commercial, industrial, and residential building construction, rather than consuming new steel and lumber. Our technology and expertise is also used to purpose-build modules, or prefabricated steel modular units customized for use in modular construction, to augment or complement a Safe & Green™ structure.

Modular Construction

We produce purpose built pre-fabricated modular structures, for both residential and commercial use, using wood or steel as the base material. We believe that modular construction provides the following benefits:

<i>STRONG</i>	<i>FAST</i>	<i>GREEN</i>
<ul style="list-style-type: none"> • Factory produced modules provide greater quality of construction • Modules are inspected by a third party engineering firm to meet or exceed all applicable building codes • Less weather related damage to construction materials 	<ul style="list-style-type: none"> • Modules can be produced in parallel to the local site and civil work to enhance the date of completion • Projects can save up to 50% on speed to market in comparison to traditional construction 	<ul style="list-style-type: none"> • Modular construction allows for energy savings and more efficient waste management than traditional construction • Less site disturbance and impact on local traffic

Products Produced with Our GreenSteel™ Modular Technology

The building products developed with our 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 Safe & Green building structure 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 our ability to satisfy such requirements, we believe the products produced utilizing our technology and expertise is a leader in environmentally sustainable construction.

There are three core product offerings that utilize our GreenSteel technology and engineering expertise. The first product offering involves GreenSteel Modules, which are normally container based, and are the structural core and shell of a Safe & Green building. We procure the containers, engineer required openings with structural steel enforcements, paint the containers and then deliver 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 either container based or conventional volumetric units 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 Safe & Green pre-fabricated Modules 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 Safe & Green 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 our product offerings.

Other Modular Products

We also produce pre-fabricated modular containers, for both residential and commercial use, at SG Echo using wood framing as the base material instead of steel containers. We have found that some clients prefer a mix of wood and steel containers for their projects. Since our acquisition of Echo, approximately 85% of our Module sales have been for wood-based modules.

ESR Approval

In April 2017, the ICC Evaluation Service, LLC (“ICC-ES”) granted us an Evaluation Service Report (“ESR”) for the Safe & Green structural building materials. We believe we were the first modular building company to receive such certification. Our ESR indicates that the ICC-ES recognizes the suitability and technical capabilities of the Safe & Green structural building materials for use in compliance with the International Building Code and Residential Code, the California Building Code and Residential Code, and the Florida Building Code—Building and Residential. We believe our ESR has expedited reviews and approvals by state and local building departments, helped the Safe & Green concept gain wider acceptance in the construction industry and opened up licensing opportunities internationally. We also believe the ESR will make it more difficult for other companies in the industry to compete with us because the quality control and design acceptance criteria are specific to us and our associated facilities.

Our ESR program is based out of our main manufacturing facility in Durant, Oklahoma. The inspection and certification of intermodal containers as detailed in our ESR procedures is not site specific but rather depends on the use of qualified inspectors who are trained to evaluate the cargo worthiness of intermodal containers using established industry standards including AC 462 from the ICC and IICL. Our quality control and inspection processes are reviewed annually by the ICC-ES to verify compliance with the Acceptance Criteria established by the ICC and detailed in ESR 3764. The ESR program is current with these recertifications and the up-to-date ESR is posted to the industry wide approved ESR list on the ICC web-based network. Once a container is inspected a medallion is permanently affixed to the unit to signify compliance with ESR 3764 which is used by local building officials to verify conformance of the container module to the ICC criteria. All Safe and Green Holdings container-based modules have this medallion that validates the quality control process.

Target Markets

To date, the target markets for the products that utilize our technology and expertise of Modules have been the new construction market in the United States. The Modules that utilize our technology and expertise have a particular application in a number of segments, including:

- Single-Family and Multi-Family Housing
- Restaurants and Quick Service Restaurants
- Military
- Education/Student Housing
- Health Care including medical laboratories
- Equipment Enclosures and Stacking Solutions
- Office and Commercial
- Commercial and residential customers
- Athletic facilities and support structures
- Administration Facilities

In addition, future target market expansion of such products and services include data centers, warehouse/public storage, reclamation/drop off centers and medical.

SG Echo

In September 2020, we consummated the transaction contemplated by the Asset Purchase Agreement that SG Echo entered into with Echo DCL, LLC pursuant to which SG Echo acquired substantially all the assets of Echo DCL, LLC, a Texas limited liability company, except for Echo's real estate holdings. Echo was 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 our key supply chain partners. Echo catered to the military, education, administration facilities, healthcare, government, commercial and residential customers. This acquisition allowed us to expand our reach for our Modules and offered us an opportunity to vertically integrate a large portion of our cost of goods sold, as well as increase margins, productivity and efficiency in the areas of design, estimating, manufacturing and delivery.

SG Echo opened a second factory (the "Waldron Factory"), also in Durant, Oklahoma, in the second half of 2023. The Waldron Factory produces modulars for multiple clients in various industries,

Safe & Green Medical

As an expansion to our prior modular COVID-19 offerings, we plan to provide our modular technology to offer turnkey solutions to deliver medical testing and treatment and generate revenues from medical testing. In furtherance of this objective, in March 2023, we formed Safe and Green Medical Corporation. To date, we have not generated revenue from SG Medical.

SG Development

During February 2021, we formed SG DevCorp for the purpose of real property development utilizing our technologies and our manufacturing facility. SG DevCorp's current business focus is primarily on the direct acquisition and indirect investment in properties nationally that will be further developed in the future into green single or multi-family projects. To date, SG DevCorp has not generated any revenue and its activities have consisted solely of the acquisition of three properties and an investment in two entities that have acquired two properties to be further developed; however it has not yet commenced any development activities. SG DevCorp intends to construct many of its planned developments using Modules built by SG Echo. In addition to these development projects, it intends, subject to its ability to raise sufficient capital, to build additional, strategically placed manufacturing facilities that will be sold or leased to third parties as well as leased to SG Echo. SG DevCorp intends to build manufacturing sites for lease to SG Echo near its project sites in order to take advantage of cost savings for transportation of modules. SG DevCorp's business model is flexible and it anticipates developing properties on its own and also through joint ventures in which SG DevCorp partners with third-party equity investors or other developers.

SG DevCorp has entered into, and may continue in the future to enter into, joint ventures (including limited liability companies or partnerships) through which it would own an indirect economic interest of less than 100% of the property owned directly by such joint ventures. The decision to either develop a property on its own or through a joint venture is based on a variety of factors and considerations, including: (i) the economic and tax terms required by the seller of land; (ii) SG DevCorp's desire to diversify its portfolio of communities by market, submarket and product type; (iii) SG DevCorp's desire at times to preserve its capital resources to maintain liquidity or balance sheet strength; and (iv) SG DevCorp's projections, in some circumstances, that it will achieve higher returns on its invested capital or reduce its risk if a joint venture vehicle is used. Each joint venture agreement is individually negotiated, and SG DevCorp's ability to operate and/or dispose of a community in its sole discretion may be limited to varying degrees depending on the terms of the joint venture agreement.

In December 2022, we announced our plan to separate (the "Separation") our company and SG DevCorp into two separate publicly traded companies. To implement the Separation, on September 27, 2023, we effected a pro rata distribution to our stockholders of approximately 30% of the outstanding shares of SG DevCorp's common stock (the "Distribution"). In connection with the Distribution, each of our stockholders received 0.930886 shares of SG DevCorp's common stock for every five (5) shares of our 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 ours and we 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, we entered into a separation and distribution agreement and several other agreements with SG DevCorp. These agreements provide for the allocation between us and SG DevCorp of the assets, employees, liabilities and obligations (including, among others, investments, property, employee benefits and tax-related assets and liabilities) of us and our subsidiaries attributable to periods prior to, at and after the Separation and will govern the relationship between us 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 us included a tax matters agreement and a shared services agreement.

During 2024, the Company's ownership in SG DevCorp fell below 50%, and the Company deconsolidated SG DevCorp from its financial statements (the "Deconsolidation"). The Deconsolidation represents a strategic shift in the Company's operations and will have a major effect on the Company's operations and financial results.

SG Environmental

In March 2022, we entered into a ten-year exclusive distribution agreement with Sanitec Industries LLC ("Sanitec"), a sustainable waste management company that is the global patent holder for the Sanitec Microwave Healthcare Waste Disinfection System™ for the State of New York with a right to expand to other states. The Sanitec Microwave Disinfection Unit is designed to shred and disinfect biomedical waste, rendering the waste disinfected, unrecognizable, and of no greater risk to the public health than residential household waste. Sanitec Industries' existing customers are primarily centered in healthcare facilities nationwide, ranging from large hospital systems to single practitioner doctors' offices. In connection with our entry into the Sanitec distribution agreement we formed a new subsidiary, SG Environmental Solutions Corp. SG Environmental plans to offer biomedical waste removal utilizing the patented technology that it licenses from Sanitec to shred and disinfect biomedical waste for safe disposal. To date, we have not generated revenue from SG Environmental, and do not have any immediate intentions of having this as part of our core business.

Recent Developments

On February 2, 2025, we entered into an Agreement and Plan of Merger (the "Merger Agreement") by and between us and NAHD pursuant to which NAHD will be merged into a to-be-formed subsidiary of the Company (the "Merger"). Following this Merger, the NAHD operating subsidiaries will be indirect, wholly owned subsidiaries of the Company.

As merger consideration, the Company will issue four million (4,000,000) Series A non-voting convertible preferred shares of the Company, par value \$1.00 (the "Preferred Shares"), to the NAHD shareholders. Each Preferred Share has the right to convert into shares of common stock of the Company at a ratio of 1 to 15 (each Preferred Share will convert into 15 shares of common stock of the Company), provided, however, that such conversion is subject to the approval of a majority of the Company's common shareholders.

The Merger Agreement contain customary representations, warranties, and covenants. The Merger Agreement also contain conditions to the completion of the Merger including the filing of the articles of incorporation and/or organization for the merger subsidiaries, and the adoption of board resolutions and/or sole member resolutions by the merger subsidiaries approving the Merger. There are no assurances that the parties will satisfy all of the conditions to the merger.

The parties expect to complete these transactions as soon as practicable following the satisfaction or waiver of the condition to the Merger.

On February 26, 2025, the Company received a listing decision from The Nasdaq Stock Market LLC ("Nasdaq") on behalf of the Nasdaq Hearings Panel (the "Panel") indicating that the Company has evidenced compliance with the minimum equity standard set forth in Listing Rule 5550(b)(1) (the "Equity Rule") and all other applicable criteria for continued listing on The Nasdaq Capital Market. Accordingly, the previously disclosed listing matter has been closed, and the Company's securities will remain listed on Nasdaq.

To regain compliance with the Equity Rule, the Company proposed a merger with Olenox Corp., a diversified energy company based in Texas that operates in three vertically integrated business units: Oil & Gas, Energy Services, and Energy Technologies (the "Olenox Merger"). On February 6, 2025, the Company informed the Panel that the Company had completed the first planned stage of the Olenox Merger, which served to increase stockholders' equity by approximately \$60 million. Based on the information presented and publicly disclosed, the Panel determined that the Company has satisfied the Equity Rule.

In its communications with the Panel, the Company further advised that the conversion of the preferred stock issued in the transaction is subject to the Company's receipt of shareholder approval for the issuance of the underlying common shares and, upon such issuance, will result in a change of control of the Company. The Company plans to file an initial listing application for the combined entity and to evidence compliance with Nasdaq's initial listing criteria upon completion of the change of control aspect of the transaction.

Our Competitive Strengths

Although the construction industry is highly competitive, we are committed to educating the real estate community on the benefits of our technology and expertise and positioning the products that utilize our technology and expertise as complementary to the strategy of developers, rather than as competition. We may compete for building opportunities with regional, national and international builders that possess greater financial, marketing and other resources than we do, and competition within the general construction industry may increase if there is future consolidation in the land development and construction industry or from new building technologies that could arise. Within the modular building space, we compete against a small number of companies providing modular-building services. The principal competitive factors in our construction business include, but are not limited to, the availability of building materials; technical product knowledge and expertise; previous experience in modular construction; consulting or other service capabilities; pricing of products; and the marketability of our ESR within the structural building space.

We believe we can distinguish ourselves from our competitors on the basis of our ESR, quality, cost and construction time savings when utilizing our technology and expertise. Our proprietary construction for our cargo based containers method is typically less expensive than traditional construction methods, particularly in urban locations and multi-story projects, and construction time is also generally reduced by using our construction method, reducing both construction and soft costs substantially. Safe & Green are designed to be hurricane-, tornado- and earthquake-resistant and able to withstand harsh climate conditions. The flexibility and the stack-ability of the Modules allows architects, developers and owners to design Modules to meet their specific needs. In addition, our management team has a breadth of knowledge in the modular building industry with a combined 130 years of experience. Our experience in a wide range of construction applications, including office, enclosures, residential, commercial, quick service restaurants, experiential and restaurant applications, gives us an advantage over our competition through the use of market-based prototypes. With the acquisition of Echo, we have been able to vertically integrate our manufacturing process and reduce some of our cost of goods sold, productivity and efficiency.

Our Customers

We market our construction products to a broad customer base, comprised primarily of contractors, home builders, building owners and other resellers across the continental United States. In addition, as stated above, we have supplied and offer our Modules to the medical community. Safe & Green customers come from all walks in the economy and include government agencies, private developers, the U.S. Military, the Native American Community, the QSR operators, and a host of entrepreneurs looking to launch ideas and technology. At December 31, 2024 and 2023 100% and 100%, respectively, of our gross accounts receivable were due from three and four customers. Revenue relating to three and one customer represented approximately 83% and 87% of our total revenue for the years ending December 31, 2024 and 2023, respectively.

Our Suppliers and Partners

Although the primary use of shipping containers is for transportation, when constructing Safe & Green, we use standard materials made in America to modify the container shell structure and finish out the modules. In addition, we use the same standard construction materials to construct and finish out the wood base modules produced at SG Echo. We utilize the same suppliers and materials used by conventional construction. Materials such as windows, doors, insulation mechanical systems, electrical systems and other such supplies are all off-the-shelf materials and equipment commonly available and used in the industry. We believe we have access to alternative suppliers, with limited disruption to the business, should circumstances change with our existing suppliers.

Intellectual Property

We operate under our United States registered trademarks "Safe & Green" and "GreenSteel" and our trademarked "SG" logo.

Legal Proceedings

The Company is subject to certain claims and lawsuits arising in the normal course of business. For information regarding legal proceedings, see "Note 20 - Commitments and Contingencies" of our condensed consolidated financial statements included elsewhere in this Annual Report.

Government Regulation and Approval

The design and construction of buildings is controlled at the project level, with local and state municipalities having jurisdiction in most cases. All buildings, conventionally built or modularly built, are subject to published building codes and criteria that must be achieved during the architectural and engineering phase in order to be approved for construction. There are no specific regulations that impact our design and construction technology. While much of the regulation in our industry occurs at the project level, we are subject to various federal, state and local government regulations applicable to the business in the jurisdictions in which we operate, including laws and regulations relating to our relationships with our employees, public health and safety, workplace safety, transportation, zoning and fire codes. Also, to the extent we expand into medical waste removal and medical testing we will be subject to various federal, state and local government regulations. We strive to operate in accordance with applicable laws, codes and regulations. We believe we are in compliance in all material respects with existing applicable environmental laws and regulations and, in addition, that our employment, workplace health and workplace safety practices comply with related regulations.

General Corporate Information

We were incorporated in the State of Delaware on December 29, 1993 under the name PC411, INC. On January 12, 1999, we changed our name to CDSI Holdings, Inc. On November 4, 2011, CDSI Merger Sub, Inc., our wholly-owned subsidiary, completed a reverse merger with and into SG Building Blocks, Inc. (“SG Building”), with SG Building surviving the reverse merger as our wholly owned subsidiary. Also on November 4, 2011, we changed our name to SG Blocks, Inc. On December 16, 2022, we changed our name to Safe & Green Holdings Corp. In addition, on December 16, 2022, our then wholly-owned subsidiary, SGB Development Corp. changed its name to Safe and Green Development Corporation. Prior to our emergence from bankruptcy in June 2016, our Common Stock was quoted on the OTC Bulletin Board. Our Common Stock is currently listed for trading on the Nasdaq Capital Market under the symbol “SGBX.”

Our principal offices are located at 990 Biscayne Blvd., 501, Office 12, Miami, Florida 33132. Our website address is www.safeandgreenholdings.com. The information contained in, and that can be accessed through our website, is not incorporated into and is not a part of this Annual Report. We make available on our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K as soon as reasonably practicable after those reports are filed with the SEC. The following Corporate Governance documents are also posted on our website: Code of Business Conduct and Ethics and the Charters for the following Committees of the Board of Directors: Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. Our phone number is (646) 240-4235. Our filings may also be read and copied at the SEC’s Public Reference Room at 100 F Street NE, Room 1580 Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that website is www.sec.gov.

Our Emergence from Bankruptcy

On October 15, 2015, the Company and its subsidiaries (collectively, the “Debtors”), filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) under the caption In re SG Blocks, Inc. et al., Case No. 15-12790. On February 29, 2016, the Debtors filed a Disclosure Statement (the “Disclosure Statement”), attaching a Plan of Reorganization (the “Reorganization Plan”), along with a motion seeking approval of the Disclosure Statement by the Bankruptcy Court. On June 30, 2016 (the “Effective Date”), the Reorganization Plan became effective and the Debtors emerged from bankruptcy.

Prior to the Effective Date, the Company was authorized to issue: (i) 300,000,000 shares of common stock, par value \$0.01 (the “Former Common Stock”) of which 42,918,927 shares were issued and outstanding as of June 29, 2016 (2,145,946 as adjusted for the May Stock Split); and (ii) 5,000,000 shares of preferred stock, par value \$0.01 (the “Former Preferred Stock”), none of which were issued and outstanding prior to the Effective Date.

On the Effective Date, and pursuant to the terms of the Reorganization Plan, the Company entered into a Securities Purchase Agreement, dated June 30, 2016, pursuant to which the Company sold for a subscription price of \$2.0 million a 12% Original Issue Discount Senior Secured Convertible Debenture to Hillair Capital Investments L.P. (“HCI”) in the principal amount of \$2.5 million, with a maturity date of June 30, 2018 (the “Exit Facility”).

On the Effective Date, all previously issued and outstanding shares of the Former Common Stock were deemed discharged, cancelled and extinguished, and, pursuant to the Reorganization Plan, the Company issued, in the aggregate 410 shares (as adjusted to effect a 1-for-20 reverse stock split) of common stock, par value \$0.01 (the “New Common Stock”), to the holders of Former Common Stock. Further, under the Reorganization Plan, upon the Effective Date, certain members of the Company’s management were entitled to receive options (the “Management Options”) to acquire approximately 546 shares (as adjusted to effect a 1-for-20 reverse stock split), of the Company’s New Common Stock, on a fully diluted basis.

On the Effective Date, pursuant to the terms of the Plan and the Company’s Amended and Restated Certificate of Incorporation, the Company filed with the Secretary of State of the State of Delaware a Certificate of Designations of Convertible Preferred Stock, designating 1,801,670 shares (as adjusted to effect a 1-for-3 reverse stock split) of preferred stock, par value \$1.00, all of which were issued upon our emergence from bankruptcy. Prior to our public offering that we consummated in June 2017, all outstanding shares of our preferred stock, were converted into 90,084 shares of Common Stock. No preferred stock currently remains outstanding.

Reverse Stock Split

On May 2, 2024, we effected a 1-for-20 reverse stock split of our common stock. All share and per share amounts set forth in the consolidated financial statements have been retroactively restated to reflect the split effected in May 2024 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.

Human Capital

We believe that our success depends upon our ability to attract, develop and retain key personnel. As of December 31, 2024, we directly employed five full-time employees and engaged outside professional firms and subcontractors to deliver projects to customers, and SG Echo directly employed twenty six full-time employees.

Available Information

We are subject to the informational requirements of the Exchange Act, and in accordance therewith, we file reports, proxy and information statements and other information with the SEC. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available through the investor relations section of our website at www.safeandgreenholdings.com. Reports are available free of charge as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. The information contained on our website is not incorporated by reference into this Annual Report.

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 the other information in this Annual Report, including the section titled "Forward-Looking Statements," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the accompanying notes included elsewhere in this Annual Report. The risks described below are not the only ones we face. Any of the following risks could materially and adversely affect our business. 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. Our business, financial condition and results of operations could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material.

Risks Relating to our Financial Position and Capital Requirements.

From time to time, we have, and may in the future experience a shortfall in cash, and our ability to obtain additional financing on acceptable terms, if at all, may be limited. 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, will be limited.

At December 31, 2024 and 2023, we had cash and cash equivalents and a short-term investment, collectively, of \$375,873 and \$14,212, respectively. However, during the fiscal years ended December 31, 2024 and 2023, we reported a net loss of \$16,979,682 and \$26,282,533, respectively, and used \$10,898,755 and \$6,735,017 of cash for operations, respectively.

As result of our continued losses, our cash resources have not been sufficient to sustain our operations, and we have continued to depend on financing transactions to generate sufficient cash to stay in operation. With limited cash available to fund our operating expenses, we have deferred or delayed payments to vendors, suppliers and service providers, opting instead to prioritize payments for personnel and essential resources.

Although we are attempting to curtail our expenses, there is no guarantee that such curtailment will cure our liquidity problem. Our cash used in operations for the year ended December 31, 2024 was \$10,898,755 primarily due to our net loss. During the year ended December 31, 2024, we financed our operations from proceeds of short-term notes payables and warrants. Subsequent to the end of the quarter we have continued to finance our operations from the issuance of additional notes.

Unless and until we are able to increase our revenues or raise sufficient capital, our lack of cash will continue to constrain our business and subject us to significant risks, including the following: (i) being unable to make the necessary investment in personnel, raw materials or other resources to effectively pursue our business plan, (ii) our suppliers, vendors and service providers slowing down or stopping to supply raw materials or services, and (iii) being forced to reduce or suspend our operations. Any delay in the receipt of raw materials due to payment issues could result in our inability to fulfill purchase orders and negatively impact our ability to generate revenue.

We may also seek to obtain debt or additional equity financing to meet any cash shortfalls both in the public company or our subsidiaries. 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, especially in light of the fact that our ability to sell securities registered on our registration statement on Form S-3 will be limited until such time the market value of our voting securities held by non-affiliates is \$75 million or more. If we are unable to secure additional financing, a 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 December 31, 2024 and 2023, we had cash and cash equivalents and a short-term investment, collectively, of \$375,873 and \$17,448, respectively. During the fiscal years ended December 31, 2024 and 2023, we reported a net loss of \$16,979,682 and \$26,282,533, respectively, and used \$10,898,755 and \$6,735,017 of cash for operations, respectively and we expect to incur additional net losses in future periods.

Our ability to continue as a going concern is dependent upon our ability to raise additional capital, and there can be no assurance that such capital will be available in sufficient amounts, on a timely basis, on acceptable terms, or at all. This raises substantial doubt about our ability to continue as a going concern within one year after the date hereof. The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and do not include any adjustments that might result from the outcome of this uncertainty. If we cannot continue as a going concern, our stockholders would likely lose most or all of their investment in us.

We have incurred net losses in prior periods, and there can be no assurance that we will generate income in the future, or that we will be able to successfully achieve or maintain our growth strategy.

Our ability to achieve profitability will depend upon our ability to generate and sustain substantially increased revenues. We may continue to incur operating losses in the future as we execute our growth strategy. The likelihood that we will generate net income in the future must be considered in light of the difficulties facing the construction and real estate development industry as a whole, economic conditions and the competitive environment in which we operate. Our operating results for future periods are subject to numerous uncertainties, and we may not achieve sufficient revenues to sustain or increase profitability. In addition, we may be unable to successfully achieve or maintain our growth strategy, including our ability to expand into new geographic markets.

To date we have not generated revenue from SG Environmental and there can be no assurance that we will be able to do so in the future.

In 2022 we formed SG Environmental to manage waste removal. To date SG Environmental has not generated any revenue from its operations and there can be no assurance that it will do so in the future. We expect SG Environmental to incur operating losses for the foreseeable future, and there can be no assurance that it will be able to generate revenues, or that any revenues generated will be sufficient for it to become profitable or thereafter maintain profitability.

An impairment of goodwill has had a material adverse effect on our financial condition and results of operations.

As December 31, 2024, our goodwill has been fully impaired. We performed an impairment test of our goodwill annually during the fourth quarter of our fiscal year or when events occur or circumstances change that would more-likely-than-not indicate that goodwill might be impaired. Factors that may be considered a change in circumstances, indicating that the carrying value of our goodwill may not be recoverable, include a decline in stock price and market capitalization, reduced future cash flow estimates and slower growth rates in our industry. Our annual impairment tests resulted in \$0 impairment of goodwill during fiscal 2024 and \$1,309,330 during fiscal 2023. Deterioration in estimated future cash flows in our reporting unit could result in further future goodwill impairment. Changes to our business strategy, changes in industry or market conditions, changes in operating performance or other indicators of impairment could cause us to record a significant impairment charge during the period in which the impairment is determined, negatively impacting our results of operations and financial position.

We will need to raise additional capital to fund our existing operations. If we or our subsidiaries are unable to raise capital when needed, we would be compelled to delay, reduce or eliminate our development or commercialization efforts.

Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. However, we have estimated our current additional funding needs based on assumptions that may prove to be wrong. Additionally, changing circumstances may cause us to consume capital significantly faster than we currently anticipate, and we may need to spend more money than currently expected because of circumstances beyond our control. Additional capital may not be available to us at such times or in the amounts we need. Even if capital is available, it might be available only on unfavorable terms. Until such time, if ever, as we can generate substantial revenue, we expect to finance our operations through a combination of public or private equity offerings, debt financings, governmental funding, collaborations, strategic partnerships and alliances or marketing, distribution or licensing arrangements with third parties. If access to sufficient capital is not available as and when needed, our business will be materially impaired and we may be required to cease operations, curtail one or more product development or commercialization programs, significantly reduce expenses, sell assets, seek a merger, or joint venture partner, file for protection from creditors or liquidate all our assets.

Our ability to meet our workforce needs is crucial to our results of operations and future sales and profitability.

We rely on the existence of an available hourly workforce to manufacture our products. We cannot assure you that we will be able to attract and retain qualified employees to meet current or future manufacturing needs at a reasonable cost, or at all. For instance, the demand for skilled employees has increased recently with the low unemployment rates in Oklahoma where we have manufacturing facilities. Also, although none of our employees are currently covered by collective bargaining agreements, we cannot assure you that our employees will not elect to be represented by labor unions in the future. Additionally, competition for qualified employees could require us to pay higher wages to attract a sufficient number of employees. Significant increases in manufacturing workforce costs could materially adversely affect our business, financial condition or results of operations.

We have a fixed cost base that will affect our profitability if our sales decrease.

The fixed cost levels of operating SG Echo can put pressure on profit margins when sales and production decline. Our profitability depends, in part, on our ability to spread fixed costs over a sufficiently large number of products sold and shipped, and if we make a decision to reduce our rate of production, gross or net margins could be negatively affected. Consequently, decreased demand or the need to reduce production can lower our ability to absorb fixed costs and materially impact our financial condition or results of operations.

A material disruption at one of our suppliers' facilities or Echo's facilities could prevent us from meeting customer demand, reduce our sales and negatively affect our overall financial results.

Any of the following events could cease or limit operations unexpectedly: fires, floods, earthquakes, hurricanes, on-site or off-site environmental incidents or other catastrophes; global pandemic; utility and transportation infrastructure disruptions; labor difficulties; other operational problems; or war, acts of terrorism or other unexpected events. Any downtime or damage at our suppliers' facilities or SG Echo's facilities could prevent us from meeting customer demand for our products or require us to make more expensive purchases from a competing supplier. If our suppliers were to incur significant downtime, our ability to satisfy customer requirements could be impaired, resulting in customers seeking products from other distributors, as well as decreased customer satisfaction and lower sales and operating income.

A natural disaster, the effects of climate change, or other disruptions at our Echo facility could adversely affect our business, financial condition, and results of operations.

We rely on the continuous operation of our SG Echo facility in Durant, Oklahoma for the production of our Modules. Any natural disaster or other serious disruption to our facility due to fire, flood, earthquake, or any other unforeseen circumstance would adversely affect our business, financial condition, and results of operations. In addition, adverse weather conditions, such as increased frequency and/or severity of storms, or floods could impair our ability to operate by damaging our facilities and equipment or restricting product delivery to customers. The occurrence of any disruption at our manufacturing facility, even for a short period of time, may have an adverse effect on our productivity and profitability, during and after the period of the disruption. These disruptions may also cause personal injury and loss of life, severe damage to or destruction of property and equipment, and environmental damage. Although we maintain property, casualty, and business interruption insurance of the types and in the amounts that we believe are customary for the industry, we are not fully insured against all potential natural disasters or other disruptions to our manufacturing facility.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

We are subject to the reporting and corporate governance requirements of the Exchange Act, the listing requirements of the Nasdaq Capital Market and other applicable securities rules and regulations, including the Sarbanes-Oxley Act and the Dodd-Frank Act. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. Among other things, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and results of operations and maintain effective disclosure controls and procedures and internal control over financial reporting. In order to continue to maintain our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business, financial condition, results of operations and prospects. We also may need to further expand our legal and finance departments in the future, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expense and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies, regulatory authorities may initiate legal proceedings against us and our business and prospects may be harmed. As a result of disclosure of information in the filings required of a public company, our business and financial condition are more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business, financial condition, results of operations and prospects could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business, financial condition, results of operations and prospects.

We are dependent on the services of key personnel, and the unexpected loss of their services may adversely affect our operations.

Our success depends highly upon the personal efforts and abilities of our executive officers and management team, which is comprised of a small number of people. The loss of the services of any of our executive officers or members of our management team could have a material adverse effect on our business.

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 anyone year or over a period of several consecutive years. At December 31, 2024 and 2023, 100% and 100%, respectively, of the our gross accounts receivable were due from three and four customers. Revenue relating to three and one customer represented approximately 83% and 87% of our total revenue for the years ended December 31, 2024 and 2023, respectively. 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.

We rely on certain vendors to supply us with materials and products that, if we were unable to obtain, could adversely affect our business.

We have relationships with key materials vendors, and we rely on suppliers for our purchases of products from them. Any inability to obtain materials or services in the volumes required and at competitive prices from our major trading partners, the loss of any major trading partner or the discontinuation of vendor financing (if any) may seriously harm our business because we may not be able to meet the demands of our customers on a timely basis in sufficient quantities or at all. Other factors, including reduced access to credit by our vendors resulting from economic conditions, may impair our vendors' ability to provide products in a timely manner or at competitive prices. We also rely on other vendors for critical services such as transportation, supply chain and professional services. Any negative impacts to our business or liquidity could adversely impact our ability to establish or maintain these relationships.

We currently are, and may in the future be, subject to legal proceedings or investigations, the resolution of which could negatively affect our profitability and cash flows in a particular period.

The nature of our operations exposes us to possible litigation claims, including disputes relating to our operations and commercial and contractual arrangements. Often the litigation matters are not totally within our control. We will contest these matters vigorously and will make insurance claims where appropriate, but because of the uncertain nature of litigation and coverage decisions, we cannot predict the outcome of these matters. The costs associated with litigation matters could have a material adverse effect on our financial condition and profitability. In addition, our profitability or cash flow in a particular period could be affected by an adverse ruling in any litigation currently pending in the courts or by litigation that may be filed against us in the future. We are also subject to government regulation, which could result in administrative proceedings in the future. For additional information, see "Note 20 - Commitments and Contingencies" of our condensed consolidated financial statements included in this Annual Report.

We may have difficulty protecting our proprietary manufacturing processes, which could adversely affect our ability to compete.

We use a proprietary manufacturing process that allows us to be code-compliant in our Safe & GreenTM product. Such manufacturing process is unique to the construction industry and is important to ensure our continued success, and we cannot assure you that our efforts to protect our proprietary rights will be sufficient or effective. If other companies replicate our methodology, we could lose our competitive advantage. Any future patent or trademark applications may not lead to issued patents and registered trademarks in all instances. We also cannot be assured that the scope of any patents issued in the future will be sufficiently broad to offer meaningful protection. Others may develop or patent similar or superior technologies, products or services, and our intellectual property rights may be challenged, invalidated, misappropriated or infringed by others. If we are unable to protect and maintain our intellectual property rights, or if there are any successful intellectual property challenges or infringement proceedings against us, our business and revenue could be materially and adversely affected.

Risks Relating to our Business

Our ability to meet our workforce needs is crucial to our results of operations and future sales and profitability.

We rely on the existence of an available hourly workforce to manufacture our products. We cannot assure you that we will be able to attract and retain qualified employees to meet current or future manufacturing needs at a reasonable cost, or at all. Also, although none of our employees are currently covered by collective bargaining agreements, we cannot assure you that our employees will not elect to be represented by labor unions in the future. Additionally, competition for qualified employees could require us to pay higher wages to attract a sufficient number of employees. Significant increases in manufacturing workforce costs could materially adversely affect our business, financial condition or results of operations.

Given our fixed cost base our profitability is highly sensitive to changes in sales volume and production levels.

The fixed cost levels of operating SG Echo can put pressure on profit margins when sales volume and/or production levels decline. Our profitability depends, in part, on our ability to spread fixed costs over a sufficiently large number of products sold and shipped, and if we make a decision to reduce our rate of production, gross or net margins could be negatively affected. Consequently, decreased demand or the need to reduce production can lower our ability to absorb fixed costs and materially impact our financial condition or results of operations.

A material disruption at our suppliers' facilities or Echo's facilities could prevent us from meeting customer demand, reduce our sales and negatively affect our overall financial results.

Any of the following events could cease or limit operations unexpectedly: fires, floods, earthquakes, hurricanes, on-site or off-site environmental incidents or other catastrophes; global pandemic; supply chain disruptions; utility and transportation infrastructure disruptions; labor difficulties; other operational problems; or war, acts of terrorism or other unexpected events. Any downtime or damage at our suppliers' facilities or SG Echo's facilities could prevent us from meeting customer demand for our products or require us to make more expensive purchases from a competing supplier. If our suppliers were to incur significant downtime, our ability to satisfy customer requirements could be impaired, resulting in customers seeking products from other distributors, as well as decreased customer satisfaction and lower sales and operating income.

We are dependent on our executive officers and management team, and the unexpected loss of their services may adversely affect our operations.

Our success depends highly upon the personal efforts and abilities of our executive officers and management team, which is comprised of a small number of people. The loss of the services of any of our executive officers or members of our management team could have a material adverse effect on our business.

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 anyone year or over a period of several consecutive years. At December 31, 2024 and 2023, 100% and 100%, respectively, of the our gross accounts receivable were due from three and four customers. For the year ended December 31, 2024 and 2023, 83% and 87% of our revenue was from three and one customer, respectively. 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.

We rely on certain vendors to supply us with materials and products that, if we were unable to obtain, could adversely affect our business.

We have relationships with key materials vendors, and we rely on suppliers for our purchases of products from them. Any inability to obtain materials or services in the volumes required and at competitive prices from our major trading partners, the loss of any major trading partner or the discontinuation of vendor financing (if any) may seriously harm our business because we may not be able to meet the demands of our customers on a timely basis in sufficient quantities or at all. Other factors, including reduced access to credit by our vendors resulting from economic conditions, may impair our vendors' ability to provide products in a timely manner or at competitive prices. We also rely on other vendors for critical services such as transportation, supply chain and professional services. Any negative impacts to our business or liquidity could adversely impact our ability to establish or maintain these relationships. There were no vendors representing 10% or more of our total cost of revenue for the years ended December 31, 2024 or 2023.

We currently are, and may in the future be, subject to legal proceedings or investigations, the resolution of which could negatively affect our profitability and cash flows in a particular period.

The nature of our operations exposes us to possible litigation claims, including disputes relating to our operations and commercial and contractual arrangements. Often the litigation matters are not totally within our control. We will contest these matters vigorously and will make insurance claims where appropriate, but because of the uncertain nature of litigation and coverage decisions, we cannot predict the outcome of these matters. The costs associated with litigation matters could have a material adverse effect on our financial condition and profitability. In addition, our profitability or cash flow in a particular period could be affected by an adverse ruling in any litigation currently pending in the courts or by litigation that may be filed against us in the future. We are also subject to government regulation, which could result in administrative proceedings in the future.

We may have difficulty protecting our proprietary manufacturing processes, which could adversely affect our ability to compete.

We use a proprietary manufacturing process that allows us to be code-compliant in our Safe & Green™ product. Such manufacturing process is unique to the construction industry and is important to ensure our continued success, and we cannot assure you that our efforts to protect our proprietary rights will be sufficient or effective. If other companies replicate our methodology, we could lose our competitive advantage. Any future patent or trademark applications may not lead to issued patents and registered trademarks in all instances. We also cannot be assured that the scope of any patents issued in the future will be sufficiently broad to offer meaningful protection. Others may develop or patent similar or superior technologies, products or services, and our intellectual property rights may be challenged, invalidated, misappropriated or infringed by others. If we are unable to protect and maintain our intellectual property rights, or if there are any successful intellectual property challenges or infringement proceedings against us, our business and revenue could be materially and adversely affected.

We depend on third parties for transportation services, and limited availability or increases in costs of transportation could adversely affect our business and operations.

Our business depends on the transportation of a large number of products, via railroad or truck. We rely primarily on third parties for transportation of the products we manufacture or distribute and for the delivery of our raw materials. We are also subject to seasonal capacity constraints and weather-related delays for both rail and truck transportation. If any of our third-party transportation providers were to fail to deliver raw materials to us or our Modules to our customers in a timely manner, we may be unable to complete projects in a timely manner and may, among other things, incur penalties for late delivery or be unable to use the Modules as intended. In addition, if any of these third parties were to cease operations or cease doing business with us, we may be unable to replace them at reasonable cost. Any failure of a third-party transportation provider to deliver raw materials to us or finished Modules to our customers in a timely manner could harm our reputation, negatively affect our customer relationships, and have a material adverse effect on our operating results, cash flows, and financial condition. Additionally, an increase in transportation rates or fuel surcharges could adversely affect our sales, profitability, and cash flows.

Expansion of our operations may strain resources, and our failure to manage growth effectively could adversely impact our operating results and harm our ability to attract and retain key personnel.

Increased orders for our Modules have placed, and may continue to place, a strain on our operational, financial, and managerial resources and personnel. In addition, execution of our growth strategy will require further substantial capital and effective planning. Significant rapid growth on top of our current operations could greatly strain our internal resources, leading to a lower quality of customer service, reporting problems, and delays, resulting in a loss of market share and other problems that could adversely affect our financial performance. Our efforts to grow could place an additional strain on our personnel, management systems, liquidity, and other resources. If we do not manage our growth effectively, our operations could be adversely affected, resulting in slower, no or negative growth, critical shortages of cash and a failure to achieve or sustain profitability.

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. As of December 31, 2023, our backlog totaled approximately \$1.9 million and as of December 31, 2024, our backlog totaled approximately \$1.2 million. The decrease in backlog at December 31, 2024 from December 31, 2023 is primarily attributable to revenue being recognized during the year ended December 31, 2023. Our backlog is described more in detail in “Note 13 —Construction Backlog” of the notes to our consolidated financial statements included in this Annual Report. 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 realized in the past.

Our liability for estimated warranties may be inadequate, which could materially adversely affect our business, financial condition and results of operations.

We are subject to construction defect and warranty claims arising in the ordinary course of business. These claims are common in the construction industry and can be costly. At this time, our third-party providers offer guarantees and warranties in accordance with industry standards that flow through to our clients. A large number of warranty claims could have a material adverse effect on our results of operations.

We can be adversely affected by failures of persons who act on our behalf to comply with applicable regulations and guidelines.

Although we expect all of our associates (i.e., employees), officers and directors to comply at all times with all applicable laws, rules and regulations, there are instances in which subcontractors or others through whom we do business may engage in practices that do not comply with applicable regulations or guidelines. It is possible that our associates may become aware of these practices and not take steps to prevent them. If we learn of practices relating to Modules constructed on our behalf that do not comply with applicable regulations or guidelines, we will move actively to stop the non-complying practices as soon as possible, and we will take disciplinary action with regard to our associates who were aware of the practices, including in some instances terminating their employment. However, regardless of the steps we take, we may be subject to fines or other governmental penalties, and our reputation may be negatively affected.

Environmental, health and safety laws and regulations and any changes to, or liabilities arising under, such laws and regulations could have a material adverse effect on our financial condition, results of operations and liquidity.

We are subject to a variety of federal, state and local laws and regulations relating to, among other things: the release or discharge of materials into the environment; the management, use, generation, treatment, processing, handling, storage, transport or disposal of solid and hazardous wastes and materials; and the protection of public and employee health and safety and the environment. These laws and regulations may expose us to liability for the conduct of others or for our actions, even if such actions complied with all applicable laws at the time these actions were taken. These laws and regulations may also expose us to liability for claims of personal injury or property or natural resource damage related to alleged exposure to, or releases of, regulated or hazardous materials. The existence of contamination at properties we or our subsidiaries own, lease or operate could also result in increased operational costs or restrictions on our ability to use those properties as intended, including for purposes of construction materials distribution. In addition, because such properties are generally situated adjacent to or near industrial companies, such properties may be at an increased risk of having environmental contaminants from other properties spill or migrate onto or otherwise affect our properties.

Despite our compliance efforts, there is an inherent risk of liability in the operation of our business, especially from an environmental standpoint, and, from time to time, we may be in noncompliance with environmental, health and safety laws and regulations. These potential liabilities or non-compliances could have an adverse effect on our operations and profitability. In some instances, we must have government approvals, certificates, permits or licenses in order to conduct our business, which may require us to make significant capital, operating and maintenance expenditures to comply with environmental, health and safety laws and regulations. Our failure to obtain and maintain required approvals, certificates, permits or licenses or to comply with applicable governmental requirements could result in sanctions, including substantial fines or possible revocation of our authority to conduct some or all of our operations. The cost of complying with such laws could have a material adverse effect on our financial condition, results of operations and liquidity.

Our operating results will be subject to fluctuations and are inherently unpredictable.

In order to achieve profitability, we will need to generate and sustain higher revenue while maintaining reasonable cost and expense levels. We have incurred losses since inception. We do not know if our revenue will grow, or if it will grow sufficiently to outpace our expenses, which we expect to increase as we expand our operational capacity. We may not be able to become profitable on a quarterly or an annual basis. Our quarterly revenue and operating results will be difficult to predict and have in the past fluctuated from quarter to quarter. The amount, timing and mix of project sales, often for a single medium or large-scale project, may cause large fluctuations in our revenue and other financial results. Further, our revenue mix of high margin materials sales versus lower margin projects can fluctuate dramatically quarter to quarter, which may adversely affect our revenue and financial results in any given period. Finally, our ability to meet project completion schedules for an individual project and the corresponding revenue impact under the percentage-of-completion method of recognizing revenue, may similarly cause large fluctuations in our revenue and other financial results. This may cause us to miss guidance announced by us.

We base our planned operating expenses in part on our expectations of future revenue, and a significant portion of our expenses are fixed in the short-term. If revenue for a particular quarter is lower than we expect, we likely will be unable to proportionately reduce our operating expenses for that quarter, which would harm our operating results for that quarter. This may cause us to miss any guidance announced by us.

Cybersecurity risks related to the technology used in our operations and other business processes, as well as security breaches of company, customer, employee and vendor information, could adversely affect our business.

We rely on various information technology systems to capture, process, store and report data and interact with customers, vendors and employees. Despite security and controls design, as the prevalence of cyber-attacks continues to increase, our information technology systems, and those of our third-party providers, could become subject to increased security threats, such as phishing and malware incidents. Our security measures may be unable to prevent certain security breaches, and any such network, system, data or other breaches could result in misappropriation of sensitive data, transactional errors, theft of funds, business disruptions, loss of or damage to intellectual property, loss of customers and business opportunities, unauthorized access to or disclosure of confidential or personal information (which could cause a breach of applicable data protection legislation), regulatory fines, penalties or intervention, reputational damage, reimbursement or other compensatory costs and additional compliance costs, any of which could have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.

Because the techniques used to obtain unauthorized access to, or disable, degrade or sabotage, information technologies systems change frequently, and may not be recognized until after they have been launched against a target, we may be unable to anticipate these techniques, implement adequate preventative measures or remediate any breach in a timely or effective manner. In addition, the development and maintenance of preventative or detective measures is costly, and requires ongoing monitoring and updating as technologies change and efforts to circumvent security measures become more sophisticated. As well as incurring additional costs, sophisticated hardware and operating system software and applications that we procure from third parties may contain defects in design or manufacture, including “bugs” and other problems that could unexpectedly interfere with the operation of the systems, or we may be unable to successfully integrate and launch new systems as planned without disruptions to our operations. Misuse of internal applications, theft of intellectual property, trade secrets, funds or other corporate assets and inappropriate disclosure of confidential information could stem from such incidents.

Despite our efforts, we remain potentially vulnerable to cyber-attacks and security breaches, and any such attack or breach could adversely affect our reputation, business, financial condition or results of operations.

We could suffer adverse tax and other financial consequences if we are unable to utilize our net operating loss carryforwards.

At December 31, 2024, we had tax net operating loss carry forwards totaling approximately \$60.9 million. The net operating loss expires beginning 2030 through 2037 for those losses generated in 2017 and prior years. Approximately \$54 million of such net operating losses will carry forward indefinitely and be available to offset up to 80% of future taxable income each year. At December 31, 2024, we had a valuation allowance of approximately \$20 million, primarily related to net operating loss carry forwards that are not more likely than not to be utilized due to an inability to carry back these losses in most states and short carry forward periods that exist in certain states. If we are unable to use our net operating losses, we may be required to record charges or reduce our deferred tax assets, which could have an adverse effect on our results of operations.

Risks Relating to our Industry and Other Adverse Economic Conditions

Unfavorable global economic conditions, including any adverse macroeconomic conditions or geopolitical events could adversely affect our business, financial condition, results of operations or liquidity.

The global economy, including the financial and credit markets, continues to experience extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, increases in inflation rates, elevated interest rates and uncertainty about economic stability. Likewise, the current conflicts in Ukraine and the Middle East have created extreme volatility in the global capital markets and global economic consequences, including disruptions of the global supply chain. A severe or prolonged economic downturn or continued volatility in the financial and credit markets could negatively impact our ability to obtain necessary debt or equity financing in a timely manner or on favorable terms, if at all. The severity and duration of any such impacts cannot be predicted. Any such failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies or cause us to delay our development plans or commercialization efforts. Any of these actions could materially harm our business.

The cyclical and seasonal nature of the construction industry causes our revenues and operating results to fluctuate, and we expect this cyclicity and seasonality to continue in the future.

The construction industry is highly cyclical and seasonal and is influenced by many international, national and regional economic factors, including the availability of consumer and wholesale financing, seasonality of demand, consumer confidence, interest rates, income levels and general economic conditions, including inflation and recessions. As a result of the foregoing factors, the revenues and operating results we derive from customers will fluctuate and we currently expect them to continue to fluctuate in the future. Moreover, we have experienced, and may continue to experience, operating losses during cyclical downturns in the construction market. These and other economic factors could have a material adverse effect on demand for our products and our financial condition and operating results.

Our business depends on the construction industry and general business, financialmarket and economic conditions.

The construction industry is significantly affected by changes in general and local economic and real estate conditions, such as employment levels, consumer confidence, demographic trends, housing demand, inflation, deflation, interest rates and credit availability. Changes in these general and local economic conditions or deterioration in the broader economy could negatively impact the level of purchases, capital expenditures and creditworthiness of our indirect customers and suppliers, and, therefore, our royalty income and financial condition, results of operations and cash flows. Changes in these economic conditions may affect some of our regions or markets more than others. If adverse conditions affect our larger markets, they could have a proportionately greater impact on us than on some other companies. In addition, any uncertainty regarding global economic conditions such as raising gas prices may have an adverse effect on the results of operations and financial condition of us or our customers, distributors and suppliers, such as negative effects of currency exchange fluctuations. A shortage of labor in the construction industry could also have an impact on our financial results.

Our business relies on private investment and a slower than expected economy may adversely affect our results.

A significant portion of our sales are for projects with non-public owners, such as non-residential builders and home builders who make investments with private funds into their projects. Construction spending is affected by their customers' ability to finance projects, which may be severely reduced due to high interest rates. Residential and nonresidential construction could decline if companies and consumers are unable to finance construction projects or if the economy slows or is stalled, which could result in delays or cancellations of capital projects. If the economy slows, or if housing starts and nonresidential projects do not increase, sales of our products directly by us to consumers and related services may decline, and our financial position, results of operations and liquidity could be materially adversely affected.

Risks Relating to the Manufacturing and Construction

Our financial condition and results of operations could be negatively affected if additional third-party financing for our customers does not become available.

Our business and earnings depend substantially on our customers' ability to obtain financing for the development of their construction projects. The availability and cost of such financing is further dependent on the number of financial institutions participating in the industry, the departure of financial institutions from the industry, the financial institutions' lending practices, the strength of the domestic and international credit markets generally, governmental policies and other conditions, all of which are beyond our control. In light of the current economic climate, some of our customers' projects may not be successful in obtaining additional funds in a timely manner, on favorable terms or at all. The availability of borrowed funds, especially for construction financing, has been greatly reduced, and lenders may require project developers to invest increased amounts of equity in a project in connection with both new loans and the extension of existing loans. Unfavorable changes in the availability and terms of financing in the industry will have a material adverse effect on certain privately financed projects.

Our results of operations also depend on the ability of any potential privately financed licensees to obtain loans for the purchase of new buildings. Over the past few years, lenders have tightened the credit underwriting standards, which have reduced lending volumes. If this trend continues, it would negatively impact our sales, which depend in large part on the availability and cost of financing. In addition, where our potential customers must sell their existing buildings or real estate in order to develop new buildings, increases in mortgage costs and/or lack of availability of mortgages could prevent buyers of potential customers' existing buildings from obtaining the mortgages they need to complete their purchases, which would result in our potential customers' inability to make purchases from us. If our potential customers cannot obtain suitable financing, our sales and results of operations would be adversely affected.

The construction industry is highly competitive, and such competition may increase the adverse effects of industry conditions including the consolidation of the industry.

We operate in a very competitive environment characterized by competition from numerous local, regional and national builders. We may compete for financing, raw materials and skilled management and labor resources. A decline in construction starts could adversely affect demand for our buildings and our results of operations. Increased competition could require us to further increase our selling incentives and/or reduce our prices, which could negatively affect our profits. We may be unable to successfully expand into or compete in the markets in new geographic areas. In addition, while we believe our ESR may improve our competitive position by potentially expediting reviews and approvals by state and local building departments and certifying our specific quality control and design acceptance criteria, there is no assurance that it will have the desired impact.

There can be no assurance that Modules or modular construction techniques that utilize our technology and expertise will achieve market acceptance and grow; thus, the future of our business and the modular construction industry as a whole is uncertain.

There can be no assurance that we will achieve market acceptance for our technology and expertise or that the modular construction market will grow. Our business may be disrupted by the introduction of new products and services and is subject to changing consumer preferences and industry trends, which may adversely affect our ability to plan for the future development and marketing of our products. Although Modules have particular applications in a wide variety of market segments, there is no assurance that we will be able to expand our relationship within such market segments or, even if we do, that general market acceptance for our technology and expertise or Modules will continue to increase.

Government regulations and legal challenges may delay the start or completion of our projects, increase our expenses or limit our building activities, which could have a negative impact on our operations.

Various domestic rules and regulations concerning building, zoning, sales and similar matters apply to and/or affect the construction industry. Governmental regulation affects construction activities, as well as sales activities, mortgage lending activities and other dealings with consumers. These industries also have experienced an increase in state and local legislation in the United States and regulations that limit the availability or use of land. Municipalities may also restrict or place moratoriums on the availability of utilities, such as water and sewer taps. In some areas, municipalities may enact growth control initiatives, which restrict the number of building permits available in a given year. If governments in locations in which our customers operate take actions like the ones described, they could adversely affect our business by causing delays, increasing costs or limiting our customers' ability to operate in those areas.

The dangers inherent in our operations, such as disruptions to our facilities and project sites, and the limits on insurance coverage could expose us to potentially significant liability costs and materially interfere with the performance of our operations.

While we believe our insurance coverage is adequate and in line with our industry's standards, all construction, including modular construction, involves operating hazards that can cause personal injury or loss of life, severe damage to and destruction of property and equipment and suspension of operations, including, but not limited to, natural or man-made disruptions to our facilities and project sites. The failure of such structures during and after installation can result in similar injuries and damages. Although we believe that our insurance coverage is adequate, there can be no assurance that we will be able to maintain adequate insurance in the future at rates we consider reasonable, or that our insurance coverage will be adequate to cover future claims that may arise. Claims for which we are not fully insured may adversely affect our working capital and profitability. In addition, changes in the insurance industry have generally led to higher insurance costs and decreased availability of coverage. The availability of insurance that covers risks we and our competitors typically insure against may decrease, and the insurance that we are able to obtain may have higher deductibles, higher premiums and more restrictive policy terms.

Risks Relating to our Common Stock

Our Common Stock is listed on the Nasdaq Capital Market ("Nasdaq" or the "Nasdaq Capital Market"), which imposes, among other requirements, a minimum bid requirement.

On November 7, 2023, we received a deficiency letter from the Listing Qualifications Department of the Nasdaq notifying us that for the preceding 30 consecutive business days (September 26, 2023 through November 6, 2023), our 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), we have a compliance period of 180 calendar days, or until May 6, 2024, to regain compliance with Nasdaq Listing Rule 5550(a)(2). 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 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 had been at \$1.00 per share or greater, and accordingly the Company had regained compliance with Rule 5550(a)(2). However, the Company cannot provide assurances that it will be able to continue to comply with Rule 5550(a)(2) in the future.

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 from Nasdaq notifying the Company that, 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, the Company had regained compliance with Rule 5250(c)(1). However, the Company cannot provide assurances that it will be able to continue to comply with Rule 5250(c)(1) 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. In accordance with Nasdaq's Listing Rules, the Company had until June 30, 2024 to submit a plan to regain compliance with Rule 5550(b)(1). On July 25, 2024, Nasdaq notified the Company that, based on its review of the Company and the materials submitted by the Company to Nasdaq, Nasdaq Staff determined to grant the Company an extension to regain compliance with Rule 5550(b)(1) until November 12, 2024, subject to the Company regaining and evidencing compliance with Rule 5550(b)(1) by such date.

On February 26, 2025, the “Company received a listing decision from Nasdaq on behalf of the Nasdaq Hearings Panel (the “Panel”) indicating that the Company has evidenced compliance with the minimum equity standard set forth in Rule 5550(b)(1) and all other applicable criteria for continued listing on The Nasdaq Capital Market. Accordingly, the previously disclosed listing matter has been closed, and the Company’s securities will remain listed on Nasdaq. To regain compliance with Rule 5550(b)(1), the Company proposed a merger with Olenox Corp., a diversified energy company based in Texas that operates in three vertically integrated business units: Oil & Gas, Energy Services, and Energy Technologies (the “Olenox Merger”). On February 6, 2025, the Company informed the Panel that the Company had completed the first planned stage of the Olenox Merger, which served to increase stockholders’ equity by approximately \$60 million. Based on the information presented and publicly disclosed, the Panel determined that the Company has satisfied Rule 5550(b)(1).

Any future delisting of the Company’s common stock from Nasdaq could adversely affect the Company’s ability to attract new investors, reduce the liquidity of its outstanding shares of common stock, reduce its ability to raise additional capital, reduce the price at which its common stock trades, result in negative publicity and increase the transaction costs inherent in trading such shares with overall negative effects for the Company’s stockholders. The Company cannot assure its investors that its common stock, if delisted from Nasdaq, will be listed on another national securities exchange or quoted on an over-the-counter quotation system. In addition, delisting of the Company’s common stock could deter broker-dealers from making a market in or otherwise seeking or generating interest in the Company’s common stock and might deter certain institutions and persons from investing in the Company’s securities at all. For these reasons and others, delisting could adversely affect the Company’s business, financial condition and liquidity.

The delisting of our Common Stock from Nasdaq may make it more difficult for us to raise capital on favorable terms in the future, or at all. Such a delisting would likely have a negative effect on the price of our Common Stock and would impair your ability to sell or purchase our Common Stock when you wish to do so. Further, if our Common Stock were to be delisted from Nasdaq, our Common Stock would cease to be recognized as a covered security, and we would be subject to additional regulation in each state in which we offer our securities. Moreover, there is no assurance that any actions that we take to restore our compliance with the Nasdaq Minimum Bid Price Requirement would stabilize the market price or improve the liquidity of our Common Stock, prevent our Common Stock from falling below the Nasdaq minimum bid price required for continued listing again or prevent future non-compliance with other applicable Nasdaq listing requirements, including maintaining minimum levels of stockholders’ equity or market values of our Common Stock, our Common Stock could be delisted.

We have effected a reverse stock split of our outstanding common stock on May 2, 2024.

In order to comply with the Nasdaq Minimum Bid Requirement, the Board may determine to effect an additional reverse stock split of our Common Stock. We expect that any future reverse stock split will increase the market price of our Common Stock while our stock is trading and enable us to meet the Minimum Bid Requirement. However, the effect of a reverse stock split upon the market price of our Common Stock cannot be predicted with certainty, and the results of reverse stock splits by companies in similar circumstances have been varied. It is possible that the market price of our Common Stock following the reverse stock split will not increase sufficiently for us to be in compliance with the Minimum Bid Requirement, or if it does, that such price will be sustained. If we are unable to meet the Minimum Bid Requirement, our Common Stock could be delisted.

Our stock price has been subject to fluctuations in the past, has recently been volatile, and will likely continue to be subject to fluctuations and decline, due to factors beyond our control, and investors in our common stock may lose all or part of their investment in our company.

The trading price of our common stock has been and is expected to continue to be volatile and has been and may continue to be subject to wide fluctuations in response to various factors, some of which are beyond our control, including limited trading volume. We may incur rapid and substantial decreases in our stock price in the foreseeable future that are unrelated to our operating performance for prospects. In addition to the factors discussed in this “Risk Factors” section and elsewhere in this Annual Report, these factors include:

- economic and market conditions or trends in our industry or the economy as a whole and, in particular, in the construction industry;
- additions or departures of key personnel;
- operating results that fall below expectations;
- industry developments;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- material litigation or government disputes;
- the public’s response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- changes in financial estimates or recommendations by any securities analysts who follow our common stock;
- the size of our market float and potential dilution due to the exercise of outstanding options and warrants;
- future sales of our common stock by our officers, directors and significant stockholders, including sales pursuant to a registration statement filed to permit a significant stockholder to sell shares of our common stock, pursuant to certain registration rights granted to such stockholder;
- other events or factors, including those resulting from such events, or the prospect of such events, including war, terrorism and other international conflicts, public health issues including health epidemics or pandemics, such as the recent outbreak of the COVID-19 novel coronavirus, and natural disasters such as fire, hurricanes, earthquakes, tornados or other adverse weather and climate conditions, whether occurring in the United States or elsewhere, could disrupt our operations, disrupt the operations of our suppliers or result in political or economic instability; and
- period-to-period fluctuations in our financial results.

In addition, the securities markets have, from time to time, experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock. Since the stock price of our common stock has fluctuated in the past, has recently been volatile and will likely be volatile in the future, investors in our common stock may lose all or part of their investment in our company. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, we could incur substantial costs and our resources and the attention of management could be diverted from our business.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

We are subject to the reporting and corporate governance requirements of the Exchange Act, the listing requirements of the Nasdaq Capital Market and other applicable securities rules and regulations, including the Sarbanes-Oxley Act and the Dodd-Frank Act. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. Among other things, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and results of operations and maintain effective disclosure controls and procedures and internal control over financial reporting. In order to continue to maintain our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business, financial condition, results of operations and prospects. We also may need to further expand our legal and finance departments in the future, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expense and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies, regulatory authorities may initiate legal proceedings against us and our business and prospects may be harmed. As a result of disclosure of information in the filings required of a public company, our business and financial condition are more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business, financial condition, results of operations and prospects could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business, financial condition, results of operations and prospects.

Sales of a substantial number of shares of our common stock in the public market, or the perception that they might occur, could cause the price of our common stock to decline.

The price of our common stock could decline if there are substantial sales of our common stock, particularly sales by our directors, executive officers and significant stockholders. If our existing stockholders sell substantial amounts of our common stock in the public market, or if the public perceives that such sales could occur, this could have an adverse impact on the market price of our common stock, even if there is no relationship between such sales and the performance of our business.

In addition, shares subject to outstanding options under our Incentive Plan are and will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. Substantial sales of such shares, at that time, could depress the sale price of our common stock.

Significant sales of our common stock, or the possibility that these sales may occur, might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. In addition, we may issue shares of our common stock in connection with investments or acquisitions in the future. The amount of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of common stock.

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.

As of March 28, 2025, there are outstanding options, restricted stock units and warrants to purchase 341,220 and 5,809,799 shares of our Common Stock, respectively. Exercise of such options and warrants and the vesting of restricted stock units would dilute the then-existing stockholders' percentage ownership of our stock, and any sales in the public market of common stock underlying such securities could adversely affect prevailing market prices for the common stock. Moreover, the terms upon which we would be able to obtain additional equity capital could be adversely affected because the holders of our options and warrants can be expected to exercise them at a time when we would, in all likelihood, be able to obtain any needed capital on terms more favorable to us than those provided by such securities.

The issuance of additional securities by our Board of Directors (the “Board” or “Board of Directors”) will dilute the ownership interests of our current stockholders and could discourage the acquisition of us.

Our Board, without any action by our stockholders, is authorized to designate and issue additional classes or series of capital stock (including classes or series of preferred stock) as it deems appropriate and to establish the rights, preferences and privileges of such classes or series, and we currently have an effective universal shelf registration statement on file with the SEC, providing for the potential issuance of shares of our common stock and other securities. The issuance of any new class or series of capital stock would not only dilute the ownership interest of our current stockholders but may also adversely affect the voting power and other rights of holders of common stock. The rights of holders of preferred stock and other classes of common stock that may be issued may be superior to the rights of the holders of the existing class of common stock in terms of the payment of ordinary and liquidating dividends and voting rights.

In addition, the ability of the Board to designate and issue such shares could impede or deter an unsolicited tender offer or takeover proposal regarding us and the issuance of additional shares having preferential rights could adversely affect the voting power and other rights of holders of common stock and render more difficult the removal of current management, even if such removal may be in the stockholders’ best interests.

We do not expect to pay dividends in the future. Any return on investment may be limited to the value of our common stock.

For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our common stock. Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend upon results of operations, financial condition, restrictions imposed by applicable law and other factors our Board of Directors deem relevant. Accordingly, if you purchase shares of our common stock, realization of a gain on your investment will depend on the appreciation of the price of our common stock, which may never occur. Investors seeking cash dividends in the foreseeable future should not purchase our common stock.

If securities or industry analysts do not publish research or reports about our business or our industry, or publish negative reports about our business or our industry, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that securities or industry analysts publish about us, our business, our industry or our competitors. If one or more of the analysts who cover us change their recommendation regarding our stock adversely, change their opinion of the prospects for our company in a negative manner or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

Certain provisions of Delaware law could discourage, delay or prevent a merger or acquisition at a premium price.

Certain provisions of Delaware law could discourage potential acquisition proposals, delay or prevent a change in control of our company, or limit the price that investors may be willing to pay in the future for shares of our common stock. Because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. Such provisions may discourage, delay or prevent a merger or acquisition of the Company, including a transaction in which the acquirer may offer a premium price for our stock.

If our shares become subject to the penny stock rules, it would become more difficult to trade our shares.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If we do not retain a listing on the Nasdaq Capital Market and if the price of our shares of common stock is less than \$5.00, our common stock will be deemed a penny stock (meaning that our shares may be considered highly speculative and may trade infrequently, which can make them difficult to accurately price or sell). The penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that, before effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive: (i) the purchaser’s written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common stock, and therefore stockholders may have difficulty selling their shares.

As a “smaller reporting company,” we may avail ourselves of reduced disclosure requirements, which may make our common stock less attractive to investors.

We are a “smaller reporting company” under applicable SEC rules and regulations, and, as a result of the SEC’s recent amendment to the definition of “smaller reporting company,” we will continue to be a “smaller reporting company” for so long as either (i) the market value of our common stock held by non-affiliates as of the end of our most recently completed second quarter (“public float”) is less than \$250 million or (ii) annual revenues of less than \$100 million during the most recently completed fiscal year and (A) no public float or (B) a public float of less than \$700 million. As a “smaller reporting company,” we have relied on exemptions from certain SEC disclosure requirements that are applicable to other public companies. These exemptions include reduced financial disclosure and reduced disclosure obligations regarding executive compensation. Until such time as we cease to be a “smaller reporting company,” such reduced disclosure in our SEC filings may make it harder for investors to analyze our operating results and financial prospects. If some investors find our common stock less attractive as a result of our reduced disclosure, there may be a less active trading market for our common stock and our stock price may be more volatile.

Our shares of common stock are from time to time thinly traded, so stockholders may be unable to sell at or near ask prices or at all if they need to sell shares to raise money or otherwise desire to liquidate their shares.

Our common stock has from time to time been “thinly-traded,” meaning that the number of persons interested in purchasing our common stock at or near ask prices at any given time may be relatively small or non-existent. This situation is attributable to a number of factors, including the fact that we are a small company that is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk-averse and would be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we became more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer that has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give stockholders any assurance that a broader or more active public trading market for our common stock will develop or be sustained, or that current trading levels will be sustained.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity

We maintain a cyber risk management program designed to identify, assess, manage, mitigate, and respond to cybersecurity threats. Maintenance of IT assets, including daily security patch management. Periodic vulnerability scanning, identity access management controls including restricted access of privileged accounts (Multi-factor authentication enforced). Network integrity is safeguarded by employing web-based software, including endpoint protection, endpoint detection and response, spam gateway filtering, data loss prevention policies, SaaS monitoring, and remote monitoring on all devices. Industry-standard encryption protocols on workstations and email, critical data backups, and infrastructure maintenance. Incident response, cybersecurity strategy, and cyber risk advisory, assessment and remediation are maintained and supplied by a 3rd part SOC (Solutions Granted) that is NIST800-171 compliant.

In addition, our cybersecurity framework is meticulously crafted to anticipate and address threats before they can cause harm. We are vigilant in monitoring the ever-changing threat landscape, drawing on intelligence from a multitude of sources to remain at the forefront of potential vulnerabilities. Our Security Operations Center (SOC) is operational 24/7, utilizing cutting-edge threat detection tools that meet SOCII requirements, guaranteeing an immediate response capability. We implement stringent access control policies to ensure that only authorized individuals can interact with sensitive client data. Our Identity and Access Management (IAM) systems conform to ISO/IEC 27001 standards, offering secure authentication processes that encompass multi-factor authentication (MFA) and role-based access controls (RBAC). These safeguards are essential in preserving the integrity and confidentiality of client information. By employing Randtronics remote encryption technology, we provide top-tier security for client data, whether it's in use or at rest. This leading-edge encryption solution surpasses industry benchmarks, delivering robust protection without compromising system performance. We regularly evaluate and refine our encryption protocols to thwart new cryptographic challenges. A third party-organization conducts frequent security audits to maintain unwavering compliance with legal and regulatory mandates such as GDPR, HIPAA, and CCPA. These audits are a cornerstone of our cyber risk management program, embracing established best practices and standards in cybersecurity and information technology. Our comprehensive policies cover various aspects including information security, access on/offboarding, and account management, directing the protective measures our management team implements to shield IT assets, data, and services from threats and vulnerabilities.

The Audit Committee of the Board of Directors oversees our cybersecurity risk exposures and the steps taken by management to monitor and mitigate cybersecurity risks. The cybersecurity stakeholders, including member(s) of management assigned with cybersecurity oversight responsibility and/or third-party consultants providing cyber risk services brief the Audit Committee on cyber vulnerabilities identified through the risk management process, the effectiveness of our cyber risk management program, and the emerging threat landscape and new cyber risks on at least an annual basis. This includes updates on our processes to prevent, detect, and mitigate cybersecurity incidents. The Audit Committee and management have engaged a third-party firm to oversee the complete audit of our cybersecurity and risk management systems to ensure the integrity of the systems that are in place.

We face risks from cybersecurity threats that could have a material adverse effect on its business, financial condition, results of operations, cash flows or reputation. We acknowledge that the risk of cyber incident is prevalent in the current threat landscape and that a future cyber incident may occur in the normal course of its business. However, prior cybersecurity incidents have not had a material adverse effect on our business, financial condition, results of operations, or cash flows. We proactively seek to detect and investigate unauthorized attempts and attacks against our IT assets, data, and services, and to prevent their occurrence and recurrence where practicable through changes or updates to internal processes and tools and changes or updates to service delivery; however, potential vulnerabilities to known or unknown threats will remain. Further, there is increasing regulation regarding responses to cybersecurity incidents, including reporting to regulators, investors, and additional stakeholders, which could subject us to additional liability and reputational harm. In response to such risks, we have implemented initiatives such as implementation of the cybersecurity risk assessment process and development of an incident response plan. See Item 1A. "Risk Factors" for more information on cybersecurity risks.

Item 2. Properties.

Headquarters and Other Office Space

We lease office space in Miami, Florida for our corporate headquarters.

Manufacturing Facilities

SG Echo operates and leases one manufacturing facility of approximately 61,000 square feet. SG Echo is renovating a second manufacturing facility which totals approximately 58,000 square feet of manufacturing space. Both spaces are located in Durant, Oklahoma and the second manufacturing facility will be leased space commencing in 2024.

We believe that our current office spaces are adequate and suitable for our anticipated needs and that suitable additional space will be available at commercially reasonable prices as needed.

Item 3. Legal Proceedings.

The information included in "Note 20 – Commitments and Contingencies" of the Company's consolidated financial statements included elsewhere in this Annual Report is incorporated by reference into this Item.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

Market Information

Our common stock is listed and traded on the Nasdaq Capital Market under the symbol "SGBX."

Holder

As of the close of business on March 28, 2025, there were approximately 49 holders of record of our common stock, which does not reflect those shares held beneficially or those shares held in "street" name. Accordingly, the number of beneficial owners of our common stock exceeds this number. On March 28, 2025, the closing sales price of our common stock as reported on the Nasdaq Capital Market was \$0.4615.

Dividend Policy

We have never paid any cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. The payment of dividends by us will depend on our future earnings, financial condition and such other business and economic factors as our management may consider relevant.

Recent Sales of Unregistered Securities

We did not sell any unregistered securities from January 1, 2024 through December 31, 2024 that were not previously disclosed in our filings with the SEC.

Issuer Purchases of Equity Securities

We did not repurchase any of our outstanding shares during the fourth quarter of 2024.

Performance Graph and Purchases of Equity Securities

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

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer and Trust Company, LLC. The transfer agent's principal business address is 6201 15th Avenue, Brooklyn, New York 11219, and its telephone number is (800) 937-5449.

Equity Compensation Plan Information

As of December 31, 2024, the following securities issued under equity compensation were outstanding:

Plan Category	Number of Shares Issuable Upon Exercise of Outstanding Options, Warrants or Rights (a) ⁽¹⁾	Weighted-Average Exercise Price of Outstanding Options (b) ⁽²⁾	Number of Shares Remaining Available for Issuance Under Equity Compensation Plans (Excluding Shares Reflected in Column (a))(c) ⁽³⁾
Equity compensation plans approved by security holders	406,747	\$ 1,574.20	—
Equity compensation plans not approved by security holders	—	—	—
Total	406,747	\$ 1,574.20	—

(1) Includes 1,822 shares issuable upon the exercise of options and 404,925 shares issuable upon the vesting of restricted stock units outstanding under the SG Blocks, Inc. Incentive Plan.

(2) The weighted average exercise price excludes restricted stock units.

(3) Represents shares available for issuance under the SG Blocks, Inc. Stock Incentive Plan.

Item 6. [Reserved]

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

Introduction and Certain Cautionary Statements

The following discussion and analysis of the financial condition and results of our operations should be read in conjunction with our consolidated financial statements and related notes and schedules included elsewhere in this Annual Report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, intensified competition and operating problems in our operating business projects and their impact on revenues and profit margins or additional factors, and those discussed in the section entitled "Risk Factors" in Part I, Item 1A of this Annual Report. In addition, certain information presented below is based on unaudited financial information.

Results of Operations

Our operations for the years ended December 31, 2024 and 2023 may not be indicative of our future operations.

Years Ended December 31, 2024 and 2023:

	<u>For the Year Ended</u> <u>December 31, 2024</u>	<u>For the Year Ended</u> <u>December 31, 2023</u>
Revenue		
Construction services (includes engineering)	\$ 4,976,618	\$ 16,523,080
Total	<u>4,976,618</u>	<u>16,523,080</u>
Year over year % growth:		
Construction services	(70)%	30%
Medical revenue	<u>—</u>	<u>(100)%</u>
Consolidated	<u>(70)%</u>	<u>(32)%</u>
Operating income (loss)		
Construction services	(319,481)	(2,721,899)
Medical	(104,174)	(529,569)
Corporate and Support	<u>(9,282,960)</u>	<u>(18,497,740)</u>
Consolidated	<u>(9,706,615)</u>	<u>(21,749,208)</u>
Other income (expenses)	<u>(9,957,745)</u>	<u>(808,157)</u>
Less: Common stock deemed dividends	(5,621,596)	—
Add: Net income (loss) from discontinued operations	<u>2,684,678</u>	<u>(3,725,168)</u>
Net loss attributable to common stockholders	<u>\$ (22,601,278)</u>	<u>\$ (26,282,533)</u>

Revenue

During the year ended December 31, 2024, we derived substantially all of our revenue from the construction services segment. Total revenue for the year ended December 31, 2024 was \$4,976,618 compared to \$16,523,080 for the year ended December 31, 2023. Revenue decreased 70% in 2024, compared to the prior year.

Construction services revenue decreased 70% in 2024 compared to the prior year. The revenue decrease is primarily from a reduction in the number of projects during 2024.

Operating Income (Loss)

Operating loss was \$9,706,615 for the year ended December 31, 2024, compared to \$21,749,208 for the year ended December 31, 2023, representing an increase of \$12,042,593 or 55% in 2024 compared to the prior year.

Construction services operating loss in 2024 was \$319,481 as compared to the prior year's operating loss of \$2,721,899, primarily due to an increase in the number of projects which resulted in a loss during 2023, and the limited number of projects during 2024.

Medical revenue operating loss in 2024 was \$104,174, as compared to the prior year's operating loss of \$529,569, primarily due to decreased expenses recognized during 2024.

Corporate and support operating loss increased in 2024, as compared to the prior year, and such increase is primarily due to increased overhead costs in public expenses related to SEC compliance and legal costs, increases in IT support and increase in insurance expenses to support our various operations. In addition, an impairment loss of \$5,976,445 was recorded for the year ended December 31, 2023 compared to an impairment loss of \$,015,304 recorded for the year ended December 31, 2024.

Other Income (Expense)

Interest income was \$119 for the year ended December 31, 2023. Other income for the year ended December 31, 2024 and 2023 was \$106,043 and \$622,096, respectively. Other income during 2024 primarily related to miscellaneous income. Interest expense for the year ended December 31, 2024 and 2023 was \$3,127,179 and \$1,430,372 respectively. The increase in interest expense resulted from additional notes payable entered into during 2024. Loss on sales of equity investments for the year ended December 31, 2024 was \$320,408. Additionally, during the year ended December 31, 2024 we recognized \$,616,201 of change in fair value of our equity investments.

Income Tax Provision

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

Impact of Inflation

The impact of inflation upon our revenue and income (loss) from continuing operations during each of the past two fiscal years has not been material to its financial position or results of operations for those years because we do not maintain any inventories whose costs are affected by inflation.

Liquidity and Capital Resources

As of December 31, 2024 and December 31, 2023, we had an aggregate of \$375,873 and \$14,212, respectively, of cash and cash equivalents. To date, we have financed our operations from revenue generated from operations, sales of our equity and debt financing.

As of December 31, 2024, our stockholders' equity (deficit) was \$(12,460,308) compared to \$(6,334,859) as of December 31, 2023. Our net loss for the years ended December 31, 2024 and 2023 was \$16,979,682 and \$26,282,533 respectively. Net cash used in operating activities was \$10,898,755 and \$6,735,017 for the years ended December 31, 2024 and 2023, respectively.

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.

If we are not successful with our efforts to increase revenue, we will experience, as we have from time to time in the past, a shortfall in cash. If there is a shortfall, we will be forced to reduce operating expenses, among other steps, all of which would have a material adverse effect on our operations going forward. In addition, we have issued various types of debt to provide funds for operations as set forth below.

We will also seek to obtain debt or additional equity financing to meet any cash shortfalls both in the public company or our subsidiaries. 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. 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. 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.

We will need to generate additional revenues or secure additional financing sources, such as debt or equity capital, to fund future operations, which financing may not be available on favorable terms or at all. 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 and we will need to significantly curtail or cease our operations.

Cedar Cash Advances

On January 5, 2024, SG Building and SG Echo (together with SG Building, the “Merchants”) entered into a Cash Advance Agreement (the “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 \$2,500 a week directly from the Merchants until the \$300,000 due to Maison under the January Cash Advance Agreement is paid in full. 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’s 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 29, 2024, SG Building entered into a Cash Advance Agreement (the “Fourth Cash Advance Agreement” and, together with the Cash Advance Agreement, the Second Cash Advance Agreement and the Third Cash Advance Agreement, the “Cedar Cash Advance Agreements”) with Cedar Advance LLC (“Cedar”) pursuant to which SG Building 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 Fourth Cash Advance Agreement, Cedar is expected to withdraw \$49,150 a week directly from SG Building until the \$1,733,420 due to Cedar under the Fourth Cash Advance Agreement is paid in full. In the event of a default (as defined in the Fourth Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the Fourth Cash Advance Agreement. SG Building’s obligations under the Fourth Cash Advance Agreement have been guaranteed by SG Echo. As of December 31, 2024 there was no outstanding balance on this advance.

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 until the \$224,850 due to Bridgecap under the February Cash Advance Agreement is paid in full. 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. As of December 31, 2024 there was no outstanding balance on this advance.

On July 31, 2024, SG Building entered into a Cash Advance Agreement (the “July Cash Advance Agreement”) with Cedar pursuant to which SG Building sold to Cedar \$1,957,150 of its future receivables for a purchase price of \$1,350,000, less underwriting fees and expenses paid and the repayment of prior amounts due Cedar, for net funds provided of \$285,180, which are net of repayment of prior Cedar Cash Advance Agreements

Pursuant to the July Cash Advance Agreement, Cedar is expected to withdraw \$49,150 a week directly from SG Building until the \$1,957,150 due to Cedar under the July Cash Advance Agreement is paid in full. In the event of a default (as defined in the July Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the July Cash Advance Agreement. SG Building’s obligations under the July Cash Advance Agreement have been guaranteed by SG Echo. As of December 31, 2024 the principal balance on this advance was \$1,059,983.

On August 27, 2024, SG Building entered into a Cash Advance Agreement (the “Pawn Cash Advance Agreement”) with Pawn Funding (“Pawn”) pursuant to which SG Building sold to Pawn \$599,600 of its future receivables for a purchase price of \$400,000, less underwriting fees and expenses paid and the repayment of prior amounts due Pawn, for net funds provided of \$360,000. Pursuant to the Pawn Cash Advance Agreement, Pawn is expected to withdraw \$1,999.67 a week directly from SG Building until the \$599,600 due to Pawn is paid in full. In the event of a default (as defined in the Pawn Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the Pawn Cash Advance Agreement. As of December 31, 2024 the principal balance on this advance was \$249,833.

On December 17, 2024, SG Building entered into a Cash Advance Agreement (the “December Cash Advance Agreement”) with Cedar pursuant to which SG Building sold to Cedar \$194,500 of its future receivables for a purchase price of \$138,000, less underwriting fees and expenses paid, for net funds provided of \$125,000. Pursuant to the Cedar Cash Advance Agreement, Cedar is expected to withdraw \$4,900 a week directly from SG Building until the \$194,500 due to Cedar is paid in full. In the event of a default (as defined in the Cedar Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the Cedar Cash Advance Agreement. As of December 31, 2024 the principal balance on this advance was \$131,047.

On December 24, 2024, SG Building entered into a Cash Advance Agreement (the “December Cash Advance Agreement”) with Cedar”) pursuant to which SG Building sold to Cedar \$203,000 of its future receivables for a purchase price of \$140,000, less underwriting fees and expenses paid, for net funds provided of \$126,000. Pursuant to the Cedar Cash Advance Agreement, Cedar is expected to withdraw \$5,000 a week directly from SG Building until the \$203,000 due to Cedar is paid in full. In the event of a default (as defined in the Cedar Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the Cedar Cash Advance Agreement. As of December 31, 2024 the principal balance on this advance was \$140,000.

Southstar Factoring Agreement

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").

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 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. 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 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 a 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 is 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 \$250,000.00 of the purchased accounts each month must be with a specific customer of the Company. ("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.

Pursuant to a Secured Continuing Corporate Guaranty, dated June 8, 2023 (the “Corporate Guaranty”), we have 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, between SouthStar, SG Echo and us, 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).

February Cash Advances

On February 23, 2024, the SG Building Blocks and SG Echo, together with SG Building Blocks, the (“Merchants”), entered into a Cash Advance Agreement (“Third 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 Third 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 Third Cash Advance Agreement is paid. In the event of a default (as defined in the Cash Advance Agreement), Bridgecap, among other remedies (including penalties and fees) can demand payment in full of all amounts remaining due under the Third Cash Advance Agreement. The Merchants’ obligations under the Third 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 Third Cash Advance Agreement may be prepaid by the Merchants at any time without penalty.

March Note

On March 5, 2024, we issued a Promissory Note (“Note”) in favor of 800 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 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 fail 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 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 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 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 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.

We may 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 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.

Cash Flow Summary

	For The Year Ended December 31,	
	2024	2023
Net cash provided by (used in):		
Operating activities	\$ (10,898,755)	\$ (6,735,017)
Investing activities	6,702	(864,817)
Financing activities	11,253,714	7,031,990
Net increase (decrease) in cash and cash equivalents	\$ 361,661	\$ (567,845)

Operating activities used net cash of \$10,898,755 during the year ended December 31, 2024, and \$6,735,017 during the year ended December 31, 2023. Generally, our net operating cash flows fluctuate primarily based on changes in our profitability and working capital. Cash used in operating activities increased by approximately \$4,163,738 primarily due to a decrease in working capital due in part to decreases in accounts payable with the addition of operations of new entity, SG Echo, from the corresponding period of the prior years. In addition, we had a decrease of approximately \$2,016,052 in stock-based compensation and a decrease in the overall net loss of approximately \$5,462,977, during the year ended December 31, 2024 compared to the year ended December 31, 2023. The December 31, 2024 amount is due to a net loss of \$16,979,682, adjusted by depreciation expense of \$513,125, amortization of intangible assets of \$13,668, impairment of \$1,566,806, write off of project development costs of \$266,129, amortization of deferred license costs of \$30,589, amortization of debt issuance costs of \$676,819, gain on deconsolidation of \$4,637,013, increase of right-of-use asset of \$971,833, plus change in fair value of equity method investment of \$6,616,201, loss on sale of equity method investment \$320,408, stock-based compensation of \$1,194,597, and a decrease in accounts receivable of \$77,274, contract assets of \$8,209, inventories of \$314,956, prepaid expenses and other current assets of \$136,194; added by increase in liability of \$1,300,172 of accounts payable and accrued expenses, intangible assets of \$23,920 less decrease of contract liabilities of \$770,916 and lease liability of \$1,338,557. Additionally, during the year ending December 31, 2024 there was \$1,594 net cash used in discontinued operations.

Investing activities received net cash of \$6,702 during the year ended December 31, 2024, and \$864,817 during the year ended December 31, 2023. Cash used in investing activities decreased by \$871,520 from the corresponding period of the prior year. The December 31, 2024 amount is due to \$13,946 purchase of fixed assets, \$125,000 received from sale of equity investment, and \$104,352 used in discontinued operations

Financing activities provided net cash of \$11,253,714 during the year ended December 31, 2024, and provided net cash of \$7,031,990 during the year ended December 31, 2023. Cash provided by financing activities increased by approximately \$4,221,724. December 31, 2024 amount is due to \$7,273,044 proceeds from short-term note payable, \$2,104,868 proceeds from inducement agreement, less \$5,834,000 payment of short-term notes payable, \$3,590,386 from the issuance of common stock, \$125 from warrant exercise, \$28,867 related to peak put, and \$3,596,211 provided by discontinued operations.

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. The decrease in backlog at December 31, 2024 is primarily attributable to revenue being recognized during the year ended December 31, 2024. We expect our backlog revenue will be realized by December 31, 2025.

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 December 31, 2024 and 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 December 31, 2024.

Critical Accounting Estimates and New Accounting Pronouncements

Critical Accounting Estimates

Our financial statements are prepared in accordance with 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 consolidated financial statements included elsewhere in this Annual Report. 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.

Convertible instruments. Safe & Green 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 (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 re-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.

Safe & Green 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.

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 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.

Goodwill. Goodwill represents the excess of reorganization value over the fair value of identified net assets upon emergence from bankruptcy. In accordance with the accounting guidance on goodwill, Safe & Green 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 value. Our evaluation of goodwill completed during the year ended December 31, 2024, resulted in \$0 worth of impairment loss.

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 years ended December 31, 2024 and 2023 and determined that there are \$0 of impairment loss for the year ended December 31, 2024 and \$1,880,547 impairment loss for the year ended December 31, 2023. The accumulated amortization and amortization expense as of and for the year ended December 31, 2024 was \$63,392 and \$44,256, respectively. The accumulated amortization and amortization expense for the years ended December 31, 2023 was \$2,852,929 and \$187,640 respectively.

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.

The following is a reconciliation of EBITDA and Adjusted EBITDA to the nearest GAAP measure, net loss:

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Net loss attributable to common stockholders	\$ (22,601,278)	\$ (26,282,533)
Addback interest expense	3,127,179	1,430,372
Addback interest income	—	(119)
Addback depreciation and amortization	557,382	598,714
EBITDA (non-GAAP)	<u>(18,916,717)</u>	<u>(24,253,566)</u>
Common stock deemed dividend	5,621,596	—
Gain on deconsolidation – SG DevCorp	(4,637,013)	—
Loss on disposition of equity-based investments	320,408	—
Change in fair value of equity-based investments	6,616,201	—
Addback litigation expense	356,046	154,217
Addback stock-based compensation expense	1,194,597	3,210,631
Adjusted EBITDA (non-GAAP)	<u>\$ (9,444,882)</u>	<u>\$ (20,888,718)</u>

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

Our financial statements and the notes thereto, together with the reports of our registered public accounting firm appear beginning on page F4 of this Annual Report.

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

None.

Item 9A. Controls and Procedures.

(a) Disclosure Controls and Procedures.

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, carried out an evaluation of the effectiveness of our “disclosure controls and procedures” (as defined in Exchange Act Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this Annual Report (the “Evaluation Date”). Based upon that evaluation, our Principal Executive Officer and 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 consolidated financial statements and other information contained in this Annual Report present fairly, in all material respects, our business, financial condition and results of operations.

(b) Management’s Annual Report on Internal Control over Financial Reporting

Our management is also responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act). The Company’s internal control over financial reporting is designed 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. Because of the inherent limitations of internal control systems, our internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

The Company does not have sufficient internal controls related to the timely closing of their accounting records, caused by insufficient accounting resources and a lack of formal review procedures. In addition, the Company does not have sufficient internal controls related to the application of technical accounting guidance to complex and/or new transactions. Due to the nature and number of year-end adjustments by our external auditors, we have a deficiency related to our closing process. To assist in internal control over financial reporting additional resources have been hired.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2024. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework (2013)*. Based on our assessment, we concluded that, as of December 31, 2024, our internal control over financial reporting was not effective based on those criteria.

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by the Company’s registered public accounting firm pursuant to the exemption provided to issuers that are neither “large accelerated filers” nor “accelerated filers” under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

(c) Changes in Internal Control over Financial Reporting

No changes.

Item 9B. Other Information.

None of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a Rule 10b5-1 trading plan or arrangement or a non-Rule 10b5-1 trading plan or arrangement, as defined in Item 408(c) of Regulation S-K, during the three months ended December 31, 2024 covered by this Annual Report.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Below is certain information regarding our directors and executive officers.

Name of Director or Executive Officer	Ages	Position	Served as an Officer and/or Director Since
Paul M. Galvin	62	Former Chairman of the Board and Former Chief Executive Officer	November 2011
Michael McLaren	61	Chief Executive Officer	January 2025
Jim Pendergast	64	Chief Operating Officer	January 2025
Patricia Kaelin	62	Chief Financial Officer	May 2023
Christopher Melton ⁽²⁾⁽⁵⁾⁽⁷⁾	52	Director	November 2011
Shafron E. Hawkins ⁽¹⁾⁽³⁾⁽⁶⁾	50	Director	December 2022
Thomas Meharey ⁽⁴⁾	43	Director	October 2023
Jill Anderson ⁽¹⁾⁽³⁾	50	Director	October 2023

- (1) Audit Committee Member.
- (2) Audit Committee Chairperson.
- (3) Compensation Committee Member.
- (4) Compensation Committee Chair.
- (5) Nominating, Environmental, Social and Corporate Governance Committee Member
- (6) Nominating, Environmental, Social and Corporate Governance Committee Chair
- (7) Lead Independent Director.

Michael McLaren, brings more than 30 years of leadership experience in the energy industry, including significant contributions to military and energy projects, field services, and mergers and acquisitions. He is the founder and CEO of Olenox Ltd., where he has led innovative energy solutions and is the developer and patent holder of Olenox technology. Mr. McLaren earned a Master's Degree in Science and a Master's Degree in Business from the University of British Columbia. Mr. McLaren wrote, together with Dr. Olev Trass, several publications on Selective Oil Agglomeration for Ecological Benefits, Coal Water Oil Fuel (CWF), and the preparation of various fuels for clean coal energy. He currently serves as CEO & Founding Shareholder of Olenox Ltd. He also has extensive experience in operating E&P companies, Field service and negotiating M&A opportunities.

Patricia Kaelin is a member of the AICPA with more than 25 years of financial leadership, strategic planning, and public company experience. Patricia Kaelin was appointed Chief Financial Officer on May 1, 2023. She has served as Chief Financial Officer for public and privately held companies and has extensive experience in the construction, real estate, manufacturing and healthcare industries. She has expertise in mergers and acquisitions and corporate restructuring, as well as private and public equity and debt financing. Ms. Kaelin served as Chief Financial Officer of 1933 Industries, Inc., a publicly traded company based in Vancouver, British Columbia, with operations in the US and as VP of Finance and IT at Prolong, a publicly traded manufacturing company based in California. Ms. Kaelin also served as Chief Financial Officer at Clifton Larson Allen, one of the largest CPA and consulting firms in the United States and as Chief Financial Officer for multiple private companies including a large construction and real estate development company with over \$1B in revenues and operations in several states. She began her career at BDO USA, LLP, spending seven years in public accounting where she earned her CPA certificate. Ms. Kaelin holds a Bachelor's degree in Business Administration and Accounting from California State University, Fullerton and has served on multiple boards for children's charities and a telehealth company.

Jim Pendergast, brings over 25 years of leadership in corporate operations, having served as CEO, CFO, and COO across public and private companies in the energy, construction, manufacturing, and agricultural sectors. He has expertise in mergers and acquisitions, corporate restructuring, and equity and debt financing. His previous roles include COO at MGO Systems Ltd., where he oversaw more than 50 construction projects during his time there, and CEO/CFO at Paramount Structures Inc., leading its acquisition and financial restructuring. As CEO of FP Genetics Inc., he refocused the company on profitable growth. Earlier, at Agrium Inc., he managed large-scale business development projects and represented the company to investors. He has also served on the boards of several companies, providing leadership in corporate governance, strategic planning, and financial management. He holds an MBA in International Business and Finance from McMaster University and a BA (Honors) in Political Studies and Economics from Queen's University.

Christopher Melton was appointed as a director of the Company upon consummation of the Merger on November 4, 2011. Mr. Melton is a licensed real estate salesperson in the State of South Carolina and until June 2019 was a principal of Callegro Investments, LLC, a specialist land investor investing in the southeastern U.S., which he founded 2012. Since June 2019 he has served as a specialist Land Advisor with SVN. Mr. Melton also serves on several public and private boards, including Jupiter Wellness, Inc. since August 2019 and has served since February 2018 as chief investment officer and analyst at TNT Capital Advisors, a capital advisory firm based in Florida. He also served as a sales agent as MSK Commercial Services, a commercial real estate company, from February 2018 to June 2019. From 2000 to 2008, Mr. Melton was a Portfolio Manager for Kingdon Capital Management (“Kingdon”) in New York City, where he ran an \$800 million book in media, telecom and Japanese investment. Mr. Melton opened Kingdon’s office in Japan, where he set up a Japanese research company. From 1997 to 2000, Mr. Melton served as a Vice President at JPMorgan Investment Management as an equity research analyst, where he helped manage \$500 million in REIT funds under management. Mr. Melton was a Senior Real Estate Equity Analyst at RREEF Funds in Chicago from 1995 to 1997. RREEF Funds is the real estate investment management business of Deutsche Bank’s Asset Management division. Mr. Melton earned a Bachelor of Arts in Political Economy of Industrial Societies from the University of California, Berkeley in 1995. Mr. Melton earned Certification from University of California, Los Angeles’s Anderson Director Education Program in 2014.

We selected Mr. Melton to serve on our Board because he brings extensive knowledge of finance and the real estate industry. Mr. Melton’s pertinent experience, qualifications, attributes and skills include financial literacy and expertise, managerial experience and the knowledge and experience he has attained through his real estate investment and development activities.

Shafron Hawkins was appointed as a director of the Company in December of 2022. Shafron Hawkins’ career spans the industries of financial services, government and nonprofits. Hawkins started his career working for TD Waterhouse Securities in its active investors division before moving to Credit Suisse First Boston. In June 2002, Hawkins founded Hawkins Capital Group, where he served as Principal while helping raise acquisition capital for small companies. In 2016, Hawkins became a legislative fellow in the U.S. House of Representatives, advising a Way and Means Committee member and helping push forward the Simplifying America’s Tax System (SATS) plan. Soon after, Hawkins served as a U.S. Senate Tax and Trade Counsel where he worked to expand the Tax Cuts and Jobs Act to include the Opportunity Zones provision. Hawkins also served as Majority Staff Director for the Senate Finance Subcommittee on Energy, Natural Resources, and Infrastructure, having previously served as Majority Staff Director for the Senate Finance Subcommittee on Fiscal Responsibility and Economic Growth. Upon leaving Capitol Hill, Hawkins founded the Opportunity Funds Association, an organization that helps advocate for Opportunity Zones and drive investments into underserved areas. In 2022, Hawkins worked with Congress to introduce the bi-partisan, bi-cameral Opportunity Zones Transparency Extension and Improvement Act which achieves the OFA member policy goals of increased investment and greater transparency in Opportunity Zones.

Mr. Hawkins earned his undergraduate degree in economics from The Ohio State University, his MBA from Columbia Business School as a Credit Suisse First Boston Fellow, and his JD from the Moritz College of Law at OSU. He is currently an adjunct professor at the Cleveland State University College of Law.

We selected Mr. Hawkins to serve on our Board because he brings extensive knowledge with respect to the financial services, government and nonprofit industries. Mr. Hawkins’s pertinent experience, qualifications, attributes and skills include financial literacy and expertise, managerial experience and the knowledge and experience he has attained through his financial services, government and nonprofit activities.

Jill Anderson was appointed as a director of the Company in August 2023. Ms. Anderson has over twenty years of in-house and law firm experience counseling life sciences and healthcare companies on a variety of business issues and transactions, including corporate, regulatory, data privacy and security, employment, marketing and sales, real estate and litigation matters. Since August 2020, Ms. Anderson has served as Chief Legal Officer and Privacy Officer of miR Scientific, a precision healthcare company committed to transforming cancer management globally by developing non-invasive tests for the detection and risk classification of cancers. From December 2006 to August 2020, Ms. Anderson was a partner in the Healthcare and Privacy & Cybersecurity departments at the law firm of Moses & Singer LLP in New York City. Before that, Ms. Anderson held legal roles at Dana-Farber Cancer Institute and Mass General Brigham (formerly Partners Healthcare System). Ms. Anderson also serves on the Board of Directors of Fight Cancer Global, a nonprofit organization dedicated to creating patient-centric solutions which unite all constituents to end the isolation for cancer patients globally. Ms. Anderson successfully completed training at the 2023 Program on Corporate Compliance and Enforcement (PCCE) at NYU School of Law in Board Governance, Board Effectiveness, Risk Management, ESG and DEL. Ms. Anderson earned her J.D. at Widener University School of Law and holds a Bachelor of Science degree in Pre-Medicine from Rutgers University.

We selected Ms. Anderson to serve on our Board because she brings extensive knowledge with respect to the healthcare industry. Ms. Anderson’s pertinent experience, qualifications, attributes and skills include scientific expertise, managerial experience and the knowledge and experience she has attained through her healthcare experience.

Thomas Meharey was appointed as director of the Company in October 2023. Mr. Meharey currently serves as a Vice President and board member for kathy ireland Worldwide, a global lifestyle company (“kiWW”). Mr. Meharey was appointed Vice President of kiWW in 2007 and as a board member of kiWW in 2017. During his time with kiWW, Mr. Meharey launched the MIVI Millennial brand for men and women alongside global lifestyle designer Kathy Ireland. From 2003 to 2007, Mr. Meharey served as the Director of kathy ireland Weddings and Resorts, where he managed a portfolio of properties in excess of \$40 million dollars. In 2004, Mr. Meharey founded a general contracting business in Hawaii, where he managed projects ranging from modest homes to multi-million dollar estates. Mr. Meharey served our country as a marine from 1999-2003.

We selected Mr. Meharey to serve on our Board due to his leadership skills and experience, his expertise in scaling businesses and his knowledge of the luxury brand, advertising, real estate and construction industries.

Board Leadership Structure

The Board recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure to provide independent oversight of management. Our Board is currently led by a Chairman of the Board who also serves as our Chief Executive Officer. The Board understands that the right Board leadership structure may vary depending on the circumstances, and our independent directors periodically assess these roles and the Board leadership to ensure the leadership structure best serves the interests of the Company and stockholders.

Mr. McLaren currently holds the Chairman and Chief Executive Officer roles. Mr. Melton currently serves as the Lead Independent Director appointed by the majority of the Board.

The responsibilities of the Lead Independent Director include, among others: (i) serving as primary intermediary between non-employee directors and management; (ii) approving the agenda and meeting schedules for the Board; (iii) advising the Chairman of the Board as to the quality, quantity and timeliness of the information submitted by management to directors; (iv) recommending director candidates and selections for the membership and chairman position for each committee of the Board; (v) calling meetings of independent directors; and (vi) serving as liaison for consultation and communication with stockholders.

Mr. Galvin possesses detailed and in-depth knowledge of the Company and the industry and the issues, opportunities and challenges we face, and is best positioned to ensure the most critical business issues are brought for consideration by the Board. In addition, having one leader serving as both the Chairman and Chief Executive Officer provides decisive, consistent and effective leadership, as well as clear accountability to our stockholders and customers. This enhances our ability to communicate our message and strategy clearly and consistently to our stockholders, employees, customers and suppliers, particularly during times of turbulent economic and industry conditions. The Board believes the appointment of a strong Lead Independent Director and the use of regular executive sessions of the non-management directors, along with a majority of the Board being comprised of independent directors, allow it to maintain effective oversight of management. We believe that the combination of the Chairman and Chief Executive Officer roles is appropriate in the current circumstances and, based on the relevant facts and circumstances, separation of these offices would not serve our best interests and the best interests of our stockholders at this time.

Director Independence

Nasdaq Listing Rule 5605 requires a majority of a listed company’s board to be comprised of independent directors. In addition, the Nasdaq Listing Rules require that, subject to specified exceptions, each member of a listed company’s audit and compensation committees be independent under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Members of the Audit Committee and Compensation Committee must also satisfy the independence criteria set forth in Rules 10A-3 and 10C-1 under the Exchange Act, respectively. Under Nasdaq Listing Rule 5605(a)(2), a director will only qualify as an “independent director” if, in the opinion of the Board, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In order to be considered independent for purposes of Exchange Act Rule 10A-3, an Audit Committee member may not, other than in his or her capacity as a member of the Audit Committee, the Board or any other committee of the Board, accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, or otherwise be affiliated with the Company or any of its subsidiaries. In order for Compensation Committee members to be considered independent for purposes of Exchange Act Rule 10C-1, the Board must consider all factors specifically relevant to determining whether a director has a relationship to the Company that is material to that director’s ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to: (1) the source of compensation of the director, including any consulting advisory or other compensatory fee paid by the Company to the director; and (2) whether the director is affiliated with the Company or any of its subsidiaries or affiliates.

The Board has reviewed the materiality of any relationship that each of our directors has with the Company and has determined that each of Messrs. Hawkins, Melton and Meharey and Ms. Anderson, is “independent” in accordance with the Nasdaq Listing Rules. Messrs. Galvin and Villarreal are not considered “independent” due to their executive position. As such independent directors comprise a majority of our Board and the members of our Audit, Compensation, and Nominating, Environmental, Social and Corporate Governance Committees are fully independent.

Board and Committee Responsibilities

Generally

The Board is the ultimate decision-making body of the Company, except with respect to those matters to be decided by the stockholders. It selects the Chief Executive Officer and other members of the senior management team, which is charged with the conduct of the Company's day-to-day business. The Board acts as an advisor and counselor to senior management and ultimately monitors its performance. The function of the Board to monitor the performance of senior management is facilitated by the presence of non-employee directors who have substantive knowledge of the Company's business.

Our Board has established a separate standing Audit Committee, Compensation Committee and Nominating, Environmental, Social and Corporate Governance Committee. Each of the Audit Committee, Compensation Committee and Nominating, Environmental, Social and Corporate Governance Committee operates pursuant to a written charter, a copy of which may be viewed on the Company's website at <https://www.safeandgreenholdings.com> under the "Investors — Corporate Governance" tab.

Audit Committee

The members of our Audit Committee are Mr. Melton, who serves as chairperson, Mr. Hawkins and Ms. Anderson. The Audit Committee Charter requires that the Audit Committee consist of at least three members of the Board, each of whom is required to be independent as defined by Nasdaq and SEC rules. The Board has determined that each member of the Audit Committee is independent, as defined by Rule 10A-3 of the Exchange Act and Nasdaq Marketplace Rule 5605(a)(2). The Board has also determined that Mr. Melton is an "audit committee financial expert," as defined in Item 407(d)(5) of Regulation S-K under the Exchange Act.

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of our independent registered public accounting firm. Functions of the Audit Committee include, but are not limited to, reviewing the results and scope of the audit performed, and the financial recommendations provided by, our independent registered public accounting firm and coordinating the Board's oversight of our internal financing and accounting processes.

All audit services to be provided to the Company by our independent public accounting firm, are pre-approved by the Audit Committee prior to the initiation of such services (except for items exempt from pre-approval requirements under applicable laws and rules). The Audit Committee approved all services provided by our independent public accounting firm to us during 2022 and 2023.

Compensation Committee

The members of our Compensation Committee are Mr. Meharey, who serves as chairperson, Ms. Anderson and Mr. Hawkins. The Compensation Committee Charter requires that the Compensation Committee consist of at least two members of the Board, each of whom is required to be independent as defined by Nasdaq rules. The Board has determined that each member of the Compensation Committee is independent, as defined in Nasdaq Marketplace Rule 5605(a)(2).

Functions of the Compensation Committee, include, but are not limited to: reviewing and approving, or recommending the Board approve, compensation arrangements for our executive officers, including salary and payments under the Company's equity-based plans; reviewing compensation for non-employee directors and recommending changes to the Board; and administering our stock compensation plans. Our principal executive officer annually reviews the performance of each of the named executive officers and other officers and makes recommendations regarding the compensation of the named executive officers and other officers and managers of the company, while the Compensation Committee reviews the performance of our principal executive officer. The conclusions and recommendations resulting from our principal executive officer's review are then presented to the Compensation Committee for its consideration and approval. The Compensation Committee can exercise its discretion in modifying any of our principal executive officer's recommendations. The Compensation Committee may delegate its authority to a subcommittee of its members.

In performing its functions, the Compensation Committee may retain or obtain the advice of such compensation consultants, legal counsel and other advisors. In March 2022, the Compensation Committee engaged Haigh & Company as its independent compensation consultant. With the assistance of Haigh & Company, the Compensation Committee developed and implemented an organizational framework covering salary, annual bonus and equity ownership, with the goal of attracting and retaining talented individuals who are critical to the Company's long-term success and aligning pay with performance. The Compensation Committee assessed the independence of Haigh & Company pursuant to SEC rules and in accordance with Nasdaq listing standards, noting that Haigh & Company (i) did not have any relationships with the Company, our executive officers or our Committee members that would impair its independence, and (ii) does not provide any services to the Company other than advice to the Compensation Committee regarding executive officer and director compensation, and concluded that Haigh & Company is free from conflicts of interest and is independent.

Nominating, Environmental, Social and Corporate Governance Committee

The Nominating, Environmental, Social and Corporate Governance Committee is currently comprised of Mr. Hawkins, who serves as chairperson, and Mr. Melton. The Nominating, Environmental, Social and Corporate Governance Committee Charter requires that the Nominating, Environmental, Social and Corporate Governance Committee consist of at least two members of the Board, each of whom is required to be independent as defined by Nasdaq rules. The Board has determined that each member of the Nominating, Environmental, Social and Corporate Governance Committee is independent, as defined in Nasdaq Marketplace Rule 5605(a)(2). Specific responsibilities of the Nominating, Environmental, Social and Corporate Governance Committee include: (i) considering and recommending to the Board, candidates for election to the Board; (ii) considering recommendations and proposals submitted by stockholders in respect of Board nominees, establishing policies in respect of such recommendations and proposals (including stockholder communications with the board of directors), and recommending any action to the Board in respect of such stockholder recommendations and proposals; (iii) identifying, evaluating and recommending to the board of directors, candidates to serve on committees of the Board; (iv) assessing the performance of the Board; (v) reviewing the Company's sustainability and societal impact and (vi) reviewing risk governance structure, risk assessment and risk management practices and guidelines, policies and processes for risk assessment and risk management, including cyber security measures.

Role of the Board in Risk Oversight

Our executive officers are responsible for the day-to-day management of risks the Company faces, while our Board has an advisory role in the Company's risk management process, as a whole and at the committee level, and, in particular, the Board is responsible for monitoring and assessing strategic and operational risk exposures, including cybersecurity risk. The Board and committees rely on the representations of management, the external audit of our financial and operating results, our systems of internal control and our historic practices when assessing the Company's risks. The Audit Committee oversees management of financial risk exposures and the steps management has taken to monitor and control these exposures, and additionally provides oversight of internal controls. The Compensation Committee, in conjunction with the Audit Committee, assesses and monitors whether any of the Company's compensation policies and programs have the potential to encourage excessive risk-taking. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed about such risks by committee reports, as well as advice and counsel from expert advisors.

Family Relationships

There are no family relationships between the directors of the Board or any of the executive officers of the Company.

Conduct of Board Meetings

The Chairman sets the agenda for Board meetings with the understanding that the Board is responsible for providing suggestions for agenda items that are aligned with the advisory and monitoring functions of the Board. Agenda items that fall within the scope of responsibilities of a committee of the Board are reviewed with the chair of that committee. Any member of the Board may request that an item be included on the agenda. Board materials related to agenda items are provided to Board members sufficiently in advance of Board meetings to allow the directors to prepare for discussion of the items at the meeting. At the invitation of the Board, members of senior management recommended by the Chairman attend Board meetings or portions thereof for the purpose of participating in discussions.

Code of Business Conduct and Ethics

Our Board has adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors, including our principal executive officer, principal financial officer and principal accounting officer. The Code of Business Conduct and Ethics is posted on our website at <https://www.safeandgreenholdings.com> under the “Investors — Corporate Governance” tab, and is available free of charge, upon request to our Corporate Secretary at Safe & Green Holdings Corp., 990 Biscayne Blvd., #501, Office 12, Miami, FL 33132; telephone number: (646) 240-4235. Any substantive amendment of the Code of Business Conduct and Ethics, and any waiver of the Code of Business Conduct and Ethics for executive officers or directors, will be made only after approval by the Board or a committee of the Board and will be disclosed on our website.

Insider Trading Policy

We have adopted an insider trading policy, governing the purchase, sale and other transactions in our securities that applies to our directors, executive officers, employees, and other covered persons, including immediate family members and entities controlled by any of the foregoing persons, as well as by the Company itself.

The insider trading policy prohibits, among other things, insider trading and certain speculative transactions in our securities (including short sales, buying put and selling call options and other hedging or derivative transactions in our securities) and establishes a regular blackout period schedule during which directors, executive officers, employees, and other covered persons may not trade in our securities, as well as certain pre-clearance procedures that directors and executive officers must observe prior to effecting any transaction in our securities.

We believe that the insider trading policy is reasonably designed to promote compliance with insider trading laws, rules and regulations, and listing standards applicable to us. A copy of the insider trading policy is filed as Exhibit 19.1 to this Form 10-K.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, and in the past year has not served, as a member of the compensation committee of any entity that has one or more executive officers serving on our board of directors.

Delinquent Section 16(a) Reports.

Section 16(a) of the Exchange Act and the regulations promulgated thereunder require our executive officers, directors and persons who beneficially own more than 10% of our common stock to file forms with the SEC to report their ownership of the Company’s shares and any changes in ownership. We have reviewed all forms filed electronically with the SEC during, and with respect to, fiscal 2024. Based on that review and written information given to us by all of our directors and executive officers, we believe that all of our directors, executive officers and holders of more than 10% of our stock filed on a timely basis all reports that they were required to file under Section 16(a) during fiscal 2024, except the Form 4 filed by the Company on April 3, 2024 and a Form 4 by Paul Galvin on July 12, 2024.

Item 11. Executive Compensation.

We are a “smaller reporting company” and the following compensation disclosure is intended to comply with the requirements applicable to smaller reporting companies. Although the rules allow us to provide less detail about its executive compensation program, the Compensation Committee is committed to providing the information necessary to help stockholders understand its executive compensation-related decisions. Accordingly, this section includes supplemental narratives that describe the 2024 executive compensation program for our named executive officers.

Our executive officers named in the Summary Compensation Table below are referred to herein as the “named executive officers.” These named executive officers are:

- Paul M. Galvin, Former Chairman and Former Chief Executive Officer
- Patricia Kaelin, Chief Financial Officer
- William Rogers, Former Chief Operating Officer
- Jim Pendergast, Chief Operating Officer

Summary Compensation Table

The following table sets forth all compensation awarded to, paid to or earned by the following named executive officers for the fiscal years ended December 31, 2024 and 2023:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)⁽¹⁾	All Other Compensation (\$)⁽²⁾	Total (\$)
Paul M. Galvin, Former Chairman and Former Chief Executive Officer	2024	\$ 522,445	\$ —	\$ 440,656	\$ 6,400	\$ 969,501
	2023	\$ 572,917	\$ 35,100	\$ 127,260	\$ 11,250	\$ 746,527
Patricia Kaelin, Chief Financial Officer (3)	2024	\$ 429,743	\$ —	\$ 34,050	\$ 6,492	\$ 470,285
	2023	\$ 200,000	\$ —	\$ 50,172	\$ 1,000	\$ 251,172
William Rogers Former Chief Operating Officer (4)	2024	\$ —	\$ —	\$ —	\$ —	\$ —
	2023	\$ 300,000	\$ —	\$ —	\$ 80,500	\$ 380,500

(1) This column indicates the aggregate grant date fair value, as determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation — Stock Compensation (“FASB ASC Topic 718”).

(2) For 2024, all other compensation consisted of: Mr. Galvin — \$6,400 auto allowance; and Ms. Kaelin — \$6,492 in paid health benefits.

(3) Ms. Kaelin was appointed Chief Financial Officer of the Company on May 1, 2023.

(4) Mr. Rogers’ employment with us terminated on December 31, 2023.

Narrative Disclosure to Summary Compensation Table

Following is a brief summary of each core element of the compensation program for our named executive officers.

Base Salary

We provide competitive base salaries that are intended to attract and retain key executive talent. Base salary levels depend on the executive's position, responsibilities, experience, market factors, recruitment and retention factors, internal equity factors and our overall compensation philosophy.

Effective January 1, 2017, we entered into an employment agreement with Mr. Galvin. Mr. Galvin's employment agreement originally provided for base compensation in the amount of \$240,000 per year. On July 24, 2018, the Compensation Committee increased Mr. Galvin's annual base salary to \$370,000, retroactive to January 1, 2018. Such increase was based on a competitive market assessment provided by Haigh & Company, the Compensation Committee's independent compensation consultant. On December 1, 2019, the annual base salary for Mr. Galvin was decreased from \$370,000 to \$180,000. On April 24, 2020, the annual base salary for Mr. Galvin was increased from \$180,000 to \$400,000. On July 5, 2022, the annual base salary for Mr. Galvin was increased to \$500,000. On September 19, 2023, Mr. Galvin's employment agreement was amended to increase Mr. Galvin's annual base salary to \$750,000.

On May 1, 2023, we engaged Patricia Kaelin to serve as our Chief Financial Officer with an annual base salary of \$250,000, which was increased to \$300,000 on July 26, 2023. The Compensation Committee has recommended that the Board approve an increase to Ms. Kaelin's salary to \$50,000 in 2024.

On December 7, 2020, the Company appointed William Rogers to serve as the Company's Chief Operating Officer with an annual base salary of \$500,000 per year. Mr. Rogers' employment with us terminated on December 31, 2023. See "-Employment Agreements."

Bonus Payments

On September 26, 2023 the Compensation Committee approved a cash bonus of \$35,100 be paid to Mr. Galvin for his service to the Company in connection with the Separation and Distribution. In addition, the Compensation Committee has recommended that the Board approve 2023 bonuses of \$350,000 for Mr. Galvin and \$100,000 for Ms. Kaelin to be paid in cash, equity or a combination of cash and equity this was approved by the full Board on February 27, 2024.

Equity Awards

During 2023 and 2024, we granted restricted stock unit awards to our key employees, including our named executive officers, as the long-term incentive component of our compensation program.

On April 4, 2023, Mr. Galvin was granted an award of 126,000 RSUs (6,300 as adjusted for the May Stock Split). We anticipate that the Company will, in 2024, issue to Mr. Galvin RSUs representing a contingent right to receive such number of shares of Common Stock as will result in him owning a total of 9.9% of our outstanding shares of our Common Stock.

On May 10, 2023, Ms. Kaelin was granted an award of 60,000 RSUs (3,000 as adjusted for the May Stock Split) which vested upon issuance. The Compensation Committee has recommended that the Board approve an award of 300,000 RSUs (15,000 as adjusted for the May Stock Split) to Ms. Kaelin in 2024. This was approved by the full Board on February 27, 2024.

On May 4, 2023, the Board took action to vest in full 1,627,773 RSUs (81,389 as adjusted for the May Stock Split) granted under the Company's stock incentive plan, which included 476,049 RSUs (23,802 as adjusted for the May Stock Split) granted to Mr. Galvin and 86,960 RSUs (4,348 as adjusted for the May Stock Split) granted to Mr. Rogers. The Company expects to submit payment for each of Mr. Galvin and Mr. Rogers for a portion of the taxes paid by them in respect of the accelerated vesting.

The Board approves with the recommendation of the Compensation Committee to grant equity awards based on performance. The Board has not established policies and practices (whether written or otherwise) regarding the timing of option grants or other awards in relation to the release of material nonpublic information ("MNPI") and does not take MNPI into account when determining the timing and terms of stock option or other equity awards to executive officers. The Company does not time the disclosure of MNPI, whether positive or negative, for the purpose of affecting the value of executive compensation.

Employment Agreements

The following discussion relates to compensation arrangements on behalf of, and compensation paid by the Company to, Messrs. Galvin, and Armstrong pursuant to the terms of their employment/consulting agreements with the Company.

Paul M. Galvin

We employ Mr. Galvin, our Chief Executive Officer and Chairman of the Board, pursuant to an employment agreement, effective January 1, 2017. The employment agreement provided for an initial term of two years, with automatic renewals unless earlier terminated pursuant to the provisions of the employment agreement. The employment agreement originally provided for base compensation in the amount of \$240,000 per year, which was increased to \$370,000 in early 2019, but subsequently reduced to \$180,000 in December 2019. The employment agreement also provides for incentive compensation at the discretion of our Board. The agreement provides for the payment of severance compensation in an amount equal to one year of his base annual salary, if his employment is terminated by the Company other than for "Cause," as defined therein. In April 2020, we entered into an amendment to Mr. Galvin's employment agreement employment to December 31, 2021 and increased the annual base salary to \$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 Stock Incentive Plan. In July 2022, we entered into an amendment to Mr. Galvin's employment agreement to increase his annual base salary to \$500,000 and in September 2023 we entered into an amendment to Mr. Galvin's employment agreement to increase his annual base salary to \$750,000. All other terms of the employment agreement remain in full force and effect. As of December 31, 2024, Mr. Galvin is no longer the Company's Chief Executive Officer and Chairman of the Board of the Company.

Patricia Kaelin

On May 1, 2023, we entered into an employment agreement with Patricia Kaelin, our Chief Financial Officer, (the "Kaelin Employment Agreement") to employ Ms. Kaelin in such capacity for an initial term of two (2) years, which Kaelin Employment Agreement provides for an annual base salary of \$250,000, which was increased to \$300,000 on July 26, 2023, a discretionary bonus of up to 20% of her base salary upon achievement of objectives as may be determined by the Board of Directors and severance in the event of a termination without cause on or after September 30, 2023 in amount 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 stock incentive plan, as amended and as available for grant, of 60,000 shares of Common Stock (3,000 as adjusted for the May Stock Split), vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service. On May 10, 2023, Ms. Kaelin was granted an award of 60,000 RSUs (3,000 as adjusted for the May Stock Split) which were fully vested upon issuance.

William Rogers

On September 27, 2021, we entered into an executive employment agreement with William Rogers (the "Rogers Employment Agreement") to employ Mr. Rogers as the Company's Chief Operating Officer for an initial term of two (2) years, which provided for an annual base salary of \$300,000, a discretionary bonus of up to 25% of his base salary upon achievement of objectives as may be determined by the Company's board of directors, term life insurance coverage equal to two (2) times annual base salary, three weeks' vacation and severance in the event of a termination without cause in amount equal to one year's annual base salary and benefits.

Pursuant to the terms of the Rogers Employment Agreement, October 1, 2021, Mr. Rogers was issued a restricted stock grant under our stock incentive plan of 37,500 shares of the Company's Common Stock (1,875 as adjusted for the May Stock Split), vesting upon issuance, and a restricted stock grant under the stock incentive plan of 200,000 shares of our Common Stock (10,000 as adjusted for the May Stock Split), vesting monthly over two years.

Mr. Rogers is subject to a one-year post-termination non-compete and non-solicit of employees and clients. He is also bound by confidentiality provisions.

Mr. Rogers employment with us terminated on December 31, 2023. On October 20, 2023, we entered into a mutual settlement and release agreement with Mr. Rogers (the "Release Agreement") pursuant to which (i) we agreed to pay Mr. Rogers a settlement payment equal to \$75,000 for his lost vacation, life insurance and related costs through December 31, 2023; (ii) we and Mr. Rogers agreed to extend the Rogers Employment Agreement through December 31, 2023, at which point the Rogers Employment Agreement ended as a mutual termination; (iii) we and Mr. Rogers agreed that Mr. Rogers' title under the Rogers Employment Agreement changed from COO to Project Development Advisor, as of October 20, 2023, and he reported to David Villarreal for the remaining term of the Rogers Employment Agreement and all other terms of the Rogers Employment Agreement remained unchanged, including Mr. Rogers' right to receive RSUs and right to accrue additional vacation days; (iv) Safe and Green Development Corporation and Mr. Rogers entered into a consulting agreement that commenced on January 1, 2024, which consulting agreement was entered into on October 20, 2023, and was effective January 1, 2024.

Retirement, Health, Welfare, and Additional Benefits

Our executive officers are eligible to participate in our employee benefit plans and programs, including medical benefits, flexible spending accounts, short and long-term disability and life insurance, to the same extent as our other full-time employees, subject to the terms and eligibility requirements of those plans. Our executive officers are also eligible to participate in a tax-qualified 401(k) defined contribution plan to the same extent as our other full-time employees. Currently, we do match contributions made by participants in the 401(k) plan or make other contributions to participant accounts.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding the outstanding option awards held by the named executive officers as of December 31, 2024:

Name	Grant Date	Options Awards		Option Exercise Price (\$)	Option Expiration Date
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable		
Paul M. Galvin	3/30/2018	4,108 (5)	—	\$ 92.20	3/30/2028
	3/10/2017	5,298 (1)	—	\$ 100.00	3/10/2027
	3/10/2017	3,973 (1)	—	\$ 120.00	3/10/2027
	1/30/2017	4,841 (2)	—	\$ 60.00	1/30/2027
	11/01/2016	4,914 (3)	—	\$ 60.00	11/01/2026
	11/01/2016	667 (4)	—	\$ 60.00	11/01/2026
Patricia Kaelin		—	—	—	—
William Rogers		—	—	—	—

- (1) In connection with a public offering by the Company, completed in June 2017, Mr. Galvin was granted performance-based option awards, to vest upon the completion of certain conditions. A portion of the shares were granted at an exercise price to equal the price per share at which the public purchased shares in the offering (\$100.00 per share), while the remainder were granted at an exercise price equal to 120% of such price per share (\$120.00 per share). In September 2017, the Compensation Committee determined that Mr. Galvin met his performance conditions and the option awards vested in full.
- (2) Of these options, 990 vested on the grant date, while the remaining 3,851 vested in equal quarterly installments on the last day of each fiscal quarter following the date of grant over a two-year period. All options vested in full as of December 31, 2018.
- (3) Of these options, 2,184 vested on the grant date, while the remainder vested in three equal installments of 910 on the three anniversaries following the grant date. Such options vested in full as of November 1, 2019.
- (4) These options vested in equal quarterly installments on the last day of each fiscal quarter following the date of grant and vested in full as of September 30, 2017.
- (5) These options vested in equal quarterly installments over a two-year period, beginning March 31, 2018, and vested in full as of December 31, 2019.

DIRECTOR COMPENSATION

Compensation Program

Our director compensation program is designed to attract and retain highly qualified directors and align their interests with those of our stockholders. We compensate directors who are not employed by the Company with a combination of cash and equity awards. Mr. Galvin did not receive any compensation for serving on our Board in 2024.

The Compensation Committee reviews the director compensation program and recommends proposed changes for approval by the Board. As part of this review, the Compensation Committee considers the significant amount of time expended, and the skill level required, by each director not employed by the Company in fulfilling his or her duties on the Board, each director's role and involvement on the Board and its committees and the market compensation practices and levels of our peer companies.

During its annual review of the director compensation program in 2022, the Compensation Committee considered an analysis prepared by its independent consultant, Haigh & Company, which summarized director compensation trends for independent directors and pay levels at the same peer companies used to evaluate the compensation of our named executive officers. Following this review, and after considering the advice of Haigh & Company about market practices and pay levels, the Compensation Committee recommended, and the Board approved, the new compensation program for non-employee directors described below, which remained in effect during 2024.

Cash Fees

The following table sets forth the cash fee schedule for compensating non-employee directors from January 2024 through December 2024:

	1/24– 12/24
Annual Board Retainer	\$ 80,000
Lead Independent Director	\$ 5,000
Audit Committee Chair	\$ 5,000
Compensation Committee Chair	\$ 5,000
Nominating, Environmental, Social and Corporate Governance Committee Chair	\$ 5,000

The above cash fees were to be paid quarterly in four equal installments, to each person serving as a non-employee director at the time when such payment is made. Non-employee directors may choose to receive the annual Board retainer as equity in the form of restricted stock units or stock options. Directors receive no additional per-meeting fee for Board or committee meeting attendance. All director fees owed for 2024 will be paid in the first quarter of 2025 in restricted stock units or stock options, at each director's election.

Equity Awards

In addition, our director compensation program for 2024 provided that each director was to receive, pursuant to our stock incentive plan, an equity grant of restricted stock units with a grant date value of approximately \$80,000 that would vest quarterly over two years, subject to such director's continued service as a director. During 2023, each of Messrs. Blumenfeld, Melton, and Hawkins and Ms. Cormier-May received a grant of 37,500 RSUs (1,875 as adjusted for the May Stock Split), with a grant date value of approximately \$37,875, vesting quarterly over two years. Mr. Villareal, who also serves as the Chief Executive Officer of Safe and Green Development Corporation, received a grant of 118,166 RSUs (5,908 as adjusted for the May Stock Split), with a grant date value of \$119,348, vesting quarterly over two years. See "Other Agreements" for a description of Ms. Villaverde's 2023 equity grant. All director equity awards owed for 2023 will be paid in the first quarter of 2024 in restricted stock units or stock options, at each director's election.

On May 4, 2023, the Board took action to vest in full 1,627,773 RSUs (81,389 as adjusted for the May Stock Split) granted under the Company's stock incentive plan, 140,105 RSUs (7,005 as adjusted for the May Stock Split) granted to Mr. Villareal, 59,439 RSUs (2,972 as adjusted for the May Stock Split) granted to Mr. Melton, 37,500 RSUs (1,875 as adjusted for the May Stock Split) granted to Ms. May-Cormier, 37,500 RSUs (1,875 as adjusted for the May Stock Split) granted to Mr. Hawkins, and 68,814 RSUs (3,441 as adjusted for the May Stock Split) granted to Mr. Blumenfeld. The Company expects to reimburse each of such directors for a portion of the taxes paid by them in respect of the accelerated vesting.

Other Agreements

On February 3, 2023, Safe and Green Development Corporation entered into an executive employment agreement with David Villareal to employ Mr. Villareal as its President and Chief Executive Officer for an initial term of two (2) years, which provides for an annual base salary of \$300,000, a discretionary bonus of up to 25% of his base salary upon achievement of objectives as may be determined by the SG DevCorp board of directors and severance in the event of a termination without cause in amount equal to one year's annual base salary and benefits. Pursuant to the terms of the employment agreement, subject to SG DevCorp's board of directors approval, SG DevCorp agreed to issue to Mr. Villareal a restricted stock grant of under SG DevCorp's 2023 Incentive Compensation Plan for six hundred fifty thousand (650,000) shares of SG DevCorp's common stock, vesting fifty percent (50%) upon issuance, with the balance vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service. Mr. Villareal is subject to a one-year post-termination non-compete and non-solicit of employees and clients. He is also bound by confidentiality provisions.

On December 20, 2023, Vanessa Villaverde notified the Company of her decision to resign, effective December 31, 2023, from her position as a member of the Board and the Nominating, Environmental, Social and Corporate Governance Committee. The Company entered into a Mutual Separation and Release Agreement (the "Separation Agreement") with Ms. Villaverde. The Separation Agreement provides that the Company shall, on or before December 31, 2023, pay to Ms. Villaverde all outstanding board fees. The Agreement also contains a non-disparagement obligation on both parties and a release of claims. Pursuant to the Separation Agreement, the Company paid Ms. Villaverde outstanding board fees of \$20,000 and granted her 42,553 RSUs with a grant date value of approximately \$20,034, which were fully vested upon issuance.

Additional Compensation

In connection with special committees that the Board may form from time to time in connection with various transactions or undertakings, the Board may award additional compensation to the directors, in its discretion, for membership on such special committees. The Board may, from time to time, grant additional merit-based cash or equity compensation to non-employee directors for extraordinary service. All directors are reimbursed for expenses incurred in connection with each Board and committee meeting attended.

DIRECTOR COMPENSATION TABLE

The following table sets forth information regarding all forms of compensation that were both earned by and paid to our non-employee directors during the year ended December 31, 2024. The compensation arrangements for Mr. Galvin is disclosed in the Summary Compensation Table set forth in the “Executive Compensation” section of this Annual Report. Mr. Galvin did not receive compensation for his services as a director during the year ended December 31, 2024.

	Fees Earned or Paid in Cash (\$)	Stock Awards ⁽¹⁾	All Other Compensation (\$)	Total ⁽²⁾
Thomas Meharey (3)	\$ 63,750	\$ 107,326	\$ —	\$ 171,076
Christopher Melton	\$ 67,500	\$ 56,306	\$ —	\$ 123,806
Jill Anderson (4)	60,000	81,421	—	141,421
David Villarreal (5)	\$ 60,000	\$ 91,187	\$ —	\$ 151,187
Shafron Hawkins	\$ 63,750	\$ 81,411	\$ —	\$ 145,161

- (1) This column indicates the aggregate grant date fair value, as determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation — Stock Compensation (“FASB ASC Topic 718”), of the RSUs granted on April 4, 2023. As of December 31, 2023, none of the directors held any options or unvested restricted stock units.
- (2) Amounts to be paid in equity in 2024 related to 2023 compensation as described in “— Compensation Program” are not included in this table.
- (3) Mr. Meharey joined the Board in October 2023.
- (4) Ms. Anderson joined the Board in August 2023.
- (5) This table does not include amounts paid to Mr. Villarreal, a former director, in 2023 by SG DevCorp for his services as Chief Executive Officer of SG DevCorp

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, to the best knowledge and belief of the Company, as of March 28, 2025 (unless provided herein otherwise), with respect to holdings of our common stock by (1) each person known by us to be the beneficial owner of more than 5% of the total number of shares of our common stock outstanding as of such date; (2) each of our directors; (3) each of our named executive officers; and (4) all of our directors and our executive officers as a group. The table is based on 6,389,041 shares of common stock issued and outstanding as of March 28, 2025.

Unless otherwise indicated the mailing address of each of the stockholders below is c/o Safe & Green Holdings Corp., 990 Biscayne Blvd., #501, Office 12, Miami, FL 33132. Except as otherwise indicated, and subject to applicable community property laws, except to the extent authority is shared by both spouses under applicable law, the Company believes the persons named in the table have sole voting and investment power with respect to all shares of common stock held by them. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities.

<u>Name of Beneficial Owner</u>	<u>Shares of Common Stock Beneficially Owned</u>	<u>Percentage of Common Stock Beneficially Owned Prior to this Offering</u>
Paul M. Galvin, Former Chairman and Former Chief Executive Officer	283,406 ⁽¹⁾	4.70%
Michael McLaren, Chief Executive Officer		
Jim Pendergast, Chief Operating Officer		
Patricia Kaelin, Chief Financial Officer	11,750	*
William Rogers, Former Chief Operating Officer	9,088	*
Jill Anderson, Director	6,930	*
Shafron Hawkins, Director	11,210	*
Thomas Meharey, Director	3,772	*
Christopher Melton, Director	14,052 ⁽²⁾	*%
David Villarreal, Former Director	16,552	*%
All current executive officers and directors as a group (7 persons)	56,802	0.94%
5% Stockholders other than executive officers and directors		
Armistice Capital, LLC ⁽³⁾	218,287	3.62%

* Less than 1% ownership interest.

- (1) Includes 42,822 shares of Common Stock held directly by Mr. Galvin and 25 shares held by TAG Partners, LLC (“TAG”), an investment partnership formed for the purpose of investing in the Company. Mr. Galvin is a managing member of, and has a controlling interest in, TAG and may be deemed to beneficially own the share of Common Stock held by TAG, over which he has shared voting and dispositive power. Mr. Galvin disclaims beneficial ownership of the shares of Common Stock held by TAG except to the extent of his pecuniary interest therein. Also includes 1,190 options to purchase our Common Stock presently exercisable.
- (2) Includes 10 shares of Common Stock held in Mr. Melton’s retirement account, which Mr. Melton indirectly owns, and 4,424 shares of Common Stock held directly by Mr. Melton.
- (3) Armistice Capital, LLC (“Armistice Capital”) is the investment manager of Armistice Capital Master Fund Ltd. (the “Master Fund”), the direct holder of the Shares, and pursuant to an Investment Management Agreement, Armistice Capital exercises voting and investment power over the securities of the Issuer held by the Master Fund and thus may be deemed to beneficially own the securities of the Issuer held by the Master Fund. Mr. Steven Boyd, as the managing member of Armistice Capital, may be deemed to beneficially own the securities of the Issuer held by the Master Fund. The Master Fund specifically disclaims beneficial ownership of the securities of the Issuer directly held by it by virtue of its inability to vote or dispose of such securities as a result of its Investment Management Agreement with Armistice Capital.

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

Related Party Transactions

The following is a summary of transactions since January 1, 2023 to which we have been a party in which the amount involved exceeded \$20,000 and in which any of our executive officers, directors or beneficial holders of more than five percent of our capital stock had or will have a direct or indirect material interest, other than compensation arrangements and equity awards granted to our executive officers and directors during 2023 and 2024 that are described under the sections of this proxy statement entitled “Executive Compensation” and “Director Compensation”.

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, 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 \$00,000 and the assignment of the promissory note occurred in January 2022.

On December 14, 2023, Mr. Galvin, loaned \$75,000 to the Company. The loan was evidenced by a promissory note. The loan will be interest free (subject, however to any interest which may be imputed under applicable income tax laws) and is due and payable by December 14, 2024. Currently, this amount is still outstanding.

As of December 31, 2024, the Company has accrued approximately \$450,000 for amounts due to Mr. Galvin, the former CEO, for deferred salary due to him.

Loan Transactions with SG DevCorp

During 2021, SG DevCorp received \$4,200,000 from due to affiliates. This amount was advanced to SG DevCorp by us, was evidenced by a promissory note, non-interest bearing and was due on demand. Included in this amount, were payroll and general and administrative expenses which were paid by us and allocated to SG DevCorp.

On August 9, 2023, we and SG DevCorp entered into a Note Cancellation Agreement, effective as of July 1, 2023, pursuant to which we cancelled and forgave the remaining \$4,000,000 balance then due on that certain promissory note, dated December 19, 2021, made by SG DevCorp in favor of us in the original principal amount of \$4,200,000.

In addition, as of December 31, 2024, \$1,717,694 is due from us for advances made by the SG DevCorp. On January 29, 2025, we entered into a mutual release and discharge agreement (the “Mutual Release”) with SG DevCorp, pursuant to SG DevCorp, forgiving and releasing from our obligations to them under that certain promissory note, dated August 9, 2023, in the principal amount of \$908,322.95 and in respect of \$815,522 of inter-company advances from SG DevCorp, to us in exchange for us forgiving \$394,329 of inter-company debt owed to us by us and for SG DevCorp, (which has already been written off) transferring 276,425 shares (the “Shares”) of SG DevCorp’s Common Stock owned by us, with us no longer being a shareholder of SG DevCorp.

The Spin-Off of SG DevCorp

In connection with the Separation and Distribution, we entered into a separation and distribution agreement and several other agreements with SG DevCorp to effect the Separation and provide a framework for our relationship with SG DevCorp after the Separation. These agreements provide for the allocation between us, on the one hand, and SG DevCorp, on the other hand, of the assets, liabilities and obligations associated with the spin-off business, on the one hand, and our other current businesses, on the other hand, and will govern the relationship between our company, on the one hand, and SG DevCorp, on the other hand, subsequent to the Separation and Distribution (including with respect to transition services, employee matters and tax matters).

Separation and Distribution Agreement

The separation and distribution agreement governs the overall terms of the Separation and Distribution and specified those conditions that must be satisfied or waived by us prior to the completion of the Separation. We and SG DevCorp each agreed to indemnify the other and each of the other's current and former directors, officers, and employees, and each of the heirs, executors, administrators, successors, and assigns of any of them, against certain liabilities incurred in connection with the Separation and Distribution and our and SG DevCorp's respective businesses. The amount of either SG DevCorp's or our indemnification obligations will be reduced by any net insurance proceeds the party being indemnified receives. The separation and distribution agreement also establishes procedures for handling claims subject to indemnification and related matters.

Tax Matters Agreement

In connection with the Separation, we and SG DevCorp entered into a tax matters agreement that contains certain tax matters arrangements and governs the parties' respective rights, responsibilities, and obligations with respect to taxes, including taxes arising in the ordinary course of business and taxes incurred as a result of the Separation and the Distribution. The tax matters arrangement also sets forth the respective obligations of the parties with respect to the filing of tax returns, the administration of tax contests, and assistance and cooperation on tax matters.

The tax matters agreement governs the rights and obligations that we and SG DevCorp have after the Separation with respect to taxes for both pre- and post-closing periods. Under the tax matters arrangement, SG DevCorp will be responsible for (i) any of SG DevCorp's taxes for all periods prior to and after the Distribution and (ii) any taxes of the Safe & Green group for periods prior to the Distribution to the extent attributable to the real estate development business. We generally will be responsible for any of the taxes of the Safe & Green group other than taxes for which SG DevCorp is responsible. In addition, we will be responsible for our taxes arising as a result of the Separation and Distribution. Notwithstanding the foregoing, sales, use, transfer, real property transfer, intangible, recordation, registration, documentary, stamp or similar taxes imposed on the Distribution shall be borne fifty percent (50%) by us and fifty percent (50%) by SG DevCorp. We shall be entitled to any refund (and any interest thereon received from the applicable tax authority) of taxes for which we are responsible for under the tax matters agreement and SG DevCorp shall be entitled to any refund (and any interest thereon received from the applicable tax authority) of taxes for which SG DevCorp is responsible for under the tax matters agreement.

Each of Safe & Green and SG DevCorp will indemnify each other against any taxes allocated to such party under the tax matters agreement and related out-of-pocket costs and expenses.

Shared Services Agreement

In connection with the Separation, we entered into a shared services agreement with SG DevCorp which sets forth the terms on which we provide to SG DevCorp certain services or functions that the companies historically have shared. Shared services will include various administrative, accounting, communications/investor relations, human resources, operations/construction services, and strategic management and other support services.

In consideration for such services, SG DevCorp pays fees to us for the services provided, and those fees are generally in amounts intended to allow us to recover all of its direct and indirect costs incurred in providing those services. We charge SG DevCorp a fee for services performed by (i) our employees which is a percentage of each employee's base salary based upon an allocation of their business time spent providing such services and (ii) third parties, the fees charged by such third parties. SG DevCorp also pay us for general and administrative expenses incurred by us attributable to both the operation of Safe & Green (other than the provision of the services performed by our employees) and the provision of the shared services, including but not limited to information technology, data subscription and corporate overhead expenses, the portion of such costs and expenses that are attributable to the provision of the shared services, as reasonably determined by us. SG DevCorp also reimburses us for direct out-of-pocket costs incurred by us for third party services provided to SG DevCorp.

Other Related Party Transactions

Fabrication Agreement

On December 2, 2022, SG DevCorp entered into the Fabrication Agreement with SG Echo for the fabrication of approximately 800 multifamily market rate rental units, equal to approximately 800,000 square feet of new modular buildings to be located at the McLean site (the "McLean Project"). The Fabrication Agreement provided that SG Echo would be paid a fee equal to 15% of the cost of the McLean Project. The McLean Project will be fabricated in Phases of 100 to 150 units per phase, with the schedule of the phasing to be determined in SG DevCorp's sole discretion. The terms of payment are as follows: (i) down payment of 30% upon release of project for fabrication; (ii) stage payment of 65% upon completion of fabrication, testing and inspection of each unit as it leaves the facility; and (iii) final payment of 5% upon completion of installation on site, including acceptance of punch list items, startup of equipment and City of Durant inspection. Notwithstanding the foregoing, SG DevCorp may withhold 10%, as retainage, from the payment otherwise due, to be reduced to 5% after field install is watertight and 2.5% after all punch list items have been complete. The Fabrication Agreement may be terminated for cause by either party upon 30-days written notice to the other party, subject to each party's right to cure a default or breach, except for fraud or bad faith. In the event of termination, SG Echo will be entitled to be paid for all services rendered through the date of termination. In the event the termination by SG DevCorp is without cause, SG DevCorp will also pay any expenses incurred as a result of the termination (including without limitation supplier and vendor cancellation fees, restocking fees, subcontractor termination or cancellation fees, or other similar termination costs), plus a 15% markup as compensation for SG Echo's anticipated profit on the value of services not performed by SG Echo. In connection with the entry into the Master Purchase Agreement, on December 18, 2023, SG DevCorp and SG Echo terminated that certain Fabrication Agreement, dated December 2, 2022, between the parties relating to the McLean mixed-use site.

Master Purchase Agreement

The Master Purchase Agreement provides that SG Echo will be paid a fee equal to 12% of the agreed cost of each project. The Master Purchase Agreement further provides that payment terms for all design work and the completion of the pre-fabricated container and module shall be made in accordance with the following schedule: (a) a deposit equal to 40% of the cost of the pre-fabricated container and module only shall be paid by SG DevCorp to SG Echo within 5 business days of the mutual execution of a project order; (b) a progress payment (not to exceed to 35% of the cost of the pre-fabricated container and module) shall be paid by SG DevCorp to SG Echo monthly in proportion to the percentage of Work completed, which payment shall be made within 10 business days of the SG DevCorp's receipt of SG Echo's invoice; (c) a progress payment equal to 15% of the cost of the pre-fabricated container and module shall be paid by SG DevCorp to SG Echo within 10 business days of the delivery of the pre-fabricated container and module to the specific project site; and (d) the final payment equal to 10% of the cost of the pre-fabricated container and module only shall be paid by SG DevCorp to SG Echo within 10 business days of the substantial completion of the Work. Substantial completion of the Work shall be as defined by the applicable project order. Notwithstanding the foregoing, SG DevCorp may withhold 10% of the invoiced amount, as retainage, which will be paid to SG Echo once the specific project is completed (including any punch list items). The Master Purchase Agreement may be terminated by either party if there is a material default by the other party and such default continues for a period of 20 days after receipt by the defaulting party of written notice thereof. If SG DevCorp terminates the Master Purchase Agreement or any project order as a result of a default by SG Echo, SG Echo will not be entitled to receive further payment until the Work is finished. If the unpaid balance of the amount set forth in the project order for the project is less than the cost of finishing the Work, SG Echo will pay the difference to SG DevCorp. In no event will SG Echo be entitled to receive any compensation if the cost to SG DevCorp of performing the balance of the Work is less than the unpaid balance. In addition, SG DevCorp may terminate the Master Purchase Agreement or any project order without cause. In the event the termination by SG DevCorp is without cause, SG Echo will be entitled to payment for all work and costs incurred prior to termination date plus the applicable fee owed to SG Echo thereon as more particularly described in the applicable project order.

The initial project for which modular construction services are anticipated to be provided to SG DevCorp by SG Echo is the Magnolia Gardens residential project to be built on the McLean mixed-use site in Durant, Oklahoma, consisting of 800 residential units. In accordance with the Master Purchase Agreement, SG Echo will provide SG DevCorp with an itemized cost proposal for the services to be performed for the Magnolia Gardens residential project and a firm schedule for performing the services. If the proposal and schedule is satisfactory to SG DevCorp, the proposal will be then incorporated into a project order to be executed by both parties.

Related Party Review Procedures

Pursuant to our Audit Committee charter, our Audit Committee reviews on an on-going basis our policies and procedures for reviewing and approving or ratifying all “Related Party Transactions” (defined as transactions required to be disclosed pursuant to Item 404 of Regulation S-K), including the Company’s Related Person Transaction Policy, and recommend any changes to the Board. In accordance with our Related Person Transaction Policy and Nasdaq Rule 4350 (h), the Audit Committee conducts appropriate review and oversight of all related person transactions for potential conflict of interest situations on an ongoing basis. Any transaction with a related person is subject to our written policy for transactions with related persons. Pursuant to such policy, our Audit Committee reviews in advance all related person transactions. The Audit Committee approves only those related person transactions that are determined to be in, or not inconsistent with, the best interests of the Company and its stockholders, taking into account all available facts and circumstances as the Audit Committee determines in good faith to be necessary. These facts and circumstances will typically include, but not be limited to: whether the transaction was undertaken in the ordinary course of business of the Company; the purpose and potential benefits of the transaction to the Company; the terms of the transaction and of comparable transactions that would be available to unrelated third parties or to employees generally; and the impact on a director’s independence in the event the related person is a director, an immediate family member of a director or an entity in which a director is a partner, stockholder or executive officer. In reviewing and approving such transactions, the Audit Committee obtains, or will direct management to obtain on its behalf, all information that the Audit Committee believes to be relevant and important to a review of the transaction prior to its approval. The Audit Committee may adopt any further policies and procedures relating to the approval of related person transactions that it deems necessary or advisable from time to time.

Director Independence

The information included under the heading “Director Independence” in Part III, Item10 is hereby incorporated by reference into this Item 13.

Item 14. Principal Accountant Fees and Services.**Change in Certifying Accountant**

The Board of Directors of the Company, through its Audit Committee conducted a competitive process to determine the Company's independent registered public accounting firm commencing with the audit of the Company's books and financial records for the year ending December 31, 2024. The Audit Committee invited several independent registered public accounting firms to participate in this process.

Following review of proposals from the independent registered public accounting firms that participated in the process, on December 13, 2023, upon recommendation from the Audit Committee, the Board of Directors of the Company approved the engagement of M&K CPAS PLLC ("M&K") as the Company's independent registered public accounting firm for the Company's fiscal year ending December 31, 2024. On December 15, 2023, the Company (i) entered into an engagement letter with M&K and engaged M&K as the Company's independent registered public accounting firm effective immediately and (ii) dismissed Whitley Penn LLP ("Whitley Penn").

Independent Registered Public Accounting Firm Fees

Aggregate fees for professional services rendered by our independent registered public accounting firms to us as of and for the fiscal years ended December 31, 2024 and December 31, 2023 are set forth in the tables below:

	2024	2023
Audit fees ⁽¹⁾	\$ 245,432	\$ 370,145
Audit-related fees ⁽²⁾	—	—
Tax fees ⁽³⁾	—	—
All other fees ⁽⁴⁾	—	—
Totals	\$ 245,432	\$ 370,145

- (1) Audit fees include \$82,961 paid to Whitley Penn and accrual for M&K in the amount of \$93,120 for professional services rendered for the audit for our annual financial statements and reviews of the financial statements included in our Quarterly Reports on Form 10-Q and fees related to securities registration statements and related comfort letter procedures.
- (2) Audit-related fees principally involve other assurance and related services.
- (3) Tax services include tax compliance and tax planning consulting services. No tax services were performed for us by Whitley Penn in 2024 or 2023.
- (4) No other services were performed for us by Whitley Penn or M&K in 2024 or 2023.

The Audit Committee has implemented pre-approval procedures consistent with the rules adopted by the SEC. All audit services to be provided to the Company by our independent public accounting firm are pre-approved by the Audit Committee prior to the initiation of such services (except for items exempt from pre-approval requirements under applicable laws and rules). The Audit Committee has determined that the provision of the services by our independent public accounting firm reported hereunder had no impact on its independence.

PART IV

Item 15. Exhibit and Financial Statement Schedules.

(a)(1) INDEX TO 2024 CONSOLIDATED FINANCIAL STATEMENTS:

Our financial statements and the notes thereto, together with the reports thereon of M&K CPAS PLLC, our registered public accounting firm, dated March 31, 2025, appear beginning on page F-1 of this Annual Report. See of the Consolidated Financial Statements included in this Annual Report.

(a)(2) FINANCIAL STATEMENT SCHEDULES

All financial statement schedules are omitted because they are not applicable, not material or the required information is shown in the financial statements or notes thereto.

(a)(3) EXHIBITS

The information required by this Item is listed in the accompanying Exhibit Index below.

Item 16. Form 10-K Summary.

Not applicable.

Exhibit Index

Exhibit No.	Description
2.1	Order Confirming Debtors' Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (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 July 7, 2016 (File No. 000-22563)).
2.2	Disclosure Statement for Amended Plan of Reorganization for Safe & Green, et al. under Chapter 11 of the Bankruptcy Code (incorporated herein by reference to Exhibit 2.2 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)).
2.3	Order of the Bankruptcy Court for the Southern District of New York Approving the Disclosure Statement and Setting Plan of Reorganization Confirmation Deadlines (incorporated herein by reference to Exhibit 2.3 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)).
2.4	Separation and Distribution Agreement by and between the Company 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)).
3.1	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)).
3.2	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)).
3.3	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)).
3.4	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 Registrant with the Securities and Exchange Commission on May 12, 2017 (File No. 001-38037)).
3.5	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)).
3.6	
3.7	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 as filed by the Registrant with the Securities and Exchange Commission on December 9, 2019 (File No. 333-235295)).
3.8	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)).
3.9	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)).
3.10	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)).
3.11	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)).
3.12	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 May 2, 2024).

- 4.1 [Form of Common Stock Purchase Warrant \(incorporated herein by reference to Exhibit 10.1 of the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on May 1, 2019 \(File No. 001-38037\)\).](#)
- 4.2 [Form of Series A Common Stock Purchase Warrant \(incorporated herein by reference to Exhibit 10.2 of the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on May 1, 2019 \(File No. 001-38037\)\).](#)
- 4.3 [Form of Representative's Warrant Agreement \(incorporated herein by reference to Exhibit 4.1 of the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on July 31, 2019 \(File No. 001-38037\)\).](#)
- 4.4 [Form of 9% Secured Note \(incorporated herein by reference to Exhibit 4.1 of the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on February 6, 2020 \(File No. 001-38037\)\).](#)
- 4.5 [Form of Representative's Warrant \(incorporated herein by reference to Exhibit 4.14 to the Registration Statement on Form S-1/A filed by the Registrant with the Securities and Exchange Commission on May 5, 2020 \(File No. 333-237682\)\).](#)
- 4.6 [Form of Pre-Funded Warrant \(incorporated herein by reference to Exhibit 4.15 to the Registration Statement on Form S-1/A filed by the Registrant with the Securities and Exchange Commission on May 5, 2020 \(File No. 333-237682\)\).](#)
- 4.7 [Description of Securities \(incorporated by reference to exhibit 4.9 of the Annual Report on Form 10-K filed with the SEC on March 31, 2023 \(File No. 000-22563\)\)](#)
- 4.8 [Debenture, dated February 7, 2023, in the principal amount of \\$1,100,000 \(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 February 7, 2023 \(File No. 001-38087\)\).](#)
- 4.9 [Description of securities registered pursuant to Section 12 of the Securities Exchange Act of 1924, as amended \(incorporated by reference to Exhibit 4.9 of the Annual Report on Form 10-K filed with the SEC on May 7, 2024 \(File No. 000-22563\)\)](#)
- 4.11 [Warrant, dated February 7, 2023 \(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 February 7, 2023 \(File No. 001-38087\)\).](#)
- 4.12 [Form of Indenture\(incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-3 as filed by the Registrant with the Securities and Exchange Commission on July 24, 2023 \(File No. 333-237682\)\).](#)
- 4.13 [Debenture dated November 30, 2023, in the principal amount of \\$700,000 \(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 December 1, 2023 \(File No. 001-38087\)\).](#)
- 4.14 [Warrant, dated November 30, 2023 \(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 December 1, 2023 \(File No. 001-38087\)\).](#)
- 4.15 [Debenture dated January 11, 2024 \(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 January 16, 2024 \(File No. 001-38087\)\).](#)
- 4.16 [Warrant, dated January 11, 2024 \(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 January 16, 2024 \(File No. 001-38087\)\).](#)
- 4.17 [Form of Promissory Note by and between the Company and Paul Galvin \(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 December 20, 2023 \(File No. 001-38037\)\).](#)
- 4.18 [Debenture, dated February 15, 2024 in the principal amount of \\$250,000 \(incorporated by reference to Exhibit 4.1 of Safe and Green Development Corporation's Current Report on Form 8-K filed on February 22, 2024\).](#)
- 4.19 [Warrant, dated February 15, 2024 \(incorporated by reference to Exhibit 4.2 of Safe and Green Development Corporation's Current Report on Form 8-K filed on February 22, 2024\).](#)
- 4.20 [Form of Pre-Funded Warrant, dated May 7, 2024 \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on May 9, 2024\)](#)
- 4.21 [Form of Warrant, dated May 7, 2024 \(incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on May 9, 2024\)](#)
- 4.22 [Form of Placement Agent Warrant, dated May 7, 2024 \(incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed on May 9, 2024\)](#)
- 4.23 [Promissory Note, dated August 28, 2024 \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on August 30, 2024\)](#)
- 4.24 [Promissory Note, dated October 22, 2024 \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on October 28, 2024\)](#)
- 4.25 [Promissory Note, dated January 22, 2025 \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on January 29, 2025\)](#)
- 4.26 [Promissory Note, dated February 12, 2025 \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on February 24, 2025\)](#)
- 4.27 [Common Stock Purchase Warrant, dated February 12, 2025 \(incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on February 24, 2025\)](#)
- 4.28 [Promissory Note, dated February 25, 2025 \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on March 10, 2025\)](#)
- 4.29 [Promissory Note, dated March 3, 2025 \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on March 10, 2025\)](#)

10.1#	Form of the Company Incentive Stock Option Agreement (incorporated herein 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 November 1, 2016 (File No. 000-22563)).
10.2#	Form of the Company Nonqualified Stock Option Agreement (incorporated herein 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 November 1, 2016 (File No. 000-22563)).
10.3#	Form of Director Indemnification Agreement (incorporated herein by reference to Exhibit 10.1 to the Registration Statement on Form S-1 as filed by the Registrant with the Securities and Exchange Commission on February 6, 2017 (File No. 333-215922)).
10.4#	SG Blocks, Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10.10 to the Registration Statement on Form S-1 as filed by the Registrant with the Securities and Exchange Commission on February 6, 2017 (File No. 333-215922)).
10.5#	Executive Employment Agreement, effective as of January 1, 2017, between Paul M. Galvin and the Company (incorporated herein 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 March 14, 2017 (File No. 000-22563)).
10.6#	Amendment No. 1 to the SG Blocks, Inc. Stock Incentive Plan (incorporated herein 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 June 5, 2018 (File No. 001-38037)).
10.7#	Form of SG Blocks, Inc. Restricted Share Unit Agreement (Non-Employee Directors) (incorporated herein 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 July 30, 2018 (File No. 001-38037)).
10.8#	Form of Restricted Share Unit Agreement (incorporated herein by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q as filed by the Registrant with the Securities and Exchange Commission on August 14, 2019 (File No. 001-38037)).
10.9#	Form of Restricted Share Unit Agreement (Special Bonus) (incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q as filed by the Registrant with the Securities and Exchange Commission on August 14, 2019 (File No. 001-38037)).
10.10	Exclusive License Agreement, entered into as of October 3, 2019 by and between the Company and CPF MF 2019-1 LLC (incorporated herein 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 October 9, 2019 (File No. 001-38037)).
10.11	Loan Agreement and Promissory Note, dated effective October 3, 2019, between the Company, as lender, and CPF GP 2019-1 LLC, as borrower (incorporated herein 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 October 9, 2019 (File No. 001-38037)).
10.12	Right of First Refusal Agreement, entered into as of October 9, 2019 by and between the Company and CMC Development LLC (incorporated herein 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 October 15, 2019 (File No. 001-38037)).
10.13	Amendment to Loan Agreement and Promissory Note between the Company and CPF GP 2019-1 LLC (incorporated herein 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 October 15, 2019 (File No. 001-38037)).
10.14	Second Amendment to Loan Agreement and Promissory Note dated November 7, 2019 between CPF GP 2019-1 LLC and Safe & Green (incorporated herein by reference to Exhibit 10.1 of the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on November 13, 2019 (File No. 001-38037)).
10.15	Amendment No. 1 to Exclusive License Agreement, entered into as of October 3, 2019 by and between the Company and CPF MF 2019-1 LLC (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q as filed by the Registrant with the Securities and Exchange Commission on November 14, 2019 (File No. 001-38037)).
10.16	Waiver of Warrant (incorporated herein by reference to Exhibit 10.1 of the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on December 13, 2019 (File No. 001-38037)).
10.17	Promissory Note, dated January 21, 2020, issued by CPF GP 2019-1 LLC to the Company (incorporated herein by reference to Exhibit 10.1 of the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on January 23, 2020 (File No. 001-38037)).
10.18	Promissory Note, dated January 21, 2020, issued by CPF GP 2019-1 LLC to Paul Galvin (incorporated herein by reference to Exhibit 10.2 of the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on January 23, 2020 (File No. 001-38037)).
10.19	Security Agreement, by and among CPF GP 2019-1 LLC, the Company and Paul Galvin, dated January 21, 2020 (incorporated herein by reference to Exhibit 10.3 of the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on January 23, 2020 (File No. 001-38037)).

- 10.30 [Form of Securities Purchase Agreement \(incorporated herein by reference to Exhibit 10.1 of the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on February 6, 2020 \(File No. 001-38037\)\)](#)
- 10.31 [Form of Pledge Agreement \(incorporated herein by reference to Exhibit 10.2 of the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on February 6, 2020 \(File No. 001-38037\)\)](#)
- 10.32 [Distributorship Agreement between Osang Healthcare Co., Ltd. and the Company, effective as of April 28, 2020 \(incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 5, 2020 \(File No. 001-38037\)\)](#)
- 10.33 [Amendment to Distributorship Agreement between Osang Healthcare Co., Ltd. and the Company, dated April 30, 2020 \(incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 5, 2020 \(File No. 001-38037\)\)](#)
- 10.34 [Agreement between Osang Group Co. Ltd. and the Company, dated May 1, 2020 \(incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 5, 2020 \(File No. 001-38037\)\)](#)
- 10.35# [Amendment No. 2 to the SG Blocks, Inc. Stock Incentive Plan \(incorporated by reference to Appendix A to the Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on June 25, 2020 \(File No. 001-38037\)\)](#)
- 10.36# [Asset Purchase Agreement by and between SG Echo, LLC and Echo DCL, LLC, dated September 17, 2020 \(incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on September 22, 2020 \(File No. 001-38037\)\)](#)
- 10.37 [Unimproved Property Contract, dated February 25, 2021, by and between the Company and Northport Harbor LLC \(incorporated herein 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 11, 2021 \(File No. 001-38037\)\)](#)
- 10.38 [Settlement and Mutual Release Agreement, dated June 15, 2021, by and among CPF GP 2019-1 LLC, Capital Plus Financial, LLC and the Company \(incorporated herein 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 June 21, 2021 \(File No. 001-38037\)\)](#)
- 10.39 [Termination of Exclusive License Agreement, effective June 15, 2021 \(incorporated herein 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 June 21, 2021 \(File No. 001-38037\)\)](#)
- 10.40 [Assignment of Limited Rights Under Membership Interest Redemption Agreement, dated June 15, 2021, by and among Capital Plus Financial, LLC, the Company and CPF GP 2019-1 LLC \(incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on June 21, 2021 \(File No. 001-38037\)\)](#)
- 10.41 [Operating Agreement by and between SGB Development Corp., Jacoby Development, Inc. and JDI-Cumberland Inlet, LLC, dated June 24, 2021 \(incorporated herein 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 June 28, 2021 \(File No. 001-38037\)\)](#)
- 10.42 [Fabrication and Building Services Agreement by and between JDI-Cumberland Inlet, LLC and SG Echo, LLC, dated June 24, 2021 \(incorporated herein 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 June 28, 2021 \(File No. 001-38037\)\)](#)
- 10.43 [Real Estate Lien Note, dated July 14, 2021, in the principal amount of \\$2,000,000 \(incorporated herein 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 July 19, 2021 \(File No. 001-38037\)\)](#)
- 10.44 [Deed of Trust, dated July 14, 2021 \(incorporated herein 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 July 19, 2021 \(File No. 001-38037\)\)](#)
- 10.45 [Assignment of Leases and Rents, dated July 8, 2021 \(incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on July 19, 2021 \(File No. 001-38037\)\)](#)
- 10.46# [Amendment No. 3 to the SG Blocks, Inc. Stock Incentive Plan \(incorporated by reference to Appendix A to the Definitive Proxy Statement on Schedule 14A filed by the Registrant with the Securities and Exchange Commission on July 14, 2021 \(File No. 001-38087\)\)](#)
- 10.47# [Employment Agreement, dated September 27, 2021, between the Company and William Rogers \(incorporated herein 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 October 1, 2021 \(File No. 001-38037\)\)](#)
- 10.48# [Employment Agreement, dated September 30, 2021, between the Company and Gerald Sheeran \(incorporated herein 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 October 1, 2021 \(File No. 001-38037\)\)](#)

- 10.49 [Placement Agency Agreement, dated as of October 25, 2021, by and between the Company and the Placement Agent \(incorporated herein 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 October 26, 2021 \(File No. 001-38037\)\).](#)
- 10.50 [Form of Securities Purchase Agreement, dated as of October 25, 2021 by and between the Company and the Purchaser named therein \(incorporated herein 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 October 26, 2021 \(File No. 001-38037\)\).](#)
- 10.51 [Lease Agreement by and between SG Echo LLC and May Properties, LLC, dated October 28, 2021 \(incorporated herein 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 November 2, 2021 \(File No. 001-38037\)\).](#)
- 10.52 [Guaranty by the Company dated October 28, 2021 \(incorporated herein 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 November 2, 2021 \(File No. 001-38037\)\).](#)
- 10.53 [Loan Agreement by and among SG Echo LLC, The Durant Industrial Authority and the Company, as guarantor, dated October 29, 2021 \(incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on November 2, 2021 \(File No. 001-38037\)\).](#)
- 10.54 [Forgivable Promissory Note, dated October 29, 2021, issued by SG Echo LLC \(incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on November 2, 2021 \(File No. 001-38037\)\).](#)
- 10.55# [Amendment to Employment Agreement, dated July 5, 2022, between the Company and \(incorporated herein 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 February 6, 2023 \(File No. 001-38037\)\).](#)
- 10.56# [Employment Agreement between SG Blocks, Inc. and Marc Brune, dated September 1, 2022, between SG Blocks, Inc. and \(incorporated herein 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 September 1, 2022 \(File No. 001-38037\)\).](#)
- 10.57 [Fabrication Agreement between SGB Development Corp. and SG Echo, LLC, dated December 2, 2022, \(incorporated herein 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 December 6, 2022 \(File No. 001-38037\)\).](#)
- 10.58# [Employment Agreement, dated February 3, 2023, between Safe and Green Development Corporation and David Villarreal \(incorporated herein 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 February 6, 2023 \(File No. 001-38037\)\).](#)
- 10.59 [Securities Purchase Agreement, dated February 7, 2023, by and between the Company and Peak One Opportunity Fund, L.P. \(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 February 7, 2023 \(File No. 001-38087\)\).](#)
- 10.60 [Registration Rights Agreement, dated February 7, 2023, by and between the Company and Peak One Opportunity Fund, L.P. \(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 February 7, 2023 \(File No. 001-38087\)\).](#)
- 10.61 [Equity Purchase Agreement, dated February 7, 2023, by and between the Company and Peak One Opportunity Fund, L.P. \(incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on February 7, 2023 \(File No. 001-38087\)\).](#)
- 10.62 [Registration Rights Agreement, dated February 7, 2023, by and between the Company and Peak One Opportunity Fund, L.P. \(incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on February 7, 2023 \(File No. 001-38087\)\).](#)
- 10.63 [Loan Agreement dated March 30, 2023 between the Company and LV Peninsula Holding, LLC \(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 April 5, 2023 \(File No. 001-38037\)\).](#)
- 10.64 [Promissory Note dated March 30, 2023 by and between the Company and LV Peninsula Holding, LLC \(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 April 5, 2023 \(File No. 001-38037\)\).](#)
- 10.65 [Deed of Trust and Security Agreement, dated March 30, 2023 by and between the Company and LV Peninsula Holding, LLC \(incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on April 5, 2023 \(File No. 001-38037\)\).](#)
- 10.66 [Assignment of Contract Rights dated March 30, 2023 by and between the Company and LV Peninsula Holding, LLC \(incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on April 5, 2023 \(File No. 001-38087\)\).](#)
- 10.67 [Mortgage dated March 30, 2023 by and between the Company and LV Peninsula Holding, LLC \(incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on April 5, 2023 \(File No. 001-38037\)\).](#)
- 10.68 [Limited Guaranty, dated March 30, 2023 by and between the Company and LV Peninsula Holding, LLC \(incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on April 5, 2023 \(File No. 001-38037\)\).](#)

- 10.69 [Resignation Letter from Yaniv Blumenfeld \(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 3, 2023 \(File No. 001-38037\)\)](#)
- 10.70 [Employment Agreement by and between the Company and Patricia Kaelin dated as of May 1, 2023 \(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 3, 2023 \(File No. 001-38037\)\)](#)
- 10.71 [Standard Cash Advance Agreement, dated May 16, 2023 by and between SG Building Blocks, Inc. and Cedar Advance LLC \(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 22, 2023 \(File No. 001-38037\)\)](#)
- 10.72 [Secured Commercial Promissory Note, date June 1, 2023 by and between SG Echo LLC and Southstar Financial, LLC \(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 June 14, 2023 \(File No. 001-38037\)\)](#)
- 10.73 [Mortgage, date June 1, 2023 by and between SG Echo LLC and Southstar Financial, LLC \(incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on June 14, 2023 \(File No. 001-38037\)\)](#)
- 10.74 [Non-Recourse Factoring and Security Agreement, dated June 1, 2023 by and between SG Echo LLC and Southstar Financial, LLC \(incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on June 14, 2023 \(File No. 001-38037\)\)](#)
- 10.75 [Secured Continuing Corporate Guaranty, date June 8, 2023 by and between the Company in favor of SouthStar Financial LLC \(incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on June 14, 2023 \(File No. 001-38037\)\)](#)
- 10.76 [Cross-Default and Cross Collateralization Agreement, date June 8, 2023 by and between the Company, SG Echo LLC and SouthStar Financial LLC \(incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K as filed by the Registrant with the Securities and Exchange Commission on June 14, 2023 \(File No. 001-38037\)\)](#)
- 10.77 [Loan Agreement, dated as of June 16, 2023, between the Company and BCV S&G DevCorp. \(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 June 29, 2023 \(File No. 001-38037\)\)](#)
- 10.78 [Escrow Agreement, dated June 21, 2023 among the Company, Bridgeline Capital Partners S.A., acting on behalf BCV S&G DevCorp, and American Stock Transfer & Trust Company, LLC, as Escrow Agent \(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 June 29, 2023 \(File No. 001-38037\)\)](#)
- 10.79 [Note Cancellation Agreement, Effective as of July 1, 2023 by and between the Company and Safe and Green Development Corporation \(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 August 11, 2023 \(File No. 001-38037\)\)](#)
- 10.80 [Promissory Note by and between the Company and Safe and Green Development Corporation \(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 August 11, 2023 \(File No. 001-38037\)\)](#)
- 10.81 [Amendment No. 1 to Loan Agreement, dated as of August 25, 2023 by and between the Company and Safe and Green Development Corporation \(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 August 28, 2023 \(File No. 001-38037\)\)](#)
- 10.82 [Offer Letter by and between the Company and Vanessa Villaverde dated August 28, 2023 \(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 August 29, 2023 \(File No. 001-38037\)\)](#)
- 10.83 [Offer Letter by and between the Company and Jill Anderson dated August 30, 2023 \(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 September 5, 2023 \(File No. 001-38037\)\)](#)
- 10.84 [Amendment No. 2 to Loan Agreement dated as of September 11, 2023 by and between the Company and Safe and Green Development Corporation \(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 September 12, 2023 \(File No. 001-38037\)\)](#)
- 10.85 [Amendment to Employment Agreement dated as of September 19, 2023 by and between the Company and Paul Galvin \(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 September 19, 2023 \(File No. 001-38037\)\)](#)
- 10.86 [Shared Services Agreement by and between the Company and Safe and Green Development Corporation \(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 September 28, 2023 \(File No. 001-38037\)\)](#)

- 10.87 [Tax Matters Agreement by and between the Company and Safe and Green Development Corporation \(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 September 28, 2023 \(File No. 001-38037\)](#)
- 10.88 [Amendment No. 4 to the Company's Stock Incentive Plan \(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 October 10, 2023 \(File No. 001-38037\)](#)
- 10.89 [Mutual Settlement and Release Agreement by and between the Company and William Rogers \(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 October 25, 2023 \(File No. 001-38037\)](#)
- 10.90 [Standard Cash Advance Agreement, dated September 26, 2023, by and between SG Building Blocks, Inc. and Cedar Advance LLC \(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 October 25, 2023 \(File No. 001-38037\)](#)
- 10.91 [Note Subscription Agreement by and between the Company and E-Lovu Health, Inc. \(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 November 16, 2023 \(File No. 001-38037\)](#)
- 10.92 [Standard Cash Advance Agreement, dated November 20, 2023 by and between the Company and SG Building Blocks, Inc. and Cedar Advance LLC \(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 November 22, 2023 \(File No. 001-38037\)](#)
- 10.93 [Contribution Agreement between LV Peninsula Holding LLC and Preserve Acquisitions, LLC entered into as of November 28, 2023 \(Incorporated by reference to Exhibit 10.1 to Safe and Green Development Corporation's Form 8-K filed with the SEC on December 4, 2023\)](#)
- 10.94 [Securities Purchase Agreement, dated November 30, 2023 \(Incorporated by reference to Exhibit 10.1 to Safe and Green Development Corporation's Form 8-K filed with the SEC on December 1, 2023\)](#)
- 10.95 [Registration Rights Agreement, dated November 30, 2023 \(Incorporated by reference to Exhibit 10.2 to Safe and Green Development Corporation's Form 8-K filed with the SEC on December 1, 2023\)](#)
- 10.96 [Equity Purchase Agreement, dated November 30, 2023 \(Incorporated by reference to Exhibit 10.3 to Safe and Green Development Corporation's Form 8-K filed with the SEC on December 1, 2023\)](#)
- 10.97 [Registration Rights Agreement, dated November 30, 2023 \(Incorporated by reference to Exhibit 10.4 to Safe and Green Development Corporation's Form 8-K filed with the SEC on December 1, 2023\)](#)
- 10.98 [2023 Subsidiaries Equity Incentive Plan \(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 December 11, 2023 \(File No. 001-38037\)](#)
- 10.99 [Master Purchase Agreement by and between the Company and SG Echo LLC and Safe and Green Development Corporation \(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 December 21, 2023 \(File No. 001-38037\)](#)
- 10.100 [Mutual Separation And Release Agreement by and between the Company and Vanessa Villaverde \(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 December 26, 2023 \(File No. 001-38037\)](#)
- 10.101 [Standard Merchant Cash Advance Agreement by and among SG Building Blocks, Inc., SG Echo, LLC and Madison Advance LLC \(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 January 10, 2024 \(File No. 001-38037\)](#)
- 10.102 [Securities Purchase Agreement dated January 11, 2024 \(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 January 16, 2024 \(File No. 001-38037\)](#)
- 10.103 [Securities Purchase Agreement dated January 11, 2024 \(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 January 16, 2024 \(File No. 001-38037\)](#)
- 10.104 [Standard Cash Advance Agreement, dated January 29, 2024 by and between the Company and SG Building Blocks, Inc. and Cedar Advance LLC \(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 January 31, 2024 \(File No. 001-38037\)](#)
- 10.105 [Agreement of Sale between Safe and Green Development Corporation and Pigmental, LLC, dated January 31, 2024 \(incorporated by reference to Exhibit 10.1 of Safe and Green Development Corporation's Current Report on Form 8-K filed on February 6, 2024\).](#)
- 10.106 [Settlement and Release Agreement dated February 9, 2024 by and between the Company and Maxim Group LLC \(incorporated by reference to Exhibit 10.82 to the Registration Statement on Form S-1/A as filed by the Registrant with the Securities and Exchange Commission on February 12, 2024 \(File No. 333-276732\)\).](#)

- 10.107 [Settlement and Release Agreement dated February 9, 2024 by and between the Company and Maxim Group LLC \(incorporated by reference to Exhibit 10.82 to the Registration Statement on Form S-1/A as filed by the Registrant with the Securities and Exchange Commission on February 12, 2024 \(File No. 333-276732\)\).](#)
- 10.108 [Membership Interests Purchase Agreement, dated as of February 7, 2024, by and among Safe and Green Development Corporation, the members of Majestic World Holdings LLC listed therein, Majestic World Holdings LLC and Sellers Representative \(incorporated by reference to Exhibit 10.1 of Safe and Green Development Corporation's Current Report on Form 8-K filed on February 13, 2024\).](#)
- 10.109 [Side Letter Agreement, dated as of February 7, 2024, by and among Safe and Green Development Corporation, Majestic World Holdings LLC and Sellers Representative \(incorporated by reference to Exhibit 10.2 of Safe and Green Development Corporation's Current Report on Form 8-K filed on February 13, 2024\).](#)
- 10.110 [Profit Sharing Agreement, dated as of February 7, 2024, by and between Safe and Green Development Corporation and Matthew A. Barstow on behalf of and as the duly authorized representative of the members identified therein \(incorporated by reference to Exhibit 10.3 of Safe and Green Development Corporation's Current Report on Form 8-K filed on February 13, 2024\).](#)
- 10.111 [Amendment No. 1 to the Securities Purchase Agreement, dated February 15, 2024 \(incorporated by reference to Exhibit 10.1 of Safe and Green Development Corporation's Current Report on Form 8-K filed on February 22, 2024\).](#)
- 10.112 [Amendment No. 1 to the Registration Rights Agreement, dated February 15, 2024 \(incorporated by reference to Exhibit 10.2 of Safe and Green Development Corporation's Current Report on Form 8-K filed on February 22, 2024\).](#)
- 10.113 [Form of Securities Purchase Agreement, dated May 3, 2024, by and between Safe & Green Holdings Corp. and the Purchaser named therein \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on May 9, 2024\).](#)
- 10.114 [Form of Registration Rights Agreement, dated May 3, 2024, by and between Safe & Green Holdings Corp. and the Purchaser named therein \(incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on May 9, 2024\).](#)
- 10.115 [Settlement Agreement, dated as of August 1, 2024, by and among Farnam Street Financial, Inc., Safe & Green Holdings Corp., SG Echo LLC, and SG Environmental Solutions Corp. \(incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on August 7, 2024\).](#)
- 10.116 [Lease Schedule No. 001R, dated as of August 1, 2024, by and between Farnam Street Financial, Inc., Safe & Green Holdings Corp., and SG Environmental Solutions Corp. \(incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed on August 7, 2024\).](#)
- 10.117 [Assignment and Assumption, dated as of August 1, 2024, by and between Farnam Street Financial, Inc., Safe & Green Holdings Corp. and SG Environmental Solutions Corp. \(incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K filed on August 7, 2024\).](#)
- 10.118 [Unconditional Continuing Guaranty, dated as of August 1, 2024, by Safe & Green Holdings Corp. and SG Echo, LLC in favor of Farnam Street Financial, Inc. \(incorporated by reference to Exhibit 10.4 to Current Report on Form 8-K filed on August 7, 2024\).](#)
- 10.119 [Confession of Judgment in favor of Farnam Street Financial, Inc., by Safe & Green Holdings Corp., SG Echo LLC, and SG Environmental Solutions Corp. \(incorporated by reference to Exhibit 10.5 to Current Report on Form 8-K filed on August 7, 2024\).](#)
- 10.120 [Standard Cash Advance Agreement, dated July 31, 2024, by and between SG Building Blocks, Inc. and Cedar Advance LLC \(incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on August 7, 2024\).](#)
- 10.121 [Standard Cash Advance Agreement, dated August 27, 2024, by and between SG Building Blocks, Inc. and Pawn Funding \(incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on August 30, 2024\).](#)
- 10.122 [Note Purchase Agreement, dated August 28, 2024, between the Company and 1800 Diagonal Lending LLC \(incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on August 30, 2024\).](#)

- 10.123 [Loan and Security Agreement, dated September 20, 2024, by and between SG Echo, LLC and Enhanced Capital Oklahoma Rural Fund, LLC \(incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on September 24, 2025\)](#)
- 10.124 [Note Purchase Agreement, dated October 22, 2024, between Safe & Green Holdings Corp. and 1800 Diagonal Lending LLC \(incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on October 28, 2024\)](#)
- 10.125 [Standard Cash Advance Agreement, dated December 24, 2024, by and between SG Building Blocks, Inc. and Cedar Advance LLC \(incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on December 31, 2024\)](#)
- 10.126 [Employment Agreement, dated January 5, 2025, between Safe & Green Holdings Corp. and Michael McLaren \(incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on January 7, 2025\)](#)
- 10.127 [Letter of Intent, dated as of January 8, 2025, by and among New Asia Holdings, Inc., Olenox Corp., and Safe & Green Holdings Corp. \(incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on January 14, 2025\)](#)
- 10.128 [Employment Agreement, dated January 20, 2025, between Safe & Green Holdings Corp. and Jim Pendergast \(incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on January 21, 2025\)](#)
- 10.129 [Securities Purchase Agreement, dated January 21, 2025, by and between Safe & Green Holdings Corp. and Alumni Capital LP \(incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on January 27, 2025\)](#)
- 10.130 [Note Purchase Agreement, dated January 22, 2025, between Safe & Green Holdings Corp. and 1800 Diagonal Lending LLC \(incorporated by reference to Exhibit 10.1 to Form 8-K filed on January 29, 2025\)](#)
- 10.131 [Standard Cash Advance Agreement, dated January 22, 2025, by and between SG Building Blocks, Inc. and Core Funding LLC \(incorporated by reference to Exhibit 10.2 to Form 8-K filed on January 29, 2025\)](#)
- 10.132 [Arrangement and Plan of Merger, dated as of February 2, 2025, by and between New Asia Holdings, Inc., and Safe & Green Holdings Corp. \(incorporated by reference to Exhibit 10.1 to Form 8-K filed on February 3, 2025\)](#)
- 10.133 [Securities Purchase Agreement, dated February 12, 2025, between Safe & Green Holdings Corp. and Firstfire Global Opportunities Fund, LLC \(incorporated by reference to Exhibit 10.1 to Form 8-K filed on February 24, 2025\)](#)
- 10.134 [Securities Purchase Agreement, dated February 25, 2025, between Safe & Green Holdings Corp. and Tysadco Partners LLC \(incorporated by reference to Exhibit 10.1 to Form 8-K filed on March 10, 2025\)](#)
- 10.135 [ELOC Securities Purchase Agreement, dated February 25, 2025, between Safe & Green Holdings Corp. and Tysadco Partners LLC \(incorporated by reference to Exhibit 10.1 to Form 8-K filed on March 10, 2025\)](#)
- 10.136 [Securities Purchase Agreement, dated March 3, 2025, between Safe & Green Holdings Corp. and GS Capital Partners, LLC \(incorporated by reference to Exhibit 10.1 to Form 8-K filed on March 10, 2025\)](#)
- 10.137 [Registration Rights Agreement, dated March, 2025 \(incorporated by reference to Exhibit 10.2 to Form 8-K filed on March 10, 2025\)](#)
- 19.1* [Insider Trading Policy](#)

- 21.1 [List of Subsidiaries \(incorporated by reference to Exhibit 21.1 of the Annual Report on Form 10-K filed with the SEC on May 7, 2024 \(File No. 000-22563\)\)](#)
- 23.1 Consent of M&K CPAS, PLLC
- 97.1* [Clawback Policy \(incorporated by reference to Exhibit 97.1 of the Annual Report on Form 10-K filed with the SEC on May 7, 2024 \(File No. 000-22563\)\)](#)
- 31.1* [Certification pursuant to Rule 13a-14\(a\)/15d-14\(a\) of Chief Executive Officer](#)
- 31.2* [Certification pursuant to Rule 13a-14\(a\)/15d-14\(a\) of Chief Financial Officer](#)
- 32.1** [Certification pursuant to 18 U.S.C. Section 1350 of Chief Executive Officer](#)
- 32.2** [Certification pursuant to 18 U.S.C. Section 1350 Chief Financial Officer](#)
- 101.INS* 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* XBRL Taxonomy Extension Schema Document.
- 101.CAL* XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF* XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB* XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE* XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.

** Furnished herewith.

Management contract or compensatory plan or arrangement required to be identified pursuant to Item 15(a)(3) of this Annual Report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ Michael McLaren
Michael McLaren
Chief Executive Officer and Chairman of the Board (Principal
Executive Officer)

Date: March 31, 2025

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Michael McLaren, as his or her attorney-in-fact, each with the power of substitution, for him and in his name, place and stead, in any and all capacities, to sign this Annual Report on Form 10-K and any and all amendments to this report on Form 10-K, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and all intents and purposes as he might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact and agents or any of them or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Michael McLaren</u> Michael McLaren	Chairman of the Board, Chief Executive Officer (Principal Executive Officer)	March 31, 2025
<u>/s/ Patricia Kaelin</u> Patricia Kaelin	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 31, 2025
<u>/s/ Jim Pendergast</u> Jim Pendergast	Chief Operating Officer	March 31, 2025
<u>/s/ Paul Galvin</u> Paul Galvin	Director	March 31, 2025
<u>/s/ Thomas Meharey</u> Thomas Meharey	Director	March 31, 2025
<u>/s/ Christopher Melton</u> Christopher Melton	Director	March 31, 2025
<u>/s/ Shafron E. Hawkins</u> Shafron E. Hawkins	Director	March 31, 2025
<u>/s/ Jill Anderson</u> Jill Anderson	Director	March 31, 2025

**SAFE & GREEN HOLDINGS CORP.
AND SUBSIDIARIES**

Consolidated Financial Statements

December 31, 2024 and 2023

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of Safe & Green Holdings Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Safe & Green Holdings Corp. (the Company) as of December 31, 2024 and 2023, and the related consolidated statement of operations, change in stockholders' equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2024, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has incurred net losses since its inception, negative working capital, and negative cash flows from operations, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provides a reasonable basis for our opinion.

Critical Audit Matter

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

Revenue Recognition

As discussed in Note 4, the Company recognizes revenue upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Auditing management's evaluation of agreements with customers involves significant judgment, given the fact that some agreements require management's evaluation and allocation of the standalone transaction prices to the performance obligations.

To evaluate the appropriateness and accuracy of the assessment by management, we evaluated management's assessment in relationship to the relevant agreements.

/s/ M&K CPAS, PLLC

We have served as the Company's auditor since 2023.

The Woodlands, TX

March 31, 2025

SAFE & GREEN HOLDINGS CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

<i>December 31,</i>	<i>2024</i>	<i>2023</i>
Assets		
Current assets:		
Cash and cash equivalents	\$ 375,873	\$ 14,212
Accounts receivable, net	105,479	182,753
Contract assets	2,536	10,745
Inventories	471,468	156,512
Prepaid expenses and other current assets	204,596	340,790
Current assets of discontinued operations	—	4,635,586
Total current assets	<u>1,159,952</u>	<u>5,340,598</u>
Property, plant and equipment, net	3,965,426	4,388,177
Project development costs and other non-current assets	196,432	538,989
Right-of-use asset, net	—	1,987,137
Intangible assets, net	11,658	1,406
Deferred contract costs, net	—	30,589
Investment in and advances to equity affiliates	738,056	—
Long-term assets of discontinued operations	—	4,924,380
Total Assets	<u>\$ 6,071,524</u>	<u>\$ 17,211,276</u>
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable and accrued expenses	\$ 9,332,620	\$ 9,252,971
Contract liabilities	596,082	1,366,998
Lease liability, current maturities	66,821	856,088
Due to affiliates	1,716,244	—
Short term notes payable, net	2,098,381	1,661,183
Current liabilities of discontinued operations	—	7,412,189
Total current liabilities	<u>13,810,148</u>	<u>20,549,429</u>
Long-term note payable	4,721,684	2,447,415
Lease liability, net of current maturities	—	549,290
Total liabilities	<u>18,531,832</u>	<u>23,546,134</u>
Stockholders' equity (deficit):		
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; 6,038,382 issued and 6,035,061 outstanding as of December 31, 2024 and 881,387 issued and 814,969 outstanding as of December 31, 2023.	60,384	8,814
Additional paid-in capital	86,103,787	69,003,597
Treasury stock, at cost – 3,371 shares as of December 31, 2024 and 2023	(92,396)	(92,396)
Accumulated deficit	(98,532,083)	(75,930,805)
Non-controlling interests	—	675,931
Total Stockholders' equity (deficit)	<u>(12,460,308)</u>	<u>(6,334,859)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 6,071,524</u>	<u>\$ 17,211,275</u>

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

SAFE & GREEN HOLDINGS CORP. AND SUBSIDIARIES

Consolidated Statements of Operations

	For the Years Ended December 31,	
	2024	2023
Revenue:		
Construction services	\$ 4,976,618	\$ 16,523,080
Total	<u>4,976,618</u>	<u>16,523,080</u>
Cost of revenue:		
Construction services	5,220,695	19,079,436
Total	<u>5,220,695</u>	<u>19,079,436</u>
Gross loss	(244,077)	(2,556,356)
Operating expenses:		
Payroll and related expenses	4,474,176	6,052,629
General and administrative expenses	3,065,632	6,576,714
Impairment loss	1,566,806	5,976,445
Marketing and business development expense	355,924	587,064
Total	<u>9,462,538</u>	<u>19,192,852</u>
Operating loss	(9,706,615)	(21,749,208)
Other income (expense):		
Interest expense	(3,127,179)	(1,430,372)
Interest income	—	119
Loss on disposition of equity-based investment	(320,408)	—
Change in fair value of equity-based investment	(6,616,201)	—
Other income	106,043	622,096
Total	<u>(9,957,745)</u>	<u>(808,157)</u>
Loss before income taxes	(19,664,360)	(22,557,365)
Income tax expense	—	—
Loss from continuing operations	(19,664,360)	(22,557,365)
Income (loss) from discontinued operations	<u>2,684,678</u>	<u>(3,725,168)</u>
Net loss	<u>(16,979,682)</u>	<u>(26,282,533)</u>
Common stock deemed dividend – reduction in conversion rate	(475,713)	—
Common stock deemed dividend – inducement	(5,145,883)	—
Net loss attributable to common stockholders	<u>\$ (22,601,278)</u>	<u>\$ (26,282,533)</u>
Net loss per share. - basic and diluted:		
Basic and diluted – continuing operations	<u>\$ (11.78)</u>	<u>\$ (29.21)</u>
Basic and diluted – discontinued operations	<u>\$ 1.25</u>	<u>\$ (4.82)</u>
Basic and diluted – total	<u>\$ (10.53)</u>	<u>\$ (34.03)</u>
Weighted average shares outstanding:		
Basic and diluted	<u>2,145,790</u>	<u>772,261</u>

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

SAFE & GREEN HOLDINGS CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

	<i>\$0.01 Par Value Common Stock</i>		<i>Preferred Stock</i>	<i>Additional Paid-in Capital</i>	<i>Treasury Stock</i>	<i>Accumulated Deficit</i>	<i>Noncontrolling Interests</i>	<i>Total Stockholders' Equity</i>
	<i>Shares</i>	<i>Amount</i>						
Balance at January 1, 2023	630,699	6,307	—	56,293,810	(49,680)	(41,428,268)	(382,607)	14,439,562
Stock-based compensation – RSU vesting	—	—	—	3,210,631	—	—	—	3,210,631
Issuance of restricted common stock for services	14,376	144	—	437,181	—	—	—	437,325
Issuance of restricted stock units for prior vested shares	151,017	1,510	—	(1,510)	—	—	—	—
Common stock issued for services	9,250	93	—	216,157	—	—	—	216,250
Issuance of warrants and restricted common stock for debt issuances	2,500	25	—	354,214	—	—	—	354,239
Issuance of common stock under EP agreement	32,895	329	—	394,406	—	—	—	394,735
Noncontrolling interest distribution	—	—	—	—	—	—	(46,417)	(46,417)
Treasury stock	—	—	—	—	(42,716)	—	—	(42,716)
Distribution of SG DevCorp	—	—	—	6,875,567	—	(8,220,004)	1,344,437	—
SG DevCorp. Issuance of stock	—	—	—	—	—	—	684,438	684,438
SG DevCorp transactions	—	—	—	448,547	—	—	(448,547)	—
Cashless warrant exercise	13,704	137	—	(137)	—	—	—	—
Conversion of accrued interest	1,500	15	—	44,985	—	—	—	45,000
Conversion of short-term notes payable	25,446	254	—	729,746	—	—	—	730,000
Net loss	—	—	—	—	—	(26,282,533)	(475,373)	(26,757,906)
Balance at December 31, 2023	<u>881,387</u>	<u>\$ 8,814</u>	<u>\$ —</u>	<u>\$ 69,003,597</u>	<u>\$ (92,396)</u>	<u>\$ (75,930,805)</u>	<u>\$ 675,931</u>	<u>\$ (6,334,859)</u>
Balance at January 1, 2024	881,387	8,814	—	69,003,597	(92,396)	(75,930,805)	675,931	(6,334,859)
Stock-based compensation – RSU vesting	518,068	5,181	—	1,189,416	—	—	—	1,194,597
Issuance of stock and warrants for debt issuance	15,000	150	—	251,211	—	—	—	251,361
Cashless warrant exercise	11,389	114	—	(114)	—	—	—	—
Issuance of stock upon inducement	94,932	949	—	493,264	—	—	—	494,213
Common stock deemed dividend	—	—	—	475,713	—	(475,713)	—	—
Common stock deemed dividend - inducement	—	—	—	5,145,883	—	(5,145,883)	—	—
SG DevCorp transactions	—	—	—	1,803,980	—	—	1,290,917	3,094,897
Deconsolidation of SG DevCorp	—	—	—	—	—	—	(1,966,848)	(1,966,848)
Fractional share adjustment	(82)	(1)	—	1	—	—	—	—
Conversion of debt and interest	154,155	1,542	—	800,544	—	—	—	802,086
Issuance of stock under EPA	13,355	134	—	28,733	—	—	—	28,867
Issuance of stock for accounts payable settlement	212,248	2,122	—	1,257,559	—	—	—	1,259,681
Issuance of common stock for cash	130,000	1,300	—	3,589,086	—	—	—	3,590,386
Prefunded warrant exercise	1,249,310	12,493	—	(12,368)	—	—	—	125
Issuance of stock and warrants for inducement	2,758,620	27,586	—	2,077,282	—	—	—	2,104,868
Net loss	—	—	—	—	—	(16,979,682)	—	(16,979,682)
Balance at December 31, 2024	<u>6,038,382</u>	<u>60,384</u>	<u>—</u>	<u>86,103,787</u>	<u>(92,396)</u>	<u>(98,532,083)</u>	<u>—</u>	<u>(12,460,308)</u>

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

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

	<i>For the Year Ended December 31, 2024</i>	<i>For the Year Ended December 31, 2023</i>
Cash flows from operating activities:		
Loss from continuing operations	\$ (19,664,360)	\$ (22,557,365)
Income (loss) from discontinued operations	2,684,678	(3,725,168)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	513,125	370,289
Direct write off of project development costs	266,129	—
Direct write off of investments in marketable securities and long-term notes receivable	—	1,557,534
Amortization of intangible assets	13,668	187,640
Impairment loss	1,566,806	4,418,911
Amortization of deferred license costs	30,589	40,785
Amortization of debt issuance costs	2,297,384	990,043
Amortization of right-of-use asset	971,833	2,433,865
Gain on deconsolidation – SG DevCorp	(4,637,013)	—
Loss on disposition of equity-based investment	320,408	—
Change in fair value of equity-based investment	6,616,201	—
Bad debt expense and recoveries	—	491,388
SGB DevCorp stock issuances	—	195,000
Common stock issued for services	—	3,210,631
Stock-based compensation	1,194,597	653,575
Changes in operating assets and liabilities:		
Accounts receivable	77,274	606,315
Contract assets	8,209	25,639
Inventories	(314,956)	309,048
Intangible assets	(23,921)	—
Prepaid expenses and other current assets	136,194	378,382
Accounts payable and accrued expenses	748,670	5,543,726
Contract liabilities	(770,916)	929,727
Other current liability	—	(5,795)
Lease liability	(1,338,557)	(2,859,852)
Net cash used in operating activities by continuing operations	<u>(9,303,958)</u>	<u>(6,805,682)</u>
Net cash provided from operating activities by discontinued operations	<u>(1,594,797)</u>	<u>70,665</u>
Cash flows used in investing activities:		
Purchase of property, plant and equipment	(90,374)	(600,064)
Purchase of intangible asset	—	(71,759)
Cash received from sale of equity-based investment	125,000	—
Project development costs	76,428	(111,175)
Net cash provided by (used in) investing activities by continuing operations	<u>111,054</u>	<u>(782,998)</u>
Net cash used in investing activities by discontinued operations	<u>(104,352)</u>	<u>(81,819)</u>
Cash flows provided by financing activities:		
Proceeds from short-term note payable	7,273,044	3,466,481
Payment of short-term notes payable	(5,834,000)	(1,204,129)
Proceeds from long-term note payable	—	710,692
Proceeds from warrant inducement	2,599,081	—
Issuance of common stock under EP agreement	28,867	—
Prefunded warrant exercise	125	—
Issuance of common stock for cash	3,590,386	394,735
Distribution paid to noncontrolling interest	—	(46,417)
Repurchase of common stock	—	(42,716)
Net cash (used in) provided by financing activities by continuing operations	<u>7,657,503</u>	<u>3,278,646</u>
Net cash (used in) provided by financing activities by discontinued operations	<u>3,596,211</u>	<u>3,753,344</u>
Net (decrease) increase in cash and cash equivalents	<u>361,661</u>	<u>(567,844)</u>
Cash and cash equivalents - beginning of year	<u>14,212</u>	<u>582,056</u>
Cash and cash equivalents - end of year	<u>\$ 375,873</u>	<u>\$ 14,212</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 2,090,264</u>	<u>\$ 1,534,576</u>
Supplemental disclosure of non-cash operating activities:		
Assets and liabilities effected in deconsolidation		
Cash	<u>\$ 567,473</u>	<u>\$ —</u>
Assets held for sale	<u>\$ 4,400,361</u>	<u>\$ —</u>
Prepaid expenses and other current assets	<u>\$ 429,331</u>	<u>\$ —</u>
Property and equipment, net	<u>\$ 1,194,117</u>	<u>\$ —</u>
Project development costs and other assets	<u>\$ 91,490</u>	<u>\$ —</u>
Goodwill	<u>\$ 1,810,787</u>	<u>\$ —</u>

Intangible assets	\$ 138,678	\$ —
Investments in equity-based investments	\$ 3,642,607	\$ —
Accounts payable and accrued expenses	\$ 1,600,294	\$ —
Contingent consideration payable	\$ 945,000	\$ —
Supplemental disclosure of non-cash financing activities:		
Short-term notes payable	\$ 6,476,723	\$ —
Cashless warrant exercise	\$ 114	\$ 137
Fractional common share adjustment	\$ 1	\$ —
Common stock deemed dividend - inducement	\$ 475,713	\$ —
Common stock deemed dividend - inducement	\$ 5,145,883	\$ —
Conversion of short-term notes payable and accrued interest to common stock	\$ 802,086	\$ 775,000
Fair value of warrants issued with debt	\$ 251,361	\$ —
Common stock issuance for accounts payable settlement	\$ 1,259,681	\$ —
Additions of property for debt	\$ —	\$ 969,188
Restricted stock units issued	\$ —	\$ 1,510
SG DevCorp Distribution	\$ —	\$ 8,220,004
SG DevCorp. Transactions	\$ —	\$ 448,547
Peak Stock and Warrants Issuances	\$ —	\$ 354,329

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

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) construction; (ii) medical; (ii) real estate development; and (iv) environmental. The construction 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 DevCorp (as defined below), 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

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. The Company also entered into a joint venture with Clarity Lab Solutions LLC., to provide clinical lab testing related to COVID-19, which ceased activities in 2022.

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. As described in Note 2, the activities of SG DevCorp were deconsolidated and determined to be a discontinued operation. As such, the activities of SG DevCorp are no longer a part of the Company's continuing activities.

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 (the "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 on Form 10-K for the year ended December 31, 2024 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.

During 2024, the Company's ownership in SG DevCorp fell below 50%, and the Company deconsolidated SG DevCorp from its financial statements (the "Deconsolidation"). The decrease in ownership percentage resulted from additional equity transactions of SG DevCorp. As of December 31, 2024, the Company accounts for its investment in SG DevCorp on the equity method. Upon deconsolidation, the Company recognized a gain of \$4,637,013 which resulted from the difference between the fair value of the Company's investment upon deconsolidation, and the net assets and carrying value of the non-controlling interest. The gain is included in income (loss) from discontinued operations. The fair value of the Company's investment in SG DevCorp upon deconsolidation amounted to \$8,126,350. The Deconsolidation represents a strategic shift in the Company's operations and will have a major effect on the Company's operations and financial results. Prior year financial statements for 2023 have been restated to present the operations of SG DevCorp as a discontinued operation. This transaction is further described in Note 22.

3. Liquidity and Going Concern

As of December 31, 2024, the Company had cash and cash equivalents of \$375,873 and a backlog of \$1,182,955. See Note 13 for a discussion of construction backlog. Based on the Company's conversations with key customers, the Company anticipates its backlog to convert to revenue over the following period:

	2024
Within 1 year	<u>\$ 1,182,955</u>
Total Backlog	<u><u>\$ 1,182,955</u></u>

The Company has incurred losses since its inception, has negative working capital of approximately \$2,650,196 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.

3. Liquidity and Going Concern (continued)

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 consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and the applicable rules and regulations of the United States Securities and Exchange Commission (“SEC”) and include the accounts of the Company and its wholly owned subsidiaries, SG Building Blocks, Inc., SG Residential, In, SG Environmental and SG Echo, LLC. All intercompany balances and transactions are eliminated. Investments in 50% or less owned partnerships and affiliates are accounted for using the equity method unless it is determined that we have effective control of the entity, in which case we would consolidate the entity. Certain prior period amounts have been reclassified to conform to the current period’s presentation.

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 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.

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.

4. Summary of Significant Accounting Policies (continued)

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 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.

Disaggregation of Revenues

The Company's revenues are primarily derived from two segments, construction related to Modules. The Company's contracts are with customers in various industries. Revenue recognized over time were \$4,976,618 and \$16,523,080, respectively, for the years ended December 31, 2024 and 2023 respectively.

4. Summary of Significant Accounting Policies (continued)

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

Revenue by Segments and Customer Type	Year Ended December 31,			
	2024		2023	
Construction Segment:				
Government	\$ —	—%	\$ 1,087,545	7%
Hotel/Hospitality	181,719	4%	250,450	2%
Office	4,794,899	96%	14,869,659	90%
Special Use	—	—%	315,426	1%
Total Construction Revenue Segment (includes engineering service revenue)	\$ 4,976,618	100%	\$ 16,523,080	100%

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 our 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 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 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.

Deferred Contract Costs - The Company previously incurred total deferred contract costs of \$203,926 related to a contract the Company had in the past. As of December 31, 2024, accumulated amortization related to deferred contract costs amounted to \$203,926. During the years ended December 31, 2024 and 2023, amortization expense relating to the deferred contract costs amounted to \$30,589 and \$40,785 and is included in general and administrative expenses on the accompanying consolidated statements of operations.

4. Summary of Significant Accounting Policies (continued)

Business Combinations - The Company accounts for business acquisitions using the acquisition method of accounting in accordance with 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 and there is no activity for the years ending December 31, 2024 or 2023.

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. There is no activity from CAT for the years ending December 31, 2024 or 2023.

4. Summary of Significant Accounting Policies (continued)

Investment Entities – The Company accounts for investment in SG DevCorp at fair value with any changes in value recorded to income or loss. As of December 31, 2024, the Company holds 276,425 shares of SG DevCorp which represented approximately 19% ownership

Upon the Deconsolidation during 2024, the Company began to report its investment in SG DevCorp on the equity method. The Company has elected to measure its investment in SG DevCorp on the fair value method. Subsequent to the Deconsolidation, the Company disposed a portion of its investment in SG DevCorp and recorded a loss of \$320,408.

The following represents the activity of the Company's investment in SG DevCorp for the year ending December 31, 2024:

Initial value upon Deconsolidation	\$ 7,674,665
Disposition of shares of SG DevCorp	(320,408)
Change in fair value of investment	(6,616,201)
Ending value	\$ 738,056

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 \$375,873 and \$14,212 as of December 31, 2024 and 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 December 31, 2024 or 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 our estimates and could be material to our 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).

4. Summary of Significant Accounting Policies (continued)

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. As of December 31, 2024 and 2023 there was inventory of \$471,468 and \$156,212, 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 was a \$0 impairment loss during the year ended December 31, 2024 and \$1,309,330 impairment loss during the year ended December 31, 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, 2024 and 2023 and determined that there are \$0 of impairment loss for the year ended December 31, 2024 and \$1,880,547 impairment loss for the year ended December 31, 2023. The accumulated amortization and amortization expense as of and for the year ended December 31, 2024 was \$63,392 and \$13,668, respectively. The accumulated amortization and amortization expense for the years ended December 31, 2023 was \$2,852,929 and \$187,640 respectively.

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.

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 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.

4. Summary of Significant Accounting Policies (continued)

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.

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. There have been no changes in Level 1, Level 2, and Level 3 and no changes in valuation. The fair value of the Company's equity-based investment in SG DevCorp was determined based on Level 1 inputs. The Company does not have any financial instruments in the Level 2 or Level 3 category.

	Fair value measured as of December 31 2024			
	Total at December 31, 2024	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Investment in SG DevCorp	\$ 738,056	\$ 738,056	\$ -	\$ -

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 consolidated statements of operations.

Other income (expense) – Included in other income (expense) for the year ended December 31, 2024, was a \$5,000 legal settlement and \$316,589 of miscellaneous income from the sale of scrap and other miscellaneous which does not function to our core business. Included in other income (expense) for the year ended December 31, 2023, was a \$450,000 legal settlement, \$173,314 of miscellaneous income from the sale of scrap and other miscellaneous which does not function to our core business.

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.

4. Summary of Significant Accounting Policies (continued)

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 the FDIC 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 December 31, 2024 and 2023, 100% and 100%, respectively, of the Company's gross accounts receivable were due from three and four customers.

Revenue in excess of 10% relating to three and one customer represented approximately 83% and 87% of the Company's total revenue for the years ended December 31, 2024 and 2023, respectively.

For the year ending December 31, 2024 and 2023, there were no vendors that represented 10% or more of our cost of revenue. The Company believes it has access to alternative suppliers, with limited disruption to the business, should circumstances change with its existing suppliers.

Accounting Standards Recently Adopted - On November 27, 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. Among other new disclosure requirements, ASU 2023-07 requires companies to disclose significant segment expenses that are regularly provided to the chief operating decision maker. ASU 2023-07 is effective for annual periods beginning on January 1, 2024 and interim periods beginning on January 1, 2025. ASU 2023-07 must be applied retrospectively to all prior periods presented in the financial statements. The Company adopted ASU 2023-07 during the year ended December 31, 2024.

5. Accounts Receivable

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

	<u>2024</u>	<u>2023</u>
Billed:		
Construction services	\$ 372,274	\$ 819,887
Other receivable	-	-
Total gross receivables	<u>372,274</u>	<u>819,887</u>
Less: allowance for credit losses	<u>(266,795)</u>	<u>(637,134)</u>
Total net receivables	<u>\$ 105,479</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 December 31,:

	<u>2024</u>	<u>2023</u>
Costs incurred on uncompleted contracts	\$ 3,161,295	\$ 20,213,733
Provision for loss on uncompleted contracts	—	—
Estimated earnings (losses) to date on uncompleted contracts	<u>(687,903)</u>	<u>(968,040)</u>
Gross contract assets	2,473,392	19,245,693
Less: billings to date	<u>(3,066,938)</u>	<u>(20,601,946)</u>
Net contract liabilities on uncompleted contracts	<u>\$ (593,546)</u>	<u>\$ (1,356,253)</u>

The above amounts are included in the accompanying consolidated balance sheets under the following captions at December 31,:

	<u>2024</u>	<u>2023</u>
Contract assets	\$ 2,536	\$ 10,745
Contract liabilities	<u>(596,082)</u>	<u>(1,366,998)</u>
Net contract liabilities	<u>\$ (593,546)</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.

7. Project Development Costs and Other Non-Current Assets

Project development costs and other non-current assets are stated at cost. At December 31, 2024, non-current assets which includes security deposits totaled \$196,432. At December 31, 2023, the Company's project development costs related mainly to its development segment totaled \$44,157 and other non-current assets which includes security deposits totaled \$194,832.

8. 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 December 31, 2024 and 2023, the Company's property, plant and equipment, net consisted of the following:

	2024	2023
Building	\$ 3,447,763	\$ 969,188
Computer equipment and software	100,370	98,756
Furniture and other equipment	16,251	271,798
Leasehold improvements	11,991	17,280
Equipment and machinery	770,939	943,464
Automobiles	4,638	4,638
Building held for lease	—	196,416
Construction in process	—	2,397,659
Property, plant and equipment	4,351,952	4,899,199
Less: accumulated depreciation	(386,526)	(511,022)
Property, plant and equipment, net	<u>\$ 3,965,426</u>	<u>\$ 4,388,177</u>

Depreciation expense for the years ended December 31, 2024 and 2023 amounted to \$513,125 and \$370,289, respectively. Additionally, during the year ended December 31, 2023, property, plant and equipment consisting of lab units and construction in progress with a net book value of \$1,229,034 was written off due to lack of usage and no plans to be put back into service.

9. 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"). CPF GP also 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, 2020, 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 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; 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, 2020, on which date the Company loaned CPF GP 2019-1 LLC \$250,000. The Company Note 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 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.

During the year ended December 31, 2023, the Company determined that the above notes are 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 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 4") and the assignment occurred in January 2022.

10. Accounts Payables and Accrued Expenses

The Company's accounts payables and accrued expenses at December 31, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Accounts payable ⁽¹⁾	\$ 6,248,784	\$ 5,866,562
Accrued public fees ⁽²⁾	350,000	150,474
Accrued general and administrative expenses	1,300,900	971,124
Accrued payroll and benefits ⁽³⁾	1,187,881	1,349,043
Accrued interest	13,920	44,038
Accrued losses on construction services	231,135	871,730
Total accounts payable and accrued expenses	<u>\$ 9,332,620</u>	<u>\$ 9,252,971</u>

(1) Payables also includes insurance financing payable and construction retainage payable balances along with the Company's normal account payable balances.

(2) Public fees include accruals for accounting, legal, and SEC compliance expenses.

(3) Accrued wages, salaries, PTO, benefits, taxes, and other incentive plan expenses.

11. Notes Payable*Authority Loan Agreement*

On October 29, 2021, SG Echo entered into a Loan Agreement (the "Authority Loan Agreement") with the Durant Industrial Authority (the "Authority") pursuant to which it issued to the Authority a non-interest bearing Forgivable Promissory Note in the principal amount of \$750,000 (the "Forgivable Note") in exchange for \$750,000 to be used for renovation improvements related to the Company's approximately 58,000 square-foot manufacturing facility in Durant, Oklahoma. 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 the Authority 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.

See note 20 for additional information regarding litigation between the Company and Authority.

11. Notes Payable (continued)*Peak One Transactions*

On February 7, 2023, the Company closed a private placement offering (the “PeakOne 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 PeakOne Opportunity Fund, L.P. (“Peak One”). Pursuant to a Securities Purchase Agreement, dated February 7, 2023 (the “February 2023 Purchase Agreement”), by and between the Company and Peak One, 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 Peak One 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 February 2023 Purchase Agreement and issued 50,000 shares (2,500 shares as adjusted for the May Stock Split) of its common stock (the “Commitment Shares”) to PeakOne Investments, LLC (“Peak One Investments”), the general partner of Peak One.

The Debenture matured twelve months from its date of issuance and bore interest at a rate of 8% per annum payable on the maturity date. The Debenture was 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. Upon entering into the January 2024 Purchase Agreement as described below the Conversion Price was adjusted to \$0.46, and then upon entering into the Inducement Agreement as described below, the Conversion Price was further adjusted to \$0.26 (“Conversion Adjustments”).

During the year ended December 31, 2024 Peak One converted the Debenture in full and received a total of 29,298 shares of the Company’s common stock. Such conversion was within the terms of the agreement with no gains or losses recognized on the transactions.

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 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 February 2023 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.

11. Notes Payable (continued)

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 \$7,000, both of which have been recorded as a debt discount and will be amortized over the effective rate method.

On January 11, 2024, the Company entered into a Securities Purchase Agreement (the "January 2024 Purchase Agreement") with PeakOne, 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 2024 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 \$650,000 (the "Holdings Debenture") to PeakOne and a warrant (the "Peak Warrant #3") to purchase up to 375,000 shares of the Company's common stock (18,750 as adjusted for the May Stock Split) to PeakOne's designee, as described in the January 2024 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 January 2024 Purchase Agreement and issued to Peak One and its designee an aggregate of 300,000 shares of its common stock (15,000 as adjusted for the May Stock Split) as provided in the January 2024 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 Holdings 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. Upon entering into the Inducement Agreement as described below, the Conversion Price was adjusted to \$0.26. This transaction, along with the Conversion Adjustments resulted in the Company recording a common stock deemed dividend in the amount of \$475,713 during the year ended December 31, 2024 ("Conversion Deemed Dividend").

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 (the "January 2024 SPA 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 PeakOne 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 January 2024 SPA Minimum Threshold is reached to repay the outstanding amounts owed under the Debenture.

11. Notes Payable (continued)

The Peak Warrant #3 expires five years from its date of issuance. The Peak Warrant #3 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 (\$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 Peak Warrant #3. The Peak Warrant #3 provides for cashless exercise under certain circumstances.

Maxim Group LLC (“Maxim”) acted as placement agent in the January Offering. In connection with the closing of the first tranche of the January 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 January Offering.

During the year ending December 31, 2024, the principal balance of the Holdings Debenture was converted and there was no principal balance remaining. Such conversion was within the terms of the agreement with no gains or losses recognized on the transactions.

Cash Advance Agreements

On May 16, 2023, SG Building entered into a Cash Advance Agreement (the “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 December 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 (the “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 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’s obligations under the Second Cash Advance Agreement have been guaranteed by SG Echo. As of December 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 (the “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 until the \$511,200 due to Cedar under the Third Cash Advance Agreement is paid in full. In the event of a default (as defined in the Third Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the Third Cash Advance Agreement. SG Building’s obligations under the Third Cash Advance Agreement have been guaranteed by SG Echo. As of December 31, 2024 and December 31, 2023, the outstanding balance was \$0 and \$302,817 on this advance, respectively.

On January 5, 2024, SG Building and SG Echo (together with SG Building, the “Merchants”) entered into a Cash Advance Agreement (the “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 \$2,500 a week directly from the Merchants until the \$300,000 due to Maison under the January Cash Advance Agreement is paid in full. 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’s 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.

11. Notes Payable (continued)

On January 29, 2024, SG Building entered into a Cash Advance Agreement (the “Fourth Cash Advance Agreement” and, together with the Cash Advance Agreement, the Second Cash Advance Agreement and the Third Cash Advance Agreement, the “Cedar Cash Advance Agreements”) with Cedar pursuant to which SG Building 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 Fourth Cash Advance Agreement, Cedar is expected to withdraw \$49,150 a week directly from SG Building until the \$1,733,420 due to Cedar under the Fourth Cash Advance Agreement is paid in full. In the event of a default (as defined in the Fourth Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the Fourth Cash Advance Agreement. SG Building’s obligations under the Fourth Cash Advance Agreement have been guaranteed by SG Echo. As of December 31, 2024 there was no outstanding balance on this advance.

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 until the \$224,850 due to Bridgecap under the February Cash Advance Agreement is paid in full. 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. As of December 31, 2024 there was no outstanding balance on this advance.

On July 31, 2024, SG Building entered into a Cash Advance Agreement (the “July Cash Advance Agreement”) with Cedar pursuant to which SG Building sold to Cedar \$1,957,150 of its future receivables for a purchase price of \$1,350,000, less underwriting fees and expenses paid and the repayment of prior amounts due Cedar, for net funds provided of \$285,180, which are net of repayment of prior Cedar Cash Advance Agreements

Pursuant to the July Cash Advance Agreement, Cedar is expected to withdraw \$49,150 a week directly from SG Building until the \$1,957,150 due to Cedar under the July Cash Advance Agreement is paid in full. In the event of a default (as defined in the July Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the July Cash Advance Agreement. SG Building’s obligations under the July Cash Advance Agreement have been guaranteed by SG Echo. As of December 31, 2024 the principal balance on this advance was \$1,536,700.

On August 27, 2024, SG Building entered into a Cash Advance Agreement (the “Pawn Cash Advance Agreement”) with Pawn Funding (“Pawn”) pursuant to which SG Building sold to Pawn \$599,600 of its future receivables for a purchase price of \$400,000, less underwriting fees and expenses paid and the repayment of prior amounts due Pawn, for net funds provided of \$360,000. Pursuant to the Pawn Cash Advance Agreement, Pawn is expected to withdraw \$4,999.67 a week directly from SG Building until the \$599,600 due to Pawn is paid in full. In the event of a default (as defined in the Pawn Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the Pawn Cash Advance Agreement. As of December 31, 2024 the principal balance on this advance was \$249,833.

On December 17, 2024, SG Building entered into a Cash Advance Agreement (the “December Cash Advance Agreement”) with Cedar pursuant to which SG Building sold to Cedar \$194,500 of its future receivables for a purchase price of \$138,000, less underwriting fees and expenses paid, for net funds provided of \$125,000. Pursuant to the Cedar Cash Advance Agreement, Cedar is expected to withdraw \$4,900 a week directly from SG Building until the \$194,500 due to Cedar is paid in full. In the event of a default (as defined in the Cedar Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the Cedar Cash Advance Agreement. As of December 31, 2024 the principal balance on this advance was \$184,700.

11. Notes Payable (continued)

On December 24, 2024, SG Building entered into a Cash Advance Agreement (the “December Cash Advance Agreement”) with Cedar”) pursuant to which SG Building sold to Cedar \$203,000 of its future receivables for a purchase price of \$140,000, less underwriting fees and expenses paid, for net funds provided of \$126,000. Pursuant to the December Cedar Cash Advance Agreement, Cedar is expected to withdraw \$5,000 a week directly from SG Building until the \$203,000 due to Cedar is paid in full. In the event of a default (as defined in the Cedar Cash Advance Agreement), Cedar, among other remedies, can demand payment in full of all amounts remaining due under the Cedar Cash Advance Agreement. As of December 31, 2024 the principal balance on this advance was \$203,000.

SouthStar Secured Note

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”).

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 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 a 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.

11. Notes Payable (continued)

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.

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, 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. As of December 31, 2024 and 2023, the principal balance on this note was \$0 and \$790,546, respectively. During 2024, the entire balance was paid in full.

Enhanced Note

On September 20, 2024, SG Echo entered into a Loan and Security Agreement (the "Enhanced Loan Agreement") with Enhanced Capital Oklahoma Rural Fund, LLC ("Enhanced") pursuant to which SG Echo borrowed \$4,000,000 (the "Principal") from Enhanced, and whereby SG Echo executed and delivered a Secured Promissory Note (the "Enhanced Note") to Enhanced to evidence SG Echo's obligations under the Enhanced Loan Agreement. The Enhanced Note shall bear interest at a rate equal to the greater of (i) the Secured Overnight Financing Rate ("SOFR") plus six and sixty-five tenths percent (6.65%) and (ii) ten percent (10.0%) per annum (the "Interest Rate"). SG Echo shall pay to Enhanced a closing fee of \$80,000, which shall be due and payable on October 1, 2025, unless such date shall be extended by Lender. SG Echo's obligations under the Enhanced Loan Agreement and the Enhanced Note have been guaranteed by the Company.

Pursuant to the terms of the Enhanced Note, SG Echo shall make monthly payments of accrued interest on the first business day of each calendar month until December 31, 2025. Commencing January 2026, SG Echo shall make monthly payments of accrued interest and additionally shall make a monthly principal payment on the Note in an amount equal to \$22,222.22. The maturity date of the Note shall be the sixty-month anniversary of the closing date (the "Enhanced Maturity Date"). All outstanding principal and accrued interest shall be due and payable on the Enhanced Maturity Date.

Pursuant to the terms of the Enhanced Loan Agreement, on the closing date, \$360,000 (the "Interest Reserve") will be deposited in a segregated deposit account in SG Echo's name, which account shall be subject to a Control Agreement in favor of the Lender (the "Interest Reserve Account"). The monthly payments due under the Enhanced Note are withdrawn from the Interest Reserve Account until the Interest Reserve has been fully withdrawn. SG Echo shall have no obligation to replenish amounts withdrawn from the Interest Reserve Account.

Pursuant to the terms of the Enhanced Loan Agreement, SG Echo shall grant Enhanced a first priority mortgage on the real property located at 01 Waldron Rd., Durant, Oklahoma. Additionally, SG Echo shall grant Lender a continuing security interest in, a general lien upon, collateral assignment of, and a right of set-off against all of SG Echo's right, title, and interest in and to all assets of SG Echo.

In the event of default (as defined in the Enhanced Loan Agreement), Enhanced, among other remedies, can demand all amounts and/or liabilities owing from time to time by SG Echo to Enhanced pursuant to the Enhanced Loan Agreement and the Enhanced Note (with accrued interest thereon) and all other amounts owing under the Enhanced Loan Agreement due and payable.

As of December 31, 2024, the Company paid off the remaining balances of the Secured Note and the Overadvance with the proceeds of the Enhanced Note. As of December 31, 2024 the principal balance on this note was \$4,000,000.

11. Notes Payable (continued)*Galvin Promissory Note*

On December 14, 2023, the Company entered into a promissory note with Paul Galvin, the Company's Chairman and CEO, for \$5,000 ("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. During the year ended December 31, 2024, \$68,000 in principal payments were made. As of December 31, 2024 the principal balance was \$17,000.

1800 Diagonal Note

On March 5, 2024, the Company issued a promissory note (the "1800 Diagonal Note") in favor of 1800 Diagonal Lending LLC ("1800 Diagonal") in the aggregate principal amount of \$149,500 pursuant to a Securities Purchase Agreement, dated March 5, 2024 (the "SPA").

The 1800 Diagonal Note was purchased by 1800 Diagonal 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 1800 Diagonal 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 1800 Diagonal Note which is not paid when due will bear interest at the rate of 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.

Among other things, an event of default will be deemed to have occurred if the Company fails to pay the principal or interest when due on the 1800 Diagonal 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 1800 Diagonal 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 1800 Diagonal Note, an amount equal to 200% times the sum of the then outstanding principal amount of the 1800 Diagonal Note plus accrued and unpaid interest on the unpaid principal amount of this 1800 Diagonal 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 1800 Diagonal Note, 1800 Diagonal will have the right, to convert all or any part of the outstanding and unpaid amount of the 1800 Diagonal 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 1800 Diagonal Note may not be converted into shares of the Company's common stock if the conversion would result in 1800 Diagonal 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 1800 Diagonal 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.

On August 28, 2024, the Company issued a promissory note (the "August 1800 Diagonal Note") in favor of 1800 Diagonal in the principal amount of \$290,000 for a purchase price of \$250,000, representing an original issue discount of \$40,000. A one-time interest charge of twelve percent (12%) be applied on the issuance date to the principal balance. Under the terms of the August 1800 Diagonal Note, beginning on February 28, 2025, the Company is required to make five monthly payments of accrued, unpaid interest and outstanding principal, subject to adjustment, in the amount of \$40,600, with \$162,400 being due on February 28, 2025. The Company has right to accelerate payments or prepay in full at any time with no prepayment penalty. The connection with the August 1800 Diagonal Note, the Company incurred \$8,000 in debt issuance costs. The August 1800 Diagonal Note has default terms similar to the 1800 Diagonal Note as described above.

On October 17, 2024, the Company issued a promissory note (the "October 1800 Diagonal Note") in favor of 1800 Diagonal in the principal amount of \$174,000 for a purchase price of \$150,000, representing an original issue discount of \$24,000. A one-time interest charge of twelve percent (12%) be applied on the issuance date to the principal balance. Under the terms of the October 1800 Diagonal Note, beginning in November 2024, the Company is required to make nine monthly payments of accrued, unpaid interest and outstanding principal, subject to adjustment, in the amount of \$21,653. The Company has right to accelerate payments or prepay in full at any time with no prepayment penalty. The connection with the October 1800 Diagonal Note, the Company incurred \$6,000 in debt issuance costs. The October 1800 Diagonal Note has default terms similar to the 1800 Diagonal Note as described above.

11. Notes Payable (continued)

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

	<u>2024</u>	<u>2023</u>
Loan Agreement	\$ 750,000	\$ 750,000
Debenture	—	123,600
Cash Advance Agreement	—	727,271
Secured Note	—	1,750,000
July Cash Advance Agreement	1,536,700	—
Pawn Advance Agreement	249,832	—
Enhanced Note	4,000,000	—
December Cash Advance Agreement	184,700	—
December Cash Advance Agreement 2	203,000	—
Overadvance	—	790,546
1800 Diagonal Note	135,334	—
August 1800 Diagonal Note	290,000	—
Galvin Note Payable	17,000	75,000
Total	<u>7,366,566</u>	<u>4,216,417</u>
Less: Debt discount and debt issuance costs	(546,501)	(107,819)
Total debt, net	6,820,065	4,108,598
Less: current maturities	(2,098,381)	(1,661,183)
Long-term debt, net	<u>\$ 4,721,684</u>	<u>\$ 2,447,415</u>

Scheduled maturities of notes payable is as follows for the years ending December 31,:

2025	\$	2,616,566
2026		266,667
2027		266,667
2028		266,667
2029		1,016,667
Thereafter		2,933,332
	\$	7,366,566

12. Leases

The Company leased certain equipment under non-cancelable operating and finance lease agreements. The leases have remaining lease terms of less than one year.

Supplemental balance sheet information related to leases is as follows:

Balance Sheet Location		December 31, 2024
Finance Leases		
Right-of-use assets, net		\$ —
Current liabilities	Lease liability, current maturities	66,821
Non-current liabilities	Lease liability, net of current maturities	—
Total financing lease liabilities		<u>\$ 66,821</u>
Weighted Average Remaining Lease Term		
Finance leases		0.10 year
Weighted Average Discount Rate		
Finance leases		3%

As of December 31, 2024 the balance of right-of-use asset was deemed impaired and the Company recorded an impairment loss of \$,015,304. The impairment was due to non-use of such assets, and the Company in negotiations with the current lessor. The Company believes it will not be able to recognize the value of the asset further and has thus deemed it fully impaired. Additionally, the Company recorded an amount of \$551,502 as an impairment loss for additional potential amounts due through the estimated remainder of the lease.

12. Leases (continued)

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-cancelable leases, are as follows:

Year Ending December 31,	Financing
2024	\$ 66,821
Less: Imputed interest	—
Present value of lease liabilities	\$ 66,821

Total lease expense amounted to \$370,238 and \$943,441 for the years ending December 31, 2024 and 2023.

13. Construction Backlog

The following represents the backlog of signed construction and engineering contracts in existence at December 31, 2024 and 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 December 31, 2024 and December 31, 2023, respectively, on which work has not yet begun:

	2024	2023
Balance - beginning of year	\$ 1,902,332	\$ 6,810,762
New contracts and change orders during the year	4,257,241	11,614,650
Subtotal	6,159,573	18,425,412
Less: contract revenue earned during the year	(4,976,618)	(16,523,080)
Balance - end of year	\$ 1,182,955	\$ 1,902,332

13. Construction Backlog (continued)

The Company's remaining backlog as of December 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 December 31, 2024 over the following period:

	2024
Within 1 year	\$ 1,182,955
Total Backlog	\$ 1,182,955

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.

14. Segment Reporting

The Company's Chief Operating Decision Maker ("CODM") as defined under GAAP, who is the Company's Chief Financial Officer and Chief Executive Officer, has determined that the Company is currently organized its operations into the segments as follows. We have organized our operations into three segments: Construction, Medical, Development and Environmental. We allocate to segment results the operating expenses "Payroll and related expenses," "General and administrative," "Marketing and business development," and "Pre-project" based on usage, which is generally reflected in the segment in which the costs are incurred. These segments reflect the way our executive team evaluates the Company's business performance and manages its operations. The Construction segment includes the Company's manufacturing unit SG ECHO and other modules projects. The Medical segment mainly consists of minimal expenses for this segment. The Environmental segment has had no activity through December 31, 2024. Corporate and support consists of general corporate expenses such as our executive office; the corporate finance, accounting, audit, tax, human resources, risk management, information technology, marketing, and legal groups; corporate overhead and other items not allocated to any of the Company's segments. From time to time, the Company revises the measurement of each segment's cost of revenue and operating expenses, including any corporate overhead allocations, as determined by the information regularly reviewed by its executive team. The CODM continually reviews a monthly statement of operations separated by segment, along with an analysis of the significant segment expenses as described below. Information for the Company's segments, as well as for Corporate and support, is provided in the following table:

14. Segment Reporting (continued)

	<u>Construction</u>	<u>Medical</u>	<u>Corporate/Support</u>	<u>Consolidated</u>
Fiscal Year Ended December 31, 2024				
Revenue	\$ 4,976,618	\$ —	\$ —	\$ 4,976,618
Significant segment expenses:				
Costs of revenue:				
Direct labor	407,241	—	—	407,241
Materials	1,022,874	—	—	1,022,874
Allocated overhead	3,517,750	—	—	3,517,750
Other costs of revenue	272,830	—	—	272,830
	<u>5,220,695</u>	<u>—</u>	<u>—</u>	<u>5,220,695</u>
Operating expenses:				
Payroll and related	—	—	4,474,176	4,474,176
Professional fees	—	—	3,565,080	3,565,080
Other expenses	75,404	104,174	1,243,704	1,423,282
	<u>75,404</u>	<u>104,174</u>	<u>9,282,960</u>	<u>9,462,538</u>
Operating loss	(319,481)	(104,174)	(9,282,960)	(9,706,615)
Other expense	(545,947)	—	(9,411,798)	(9,957,745)
Loss before income taxes	<u>(865,428)</u>	<u>(104,174)</u>	<u>(18,694,758)</u>	<u>(19,664,360)</u>
Income from discontinued operation	—	—	2,684,678	2,684,678
Net loss attributable to common stockholders	<u>\$ (865,428)</u>	<u>\$ (104,174)</u>	<u>\$ (16,010,080)</u>	<u>\$ (16,979,682)</u>
Total assets	\$ 4,782,379	\$ 1,406	\$ 1,287,739	\$ 6,071,524
Depreciation and amortization	\$ 512,707	\$ —	\$ 14,086	\$ 526,793
Capital expenditures	\$ 13,496	\$ —	\$ —	\$ 13,496
Fiscal Year Ended December 31, 2023				
Revenue	\$ 16,523,080	\$ —	\$ —	\$ 16,523,080
Significant segment expenses:				
Costs of revenue:				
Direct labor	6,252,798	—	—	6,252,798
Materials	9,497,138	—	—	9,497,138
Allocated overhead	1,950,373	—	—	1,950,373
Other costs of revenue	1,379,127	—	—	1,379,127
	<u>19,079,436</u>	<u>—</u>	<u>—</u>	<u>19,079,436</u>
Operating expenses:				
Payroll and related	—	—	6,052,629	6,052,629
Professional fees	—	—	4,276,699	4,276,699
Other expenses	11,319	528,672	8,323,533	8,863,524
	<u>11,319</u>	<u>528,672</u>	<u>18,652,861</u>	<u>19,192,852</u>
Operating loss	(2,567,675)	(528,672)	(18,652,861)	(21,749,208)
Other expense	(648,157)	—	(160,000)	(808,157)
Loss before income taxes	<u>(3,215,832)</u>	<u>(528,672)</u>	<u>(18,812,861)</u>	<u>(22,557,365)</u>
Loss from discontinued operation	—	—	(3,725,168)	(3,725,168)
Net loss attributable to common stockholders	<u>\$ (3,215,832)</u>	<u>\$ (528,672)</u>	<u>\$ (22,538,029)</u>	<u>\$ (26,282,533)</u>
Total assets	\$ 5,997,826	\$ 1,483	\$ 11,211,966	\$ 17,211,275
Depreciation and amortization	\$ 182,530	\$ —	\$ 416,184	\$ 598,714
Capital expenditure	\$ —	\$ —	\$ 607,404	\$ 607,404

15. Income Taxes

The Company's provision (benefit) for income taxes consists of the following for the year ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Deferred:		
Federal	\$ (4,070,218)	\$ (5,567,459)
State and local	(852,357)	35,157
Total deferred	(4,922,575)	(5,532,302)
Total provision (benefit) for income taxes	(4,922,575)	(5,532,302)
Less: valuation allowance	4,922,575	5,532,302
Income tax provision	<u>\$ —</u>	<u>\$ —</u>

A reconciliation of the federal statutory rate to 0.0% for the year ended December 31, 2024 and 2023 to the effective rate for income from operations before income taxes is as follows:

	<u>2024</u>	<u>2023</u>
Benefit for income taxes at federal statutory rate	21.0%	21.0%
State and local income taxes, net of federal benefit	3.9	3.9
Less valuation allowance	(24.9)	(24.9)
Effective income tax rate	<u>0.0%</u>	<u>0.0%</u>

The tax effects of these temporary differences along with the net operating losses, net of an allowance for credits, have been recognized as deferred tax assets (liabilities) at December 31, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Net operating loss carryforward	\$ 15,183,149	\$ 12,138,836
Bad debt reserve	34,338	34,338
Employee stock compensation	2,847,598	2,605,215
Intangible assets	544,555	305,516
Depreciation	(121,403)	(181,016)
Accrued expenses	207,966	296,808
Change in fair value of investments	1,558,777	—
Charity	194	194
Net deferred tax asset	20,255,174	15,199,891
Valuation allowance	(20,255,174)	(15,199,891)
Net deferred tax asset	<u>\$ —</u>	<u>\$ —</u>

The Company establishes a valuation allowance, if based on the weight of available evidence, it is more likely than not that some portion or all of the deferred assets will not be realized. During 2024 certain adjustments were made to the Company's net operating loss carryforward tax asset for IRC Section 382 limitations. The valuation allowance increased by \$4,922,575 and \$5,532,302 during 2024 and 2023, respectively.

As of December 31, 2024, the Company had a net operating loss carryforward of approximately \$60.9 million for Federal and State tax purposes. The net operating loss expires beginning 2030 through 2037 for those losses generated in 2017 and prior years. Approximately \$54 million of such net operating losses will carryforward indefinitely and be available to offset up to 80% of future taxable income each year. Subsequent to December 31, 2019, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was passed, which temporarily removes such 80% limitation for years 2019 and 2020. The Company's net operating loss carryforward may be subject to annual limitations, which could reduce or defer the utilization of the losses as a result of an ownership change as defined in Section 382 of the Internal Revenue Code.

15. Income Taxes (continued)

As required by the provisions of ASC 740, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 0 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. Differences between tax positions taken or expected to be taken in a tax return and the net benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits." A liability is recognized (or amount of net operating loss or amount of tax refundable is reduced) for an unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of ASC 740.

The Company recognizes interest and penalties related to uncertain tax positions in general and administrative expenses. As of December 31, 2024, the Company has no unrecognized tax positions, including interest and penalties. The Company files returns in the United States Federal tax jurisdiction and various other state jurisdictions.

16. 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 December 31, 2024, there were outstanding options, restricted stock units and warrants to purchase 1,822,404, 924 and 5,809,799 shares of our Common Stock, respectively, outstanding that could potentially dilute future net income per share. Because the Company had a net loss as of December 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 December 31, 2023, there were options, including options to non-employees and non-directors, restricted stock units and warrants to purchase 36,436, 0 and 2,247,133 shares of common stock (1,822,000 and 112,357, respectively, shares as adjusted for the May Stock Split), respectively, outstanding that could potentially dilute future net income per share.

17. 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 Purchase Agreement, the Company issued to the investor (A) in a registered direct offering (i) 975,000 shares (the "Public Shares") (48,750 shares as adjusted for the May Stock Split), of its Common Stock, par value \$0.01 per share (the "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 (109,469 shares as adjusted for the May Stock Split), and (B) in a concurrent private placement, Series A warrants to purchase up to 1,898,630 shares (the "Common Stock Warrant Shares") (94,932 shares as adjusted for the May Stock Split), 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, (\$96 as adjusted for the May Stock Split), 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.

17. Stockholders' Equity (continued)

Securities Purchase Agreement – In April 2019, the Company issued 42,388 shares of its common stock (2,119 shares as adjusted for the May Stock Split), at \$22.00 per share (\$440 as adjusted for the May Stock Split), 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 (2,119 shares as adjusted for the May Stock Split). The Company incurred \$379,816 in issuance costs from the offering and issued 4,239 (212 as adjusted for the May Stock Split), warrants to the underwriters. The warrants are further discussed in Note 18.

Underwriting Agreement – In August 2019, the Company issued 45,000 shares of its common stock (2,250 shares as adjusted for the May Stock Split), at \$17.00 per share (\$340 as adjusted for the May Stock Split), 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 (112 shares as adjusted for the May Stock Split), to the underwriter. The warrants are further discussed in Note 18.

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 (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 and (ii) in a maximum amount up to the lesser of (a) \$750,000 or (b) 200% of the Average Daily Trading Value (as defined in the EP Agreement).

In connection with the EP Agreement, the Company issued to Peak One Investments, 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 Peak One 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.

During the year ended December 31, 2024, the Company issued 13,355 shares of common stock under the EP Agreement for \$28,867.

Fractional shares – During the year ended December 31, 2024, the Company recorded a fractional share adjustment of 82 shares in connection with the recent stock split.

Issuance of common stock and warrants for debt issuance – During the year ended December 31, 2024, 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, which was originally recorded as a debt discount and fully amortized when the note was extinguished.

Restricted Stock Units – During the year ended December 31, 2024, the Company issued 518,068 shares of common stock with a value of \$1,194,597 for vested restricted stock units.

17. Stockholders' Equity (continued)

Conversion – During the year ended December 31, 2024, Peak One converted \$802,087 of its principal balance and accrued interest into 154,155 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 year ended December 31, 2024, 11,389 shares of common stock were issued resulting from cashless warrant exercises. Additionally, 955,000 shares of common stock were issued resulting from the exercise of pre-funded warrants.

Settlement of accounts payable – During the year ended December 31, 2024, 212,248 shares of common stock were issued resulting from the settlement of accounts payable in the amount of \$1,259,681. Such amount included a gain of \$121,834 which has been included in additional paid in capital, due to the fact the settlement of accounts payable was from a related party at the time of the transaction.

Noncontrolling interest – During the year ended December 31, 2024, SG DevCorp recorded \$2,976,1140 of additional equity transactions which related to transactions in its own stock from debt issuances to third parties, of which \$1,803,980 is recorded in additional paid in capital and \$1,290,917 is recorded in noncontrolling interest.

Common stock deemed dividend – During the year ended December 31, 2024, the Company recorded a common stock deemed dividend in the amount of \$475,713 from the Conversion Deemed Dividend which resulted from the change in fair value of the conversion prices of the underlying agreements.

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 \$1,162,436 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.

17. Stockholders' Equity (continued)

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 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.

May 2024 Private Placement - 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.

17. Stockholders' Equity (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 net proceeds from the Private Placement of \$5,590,386. Additionally, during the year ended December 31, 2024, 294,310 prefunded warrants were exercised.

November inducement - On November 6, 2024, the Company entered into an agreement with a single investor that is an existing holder of warrants to purchase shares of common stock of the Company for cash (the "Existing Warrants"), wherein the investor agreed to exercise the Existing Warrants to purchase up 2,758,620 shares of common stock at a reduced exercise price of \$0.8718 per share, resulting in gross proceeds of approximately \$2.4 million, before deducting offering fees and other expenses payable by the Company (the "November Inducement"). The net proceeds amounted to \$2,104,868. In consideration for the exercise of the Existing Warrants for cash, the investor received new warrants (the "New Warrants") to purchase up to an aggregate of 5,517,240 shares of common stock. The New Warrants are exercisable after stockholder approval at an exercise price of \$0.8718 per common share and will expire five years after stockholder approval. The Company issued and sold the New Warrants and any shares of common stock issuable upon exercise of the New Warrants in reliance on the exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act") by virtue of Section 4(a)(2) thereof and Rule 506 of Regulation D thereunder. The Company recognized common stock deemed dividends in the amount of \$3,983,447 which resulted from the excess initial fair value of the New Warrants issued.

18. 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 \$25.00 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 \$1.25 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 \$.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, 2022, 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 year ended December 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 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.

18. Warrants (continued)

In connection with the issuance of the Holdings Debenture in January 2024, the Company issued the “Peak Warrant” #3 to purchase up to 375,000 shares of the Company’s common stock (18,750 as adjusted for the May Stock Split) to PeakOne’s designee, as described in the January 2024 Purchase Agreement. The Peak Warrant #3 expires five years from its date of issuance. The Peak Warrant #3 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 Peak Warrant #3. The Peak Warrant #3 provides for cashless exercise under certain circumstances. The initial fair value of the Peak Warrant #3 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.

In connection with the Private Placement in May 2024, the Company issued common warrants (the “Common Warrants”) to purchase up to 2,758,620 shares of the Company’s common stock. The Common Warrants are exercisable immediately following the date of issuance, have a term of five years from the effective date of the corresponding registration statement registering the shares of Company common stock and the shares of Company common stock issuable upon exercise of the Common Warrants and have an exercise price of \$2.65 per share. 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 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 Common Warrants will be entitled to receive, upon exercise of the Common Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the Common Warrants immediately prior to such transaction. 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. These warrants were exercised in connection with the November Inducement during the year ended December 31, 2024.

In connection with the November Inducement, in consideration for the exercise of the Existing Warrants for cash, the investor received new warrants (the “New Warrants”) to purchase up to an aggregate of 5,517,240 shares of common stock. The New Warrants are exercisable after stockholder approval at an exercise price of \$0.8718 per common share and will expire five years after stockholder approval. The Company issued and sold the New Warrants and any shares of common stock issuable upon exercise of the New Warrants in reliance on the exemption from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”) by virtue of Section 4(a)(2) thereof and Rule 506 of Regulation D thereunder.

Warrant activity for the year ended December 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, 2023	137,591	\$ 93.60	2.75	-
Granted	9,802,748		-	-
Expired	(2,660)			
Exercised	(4,127,880)			
Outstanding and exercisable - December 31, 2024	<u>5,809,799</u>	\$ 1.19	4.82	\$ -

The fair value of warrants granted during the year were valued using a Black-Scholes Value model, with the following assumptions

<u>Risk-free interest rate</u>	3.9-4.17%
<u>Contractual term</u>	5 years
<u>Dividend yield</u>	0%
<u>Expected volatility</u>	98-137%

19. 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, July 30, 2020, August 18, 2021, and as further amended on October 5, 2023, (the "Incentive Plan"). The Incentive Plan authorizes the issuance of up to 8,625,000 shares of common stock (431,250 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. 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 December 31, 2024, there were 0 shares of common stock available for issuance under the Incentive Plan.

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

	Year Ended December 31,	
	2024	2023
Payroll and related expenses	\$ 1,028,792	\$ 3,210,631

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.

The following table summarizes stock-based option activities and changes during the years ended December 31, 2024 and 2023, as described below:

	Shares	Weighted Average Fair Value Per Share	Weighted Average Exercise Price Per Share	Weighted Average Remaining Terms (in years)	Aggregate Intrinsic Value
Outstanding – December 31, 2022	1,822	\$ 496.00	\$ 1,574.20	4.34	\$ —
Granted	—	—	—		
Exercised	—	—	—		
Cancelled	—	—	—		
Outstanding – December 31, 2023	1,822	\$ 496.00	\$ 1,574.20	—	\$ —
Granted	—	—	—		
Exercised	—	—	—		
Cancelled	—	—	—		
Outstanding – December 31, 2024	1,822	496.00	1,574.20	3.25	\$ —
Exercisable – December 31, 2023	1,822	496.00	\$ 1,574.20	—	—
Exercisable – December 31, 2024	1,822	496.00	\$ 1,574.20	—	\$ —

19. Share-based Compensation (continued)**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 year ended December 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.

As of December 31, 2024, there was a total of \$401,076 in unrecognized compensation costs related to non-vested restricted stock units.

The following table summarized restricted stock unit activities during the year ended December 31, 2024:

	Number of Shares
Non - vested balance at January 1, 2024	—
Granted	857,466
Vested	(452,542)
Forfeited/Expired	—
Non - vested balance at December 31, 2024	<u>404,924</u>

20. 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. SG Blocks 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.

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. 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. The Company believes all depositions did not currently take place. As of December 31, 2024, 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, which is \$745,000 in total to the Company from CPF GP. To date, the Company has not received additional monthly payments and has not recorded this gain.

20. Commitments and Contingencies (continued)

(3) Farnam Litigation – In October 2023, Farnam Street Financial, Inc. (“Farnam”) filed suit against the Company in the United States District Court for the District of Minnesota (Case No. 23-CV-3212) alleging breaches by the Company under a certain lease agreement between Farnam and the Company dated as of October 13, 2021. Farnam sought monies owed under such lease agreement. On August 1, 2024, the Company, SG Echo and SG Environmental Solutions Corp. (“SG Environmental”), a wholly owned subsidiary of the Company, entered into a settlement agreement (the “Settlement”) with Farnam to resolve the pending litigation. Simultaneously with the execution of the Settlement, (i) the Company, SG Environmental and Farnam entered into an assignment and assumption agreement, pursuant to which SG Environmental was substituted for the Company as the lessee under the lease agreement, and (ii) SG Environmental and Farnam executed a new Lease Schedule No. 001R (“Schedule 1R”), which replaced the prior schedule in its entirety. The terms of the Settlement included the following: (i) SG Environmental will be the signatory under the “Lessee” under the lease; (ii) the initial term (the “Initial Term”) of Schedule 1R is 18 months; (iii) the “Commencement Date” of Schedule 1R is August 1, 2024; (iv) the original cost of the equipment subject to Schedule 1R is \$1,556,163.00; (v) so long as there has been no default under the lease and Schedule 1R, SG Environmental shall have the option to purchase the equipment at the end of the Initial Term for thirty-five percent (35%) of the original cost of the equipment, or \$544,657.05, plus applicable taxes; (vi) the “Monthly Lease Charge” under Schedule 1R is \$65,880.95, plus applicable taxes; and (vii) SG Environmental shall provide a new security deposit under Schedule 1R in the amount of \$167,056.00, which shall be paid on or before August 1, 2024. Simultaneously with the execution of the Settlement, the Company and SG Echo executed a guaranty, whereby each of the Company and SG Echo jointly and severally guarantee SG Environmental’s full and prompt payment and performance under the lease and Schedule 1R. Per the Settlement, Farnam shall retain as income all prior payments from the Company (or any Company affiliate) under the lease, the prior schedule, or any other agreement with the Company or its affiliates, including all monthly lease charges, interim rent, taxes, interest, fees, late charges, and any security deposits, including the deposit under the prior schedule. Under the terms of the Settlement, Farnam and the Company each agree to waive and release any and all claims against the other, except with respect to each party’s performance under the Settlement and each party’s future obligations under the lease, Schedule 1R and guaranty agreements. The case remains ongoing as disputes have arisen post-Settlement between the Company and Farnam. As of December 31, 2024, the Company cannot estimate any potential loss, besides the original amounts of approximately \$1.5 million which are included in accounts payable and accrued expenses.

(4) American Express Litigation – In December 2023, American Express Travel Related Services Company, Inc. (“AMEX”) filed suit against the Company in the Supreme Court of the State of New York, County of New York (Case No. 162231/2023) alleging breaches of a commercial credit card agreement between AMEX and the Company, dated as of November 8, 2022. AMEX sought monies owed under the commercial credit card agreement, with a balance of \$232,218.94 as of the commencement of the action. In August 2024, AMEX filed a Motion for Default Judgment, which was granted by the court on or about September 19, 2024, for the amount of damages requested in AMEX’s motion. As of December 31, 2024, the estimated potential loss to the Company is approximately \$232,000 which is included in accounts payable and accrued expenses.

(5) Choctaw Litigation – In March 2024, the Choctaw Nation of Oklahoma (“Choctaw Nation”) filed suit against SG Echo, LLC (“SG Echo”) and the Company in the District Court of Bryan County, State of Oklahoma (Case No. CJ-2024-41) alleging: (a) breaches by SG Echo under a certain commercial lease agreement between SG Echo and the Choctaw Nation related to commercial property located at 2917 Big Lots Road, Durant, Oklahoma 74701; and (b) declaratory and injunctive relief relating to certain cranes, declaring the Choctaw Nation to be the owner of the cranes and not SG Echo. The Company disputes the Choctaw Nation’s allegations. As of December 31, 2024, the case remains pending. As of December 31, 2024, the Company cannot estimate any potential loss. As of December 31, 2024, the estimated potential loss to the Company is approximately \$138,000 which is included in accounts payable and accrued expenses.

(6) Durant Industrial Authority Litigation – In November 2024, The Durant Industrial Authority (“DIA”) filed suit against the Company, SG Echo, LLC, among others, alleging breaches by the Company and SG Echo under a certain forgivable promissory note executed between SG Echo as the borrower and the DIA as the lender in the principal sum of \$750,000 (the “Forgivable Note”). The indebtedness under the Forgivable Note would be forgiven in three separate phases based upon the schedule set forth in the Forgivable Note. The DIA’s allegations include, among others, that due to SG Echo’s alleged breaches, the Forgivable Note is no longer forgivable and has been accelerated and is due in full. The Company and SG Echo dispute the DIA’s allegations. As of December 31, 2024, the case remains pending. As of December 31, 2024, the Company cannot estimate any additional potential loss, however as of December 31, 2024 the \$750,000 is included in short-term notes payable.

(7) Rulien Litigation – In March, 2024, Rulien Advisors, LLC (“Rulien”) filed suit against the Company in the Supreme Court of the State of New York Commercial Division, Kings County (Case No. 506426/2024) alleging breaches of a consulting agreement entered into by the Company and Rulien, dated as of December 17, 2018 (the “Consulting Agreement”), whereby the Company engaged Rulien to act as a non-exclusive independent sales representative to promote the sale of, and to solicit orders for, products and services offered for sale by the Company. Rulien alleges that it has earned commissions for (a) the alleged sale of property located at 1900 American Drive, Lago Vista, Texas, and (b) the Company’s spin-off of the Company’s wholly-owned subsidiary, Safe and Green Development Corporation, into a separate publicly traded company listed on the Nasdaq stock exchange. The Company disputes Rulien’s claims. The case remains pending. As of December 31, 2024, the Company cannot estimate any potential loss.

(8) Caliber Litigation – In June 2024, Caliber Corporate Advisers, LLC (“Caliber”) filed suit against the Company in the Supreme Court of the State of New York, County of New York (Case No. 652893/2024) alleging breaches of a Consulting Services Agreement between Caliber and the Company (the “Services Agreement”), alleging a balance owed of \$46,350. The Company disputes Caliber’s claims, and claims that Caliber failed to provide meaningful services as set forth in the Services Agreement. As of December 31, 2024, the case remains pending. As of December 31, 2024, the Company cannot estimate any potential loss.

(9) MDisrupt Litigation – In August 2024, MDisrupt, Inc. (“MDisrupt”) filed suit against Safe and Green Medical Corporation (“SG Medco”) and the Company in the 353rd District Court of Travis County, Texas (Case No. D-1-GN-24-003213) alleging breaches of a consulting services agreement between Medco and MDisrupt entered into on or about September 20, 2023 (the “Services Agreement”), alleging a balance owed of \$183,901. Medco and the Company dispute MDisrupt’s allegations. Further, the Company was not party to the Services Agreement. As of December 31, 2024, the case remains pending. As of December 31, 2024, the Company cannot estimate any potential loss and does not believe any loss is probable. As of December 31, 2024, the estimated potential loss to the Company is \$183,901 which is included in accounts payable and accrued expenses.

Vendor Litigation

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

On April 13, 2020, Plaintiff SG Blocks, Inc. (“SG Blocks” or 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 Sompo 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.

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”).

20. Commitments and Contingencies (continued)

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.

On February 17, 2025, the Company executed a Settlement Agreement and Release with Saddleback, to release all claims between the parties. As part of the settlement, Saddleback agreed to pay a settlement payment of \$400,000. All of the settlement proceeds were refunded to the Company's Insurer Somp, based on monies already paid out by Somp in the underlying matter. As the matter is now settled, the parties will shortly move the court to dismiss the Saddleback matter.

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

On June 21, 2019, SG Blocks, Inc. filed a lawsuit against EDI International, PC ("EDI"), a New Jersey corporation, in connection with the parties' consulting agreement, dated June 29, 2016, pursuant to which EDI, was to provide, for a fee, certain architectural and design services for the original project between the Company and HOLA ("Project"). The lawsuit is styled SG Blocks, Inc. v. EDI et al., and was filed in California Superior Court, for the County of Los Angeles, case no. 19STCV21725. SG Blocks, Inc. claims that EDI, tortiously interfered with SG Blocks, Inc's economic relationship with HCP and HOLA. The complaint seeks in excess of \$1,275,754 in damages. EDI, filed a cross-complaint for alleged unpaid fees and tortious interference with EDI contractual relationship with HCP and HOLA. EDI 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. In May 2021, the parties settled EDI 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 October 2024. On or about November 15, 2024, the Company received a jury verdict in its favor in the amount of \$1.274 million against EDI styled as SG Blocks, Inc. v EDI et al, case no. 19STCV21725, which has been secured to a judgment. The case is currently proceeding through post-judgment motions and filings. There remains uncertainty whether the Company will be able to collect on the judgment.

3.) Teton Buildings, LLC

(i) On January 1, 2019, SG Blocks 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 SG Blocks 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.

20. Commitments and Contingencies (continued)

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.) 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. 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.

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

In April 2020, the Company entered into an amendment to its employment agreement, dated January 1, 2017, with Paul Galvin (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. On October 22, 2024, the Board of Directors (the "Board") of the Company determined not to renew the Employment agreement between the Company and Paul Galvin, the Company's Chief Executive Officer and, in connection with such determination, delivered a written notice of termination to Mr. Galvin on October 24, 2024 in accordance with the terms of the Employment Agreement. Mr. Galvin's employment with the Company as its Chief Executive Officer will terminate effective as of the close of business on December 31, 2024 (the "Effective Date").

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 (3,000 as adjusted for the May Stock Split), 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, 20

21. Related Party Transactions

As disclosed in Note 9, 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 \$00,000 and the assignment of the promissory note occurred in January 2022.

As disclosed in Note 11, on December 14, 2023, the Company and Mr. Galvin entered into the Galvin Note Payable.

During the year ended December 31, 2024, 212,248 shares of common stock were issued resulting from the settlement of accounts payable in the amount of \$1,259,681. Such amount included a gain of \$121,834 which has been included in additional paid in capital, due to the fact the settlement of accounts payable was from a related party at the time of the transaction.

As of December 31, 2024, the Company has accrued approximately \$450,000 for amounts due to Paul Galvin, the former CEO, for deferred salary due to him.

22. Deconsolidation and Discontinued Operations

As disclosed in Note 2, during 2024 the Company recognized the effects of the Deconsolidation. Prior to the Deconsolidation, SG DevCorp was consolidated in the Company's financial statements. Upon the Deconsolidation, the Company accounts for its investment in SG DevCorp on the equity method. The effect of the Deconsolidation resulted in a derecognition of \$12,274,844 of assets, \$9,022,017 of liabilities, and \$1,966,848 in the carrying value of the non-controlling interest in SG DevCorp. Additionally, upon the Deconsolidation, the Company reduced its previously amount recorded as due from SG DevCorp in the amount of \$394,329 and recorded an amount of \$1,717,694 due to SG DevCorp which was previously eliminated in consolidation. The Company recognized a gain of \$4,637,013 which resulted from the difference between the fair value of the Company's investment upon deconsolidation of \$8,126,350, and the net assets and carrying value of the non-controlling interest as described above. The gain is included in income (loss) from discontinued operations. The assets and liabilities of SG DevCorp at the time of Deconsolidation amounted to the following:

Assets:	
Cash	\$ 567,473
Assets held for sale	4,400,361
Prepaid expenses and other current assets	429,331
Total current assets	5,397,165
Property, plant and equipment, net	1,194,117
Project development costs and other non-current assets	91,490
Intangible assets, net	138,678
Goodwill	1,810,787
Investment in and advances to equity affiliates	3,642,607
Total long-term assets	6,877,679
Liabilities:	
Accounts payable and accrued expenses	1,600,294
Contingent consideration payable	945,000
Short-term notes payable, net	6,476,723
	\$ 9,022,017

As described in Note 2, prior year financial statements for 2023 have been restated to present the operations of SG DevCorp as a discontinued operation.

The financial results of SG DevCorp are presented as income (loss) from discontinued operations. The following table represents the financial results of SG DevCorp:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating Expenses:		
Payroll and related expenses	\$ 1,223,511	\$ 1,125,603
General and administrative expenses	295,664	1,771,389
Marketing and business development expenses	10,219	126,456
Operating loss	(1,529,394)	(3,023,448)
Other income (expense)	(422,941)	(1,177,093)
Net loss	\$ (1,952,335)	\$ (4,200,541)

22. Deconsolidation and Discontinued Operations (continued)

The total income from discontinued operations for the year ended December 31, 2024, is comprised of the following:

Gain from Deconsolidation	\$ 4,637,013
Net loss from discontinued operations	(1,952,335)
Net loss	<u>\$ 2,684,678</u>

The following table presents the aggregate carrying amounts of assets and liabilities of discontinued operations of SG DevCorp as of December 31, 2023:

Assets:	
Cash	\$ 3,236
Assets held for sale	4,400,361
Prepaid expenses and other current assets	231,989
Total current assets	<u>4,635,586</u>
Property, plant and equipment, net	1,194,224
Project development costs and other non-current assets	65,338
Intangible assets, net	22,210
Investment in and advances to equity affiliates	3,642,607
Total long-term assets	<u>4,924,379</u>
Liabilities:	
Accounts payable and accrued expenses	861,292
Short-term notes payable, net	6,810,897
	<u>\$ 7,672,189</u>

23. Subsequent Events

On January 3, 2025, the Board of Directors (the "Board") of the Company approved the appointment of Michael McLaren as the Company's Chief Executive Officer and on January 5, 2025, the Company entered into an employment agreement with Mr. McLaren (the "Employment Agreement") to employ Mr. McLaren in such capacity for an initial term of two (2) years, which Employment Agreement provides for an annual base salary of \$250,000 which shall be increased to \$400,000 upon the closing of a capital event which cures the Company's stockholders' equity deficiency with Nasdaq, a signing bonus of \$50,000 payable within thirty (30) days of the Employment Agreement's effective date, a long-term incentive bonus with a range of between two (2) to four (4) times Mr. McLaren's then-base salary, subject to approval by the Company's Board of Directors.

On January 3, 2025, the Board of Directors (the "Board") appointed Michael McLaren as a director of the Company. Mr. McLaren will serve until the date of the Company's 2025 Annual Meeting of Shareholders (the "2025 Annual Meeting") and until his successor is duly elected and qualified. As an employee director, Mr. McLaren will not participate in the Company's non-employee director compensation program.

Mr. McLaren is subject to a one-year post-termination non-compete and non-solicit of employees and clients. Mr. McLaren is also bound by confidentiality provisions.

On January 8, 2025 (the "Effective Date"), the Company entered into a binding Letter of Intent (the "Letter of Intent") with New Asia Holdings, Inc., a Nevada corporation ("NAHD") and Olenox Corp., a Wyoming corporation and a wholly owned subsidiary of NAHD ("OLOX" and, together with NAHD, the "Seller"). Upon the terms of and subject to the satisfaction of the conditions set forth in the Letter of Intent, and in one or more definitive agreements to be entered into among the Company and Seller, the Company will acquire all of the issued and outstanding securities of NAHD in exchange for shares of Company stock (the "Transaction"). The Letter of Intent provides that the shares of Company stock to be issued in the Transaction shall be valued at \$1.00 per share and the shares of NAHD to be acquired in the Transaction shall be valued at \$0.20 per share.

The Letter of Intent is a binding agreement that represents the basis on which the parties will proceed to consummate the Transaction pursuant to one or more written definitive, long-form agreements. The Letter of Intent provides that the parties will use their good faith best efforts to prepare and enter into such definitive agreement(s) incorporating the terms of the Letter of Intent with an effective date of January 15, 2025 and to close the Transaction as soon as possible after receipt of necessary approvals. Closing of the contemplated transaction is contingent upon completion of satisfactory due diligence, execution of definitive transaction documents, receipt of all necessary consents and approvals, and certain other customary closing conditions.

The Letter of Intent further provides that either party may terminate the Letter of Intent (i) after completion of due diligence, in the event such party determines that the information provided is unacceptable for any reason, or (ii) after January 28, 2025, by giving written notice to the other of the notifying party's desire to terminate the Letter of Intent.

23. Subsequent Events (Continued)

The foregoing terms and conditions are subject to change based upon the negotiation and execution of definitive agreement(s) by and among the Company and Seller. Closing of the Transaction will be subject to the terms and conditions of the definitive agreement(s), including completion of due diligence and satisfaction or waiver of closing conditions. There can be no assurance that definitive agreement(s) will be entered into or that the proposed Transaction will be consummated.

There exists a material relationship between the Company and the Seller in that Michael McLaren serves as the Company's chief executive officer and chairman of the board, as well as NAHD's sole officer and director and as OLOX's chief executive officer and a member of its board of directors.

On January 16, 2025, the Company appointed Jim Pendergast as the Company's Chief Operating Officer and entered into an employment agreement with Mr. Pendergast (the "Employment Agreement") to employ Mr. Pendergast in such capacity for an initial term of two (2) years, which Employment Agreement provides for an annual base salary of \$200,000, a restricted stock grant under the Company's Stock Incentive Plan for 200,000 shares of the Company's common stock, vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service, and an annual performance bonus of up to 20% of Mr. Pendergast's then-base salary, payable in cash and/or equity, as determined by Company's by the Company's Board of Directors.

Mr. Pendergast brings over 25 years of leadership in corporate operations, having served as CEO, CFO, and COO across public and private companies in the energy, construction, manufacturing, and agricultural sectors. He has expertise in mergers and acquisitions, corporate restructuring, and equity and debt financing. His previous roles include COO at MGO Systems Ltd., where he oversaw more than 50 construction projects during his time there, and CEO/CFO at Paramount Structures Inc., leading its acquisition and financial restructuring. As CEO of FP Genetics Inc., he refocused the company on profitable growth. Earlier, at Agrium Inc., he managed large-scale business development projects and represented the company to investors. He has also served on the boards of several companies, providing leadership in corporate governance, strategic planning, and financial management. He holds an MBA in International Business and Finance from McMaster University and a BA (Honors) in Political Studies and Economics from Queen's University.

Mr. Pendergast is subject to a one-year post-termination non-compete and non-solicit of employees and clients. Mr. Pendergast is also bound by confidentiality provisions.

On January 29, 2025, the Company entered into a mutual release and discharge agreement (the "Mutual Release") with SG DevCorp. pursuant to SG DevCorp. forgiving and releasing from our obligations to them under that certain promissory note, dated August 9, 2023, in the principal amount of \$908,322.95 and in respect of \$815,522 of inter-company advances from SG DevCorp. to the Company in exchange for the Company forgiving \$394,329 of inter-company debt owed to the Company by us and for SG DevCorp. (which has already been written off) transferring 276,425 shares (the "Shares") of SG DevCorp.'s Common Stock owned by the Company, with the Company no longer being a shareholder of SG DevCorp.

On February 2, 2025, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") by and between the Company and NAHD pursuant to which NAHD will be merged into a to-be-formed subsidiary of the Company (the "Merger"). Following this Merger, the NAHD operating subsidiaries will be indirect, wholly owned subsidiaries of the Company.

As merger consideration, the Company will issue four million (4,000,000) Series A non-voting convertible preferred shares of the Company, par value \$1.00 (the "Preferred Shares"), to the NAHD shareholders. Each Preferred Share has the right to convert into shares of common stock of the Company at a ratio of 1 to 15 (each Preferred Share will convert into 15 shares of common stock of the Company), provided, however, that such conversion is subject to the approval of a majority of the Company's common shareholders.

The Merger Agreement contain customary representations, warranties, and covenants. The Merger Agreement also contain conditions to the completion of the Merger including the filing of the articles of incorporation and/or organization for the merger subsidiaries, and the adoption of board resolutions and/or sole member resolutions by the merger subsidiaries approving the Merger. There are no assurances that the parties will satisfy all of the conditions to the merger.

The parties expect to complete these transactions as soon as practicable following the satisfaction or waiver of the condition to the Merger.

23. Subsequent Events (Continued)

On February 26, 2025, the Company received a listing decision from The Nasdaq Stock Market LLC (“Nasdaq”) on behalf of the Nasdaq Hearings Panel (the “Panel”) indicating that the Company has evidenced compliance with the minimum equity standard set forth in Listing Rule 5550(b)(1) (the “Equity Rule”) and all other applicable criteria for continued listing on The Nasdaq Capital Market. Accordingly, the previously disclosed listing matter has been closed, and the Company’s securities will remain listed on Nasdaq.

To regain compliance with the Equity Rule, the Company proposed a merger with Olenox Corp., a diversified energy company based in Texas that operates in three vertically integrated business units: Oil & Gas, Energy Services, and Energy Technologies (the “Olenox Merger”). On February 6, 2025, the Company informed the Panel that the Company had completed the first planned stage of the Olenox Merger, which served to increase stockholders’ equity by approximately \$60 million. Based on the information presented and publicly disclosed, the Panel determined that the Company has satisfied the Equity Rule.

In its communications with the Panel, the Company further advised that the conversion of the preferred stock issued in the transaction is subject to the Company’s receipt of shareholder approval for the issuance of the underlying common shares and, upon such issuance, will result in a change of control of the Company. The Company plans to file an initial listing application for the combined entity and to evidence compliance with Nasdaq’s initial listing criteria upon completion of the change of control aspect of the transaction.

During March 2025, the Company issued 56,659 shares of common stock for previously vested restricted stock units.

On March 6, 2025, the Company closed an ELOC Securities Purchase Agreement (the “ELOC Purchase Agreement”) with Tysadco Partners LLC (“Purchaser”), with an effective date of February 25, 2025, whereby the Company has the right, but not the obligation, to sell to the Purchaser, and the Purchaser is obligated to purchase, up to an aggregate of \$100 million (the “Commitment Amount”) of newly issued shares (the “ELOC Shares”) of the Company’s common stock, par value \$0.01 per share (the “Common Stock”).

The Company does not have a right to commence any sales of Common Stock to the Purchaser under the ELOC Purchase Agreement until the time when all of the conditions to the Company’s right to commence sales of Common Stock to the Purchaser set forth in the ELOC Purchase Agreement have been satisfied, including that a registration statement of such shares is declared effective by the SEC and the final form of prospectus is filed with the SEC (the “Commencement Date”). Over the period ending on the earlier of December 31, 2026, or the date on which the Purchaser shall have purchased ELOC Shares pursuant to the ELOC Purchase Agreement for an aggregate purchase price of the Commitment Amount, the Company will control the timing and amount of any sales of ELOC Shares to the Purchaser. Actual sales of shares of Common Stock to the Purchaser under the ELOC Purchase Agreement will depend on a variety of factors to be determined by the Company from time to time, including, among others, market conditions, the trading price of the Common Stock and determinations made by the Company as to appropriate sources of funding.

The purchase price of the shares of ELOC Shares that the Company elects to sell to the ELOC Purchaser pursuant to the ELOC Purchase Agreement will be equal to the lowest traded price of Common Stock during the five (5) business days prior to the applicable closing date multiplied by 90%.

23. Subsequent Events (Continued)

In no event may the Company issue to the Purchaser under the ELOC Purchase Agreement more than the 4.99% of the total number of the Company's shares of Common Stock issued and outstanding immediately prior to the execution of the ELOC Purchase Agreement (the "Applicable Exchange Cap"), unless the Company obtains stockholder approval to issue shares of Common Stock in excess of the Applicable Exchange Cap. In any event, the ELOC Purchase Agreement provides that the Company may not issue or sell any shares of Common Stock under the ELOC Purchase Agreement if such issuance or sale would breach any applicable Nasdaq rules.

The ELOC Purchase Agreement prohibits the Company from directing the Company to purchase any shares of Common Stock if those shares, when aggregated with all other shares of Common Stock then beneficially owned by the Purchaser (as calculated pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended), would result in the ELOC Purchaser beneficially owning more than 4.99% of the outstanding Common Stock.

The ELOC Purchase Agreement provides that the Company shall file a registration statement registering the resale of the maximum number of ELOC Shares as shall be permitted by applicable law within five (5) business days following the date of the ELOC Purchase Agreement. The Company shall use its best efforts to have the registration statement declared "effective" within 120 days of the date of the ELOC Purchase Agreement.

On March 6, 2025, the Company closed and issued a promissory note (the "Note") in favor of Tysadco Partners LLC (the "Lender"), with an effective date of February 25, 2025, in the aggregate principal amount up to \$1,875,000 (the "Principal"), and an accompanying Securities Purchase Agreement (the "SPA"). All outstanding Principal and interest shall be due on November 30, 2025 (the "Maturity Date"). The Note was purchased for up to \$1,500,000, representing an original issue discount of twenty-five percent (25%), equal to \$375,000 if the Note is fully funded. The Note shall bear interest at twelve percent (12%) interest per annum. The Lender has the right to convert all or any portion of the then-outstanding Principal and interest into fully paid and non-assessable shares of common stock of the Company, par value \$0.01 per share (the "Conversion Shares"). The per share conversion price into which the Principal and interest converts shall be fifty cents (\$0.50) per share. Among others, the following shall be considered events of default under the Note (each an "Event of Default"): if the Company fails to pay the Principal or interest when due under the Note; if the Company fails to issue Conversion Shares to the Lender upon exercise by the Lender of the conversion rights under the Note; or if the Company breaches any covenant, agreement, or other term or condition of the Note or the accompanying SPA. Upon the occurrence of an Event of Default, then the outstanding balance shall immediately increase to 125% of the outstanding balance immediately prior to the occurrence of the Event of Default, and a daily penalty of \$500 will accrue until the default is remedied.

If the Company has not obtained approval from the holders of the Company's Common Stock, as required by applicable rules and regulation of Nasdaq, the Company shall not issue any number of shares of Common Stock under the Note that would exceed 4.99% of the shares of Common Stock outstanding as of the date of the Note. Additionally, the Company shall not effect any conversion of the Note, and the Lender shall not have the right to convert any portion of the Note or receive shares of Common Stock as payment of interest hereunder to the extent that after giving effect to such conversion or receipt of such interest payment, the Lender, together with any affiliates thereof, would beneficially own in excess of 4.99% of the number of shares of Common Stock outstanding immediately after giving effect to such conversion or receipt of shares as payment of interest.

In connection with the issuance of the Note and the SPA, the Company will issue 294,000 shares of Common Stock (the "Commitment Shares") as additional consideration for the purchase of the Note.

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

I, Michael McLaren, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 31, 2025

/s/ Michael McLaren

By: Name: Michael McLaren
Title: Chairman and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14 OR RULE 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 Annual Report on Form 10-K 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: March 31, 2025

By:

/s/ Patricia Kaelin

Name: Patricia Kaelin

Title: Chief Financial Officer

(Principal Financial Officer and

Principal Accounting 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 annual report of Safe & Green Holdings Corp. (the "Company") on Form 10-K for the period ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael McLaren, 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.

March 31, 2025

/s/ Michael McLaren

Name: Michael McLaren
Title: Chairman, Chief Executive Officer
(Principal Executive 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 annual report of Safe & Green Holdings Corp. (the "Company") on Form 10-K for the period ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patricia Kaelin, the Chief Financial Officer of the Company, does 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.

March 31, 2025

/s/ Patricia Kaelin

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