

May 8, 2024



Safe & Green Holdings Reports Year-End 2023 Results

Reports 30% Increase in Construction Services Revenue Compared to 2022

Completed Successful Spin-Out of Safe and Green Development Corporation as a Nasdaq Listed Publicly Traded Company

Cost-Saving Initiatives Expected to Save \$2.5 Million in Annualized Expenses to be Recognized in 2024

Partnering with Tunnel to Towers Foundation to Construct Travelling Modular Home to Showcase Foundation's Homeless Veteran Program

MIAMI, May 08, 2024 (GLOBE NEWSWIRE) -- **Safe & Green Holdings Corp. (NASDAQ: SGBX) ("Safe & Green Holdings" or the "Company")**, a leading developer, designer, and fabricator of modular structures, reported results for the year ended December 31, 2023.

Recent Highlights:

- Achieves 30% year-over-year increase in construction services revenue for the year ended December 31, 2023
- Executed a Master Purchase Agreement (MPA) with Safe and Green Development Corporation ("SG DevCo") (NASDAQ: SGD), the Company's real estate development subsidiary where SG DevCo has engaged SG Echo to manufacture modular units for its planned real estate development projects, including design, engineering, fabrication, delivery, and installation of the modular systems; expected initial value of the MPA to be in excess of \$140 million in net revenue over a multi-year period
- Received new contract from a government contractor to refurbish 19 container modules to be used by a major U.S. government agency that the Company originally built
- Entered into a non-binding Letter of Intent (LOI) to design, build, and operate an 800-unit supportive housing community for veterans, first responders, and others who are disabled from their service and interested in manufacturing work, as well as their families
- Entered into a design-build contract with Hostel Cubed, to produce their first modular camping cube for the California Coast, the "Coastal Camping Cube"
- Received a purchase order to provide additional modular units to an existing infrastructure solutions customer
- Selected by the Tunnel to Towers Foundation to construct a traveling modular home, the Comfort Home Show model, designed to showcase the foundation's Homeless

Veteran Program

"In 2023, Safe & Green Holdings experienced a robust increase in revenue from construction services, achieving a significant 30% increase compared to 2022," commented Paul Galvin, Chairperson and Chief Executive Officer of Safe and Green Holdings. "It was also an exciting year, and a year of celebration for the Company, as we achieved a milestone event with the successful spin-off of SG Development Corp. ("SG DevCo") into a separate entity that now trades independently on the Nasdaq market (NASDAQ: SGD). This strategic move came to fruition after more than a year of relentless dedication and work by our team. At the time of the spin-out, SG DevCo had a third-party fairness opinion that valued SG DevCo's fair market value at \$74 million."

"After the spin-out of SG DevCo, the Company entered into a master purchase agreement ("MPA") with SG DevCo engaging SG Echo to manufacture modular units for its planned real estate development projects, including design, engineering, fabrication, delivery, and installation of the units. The Company believes the initial value of the MPA to be in excess of \$140 million in net revenue to SG DevCo over a multi-year period and that this is the first of several such agreements the Company may enter into, to support SG DevCo's upcoming development projects, which currently total approximately 3,200 units with the potential to generate in excess \$500 million of gross revenue for Safe & Green Holdings over the next several years. These projects are expected to utilize SG Echo's full manufacturing capacity, even if no further projects were introduced."

"The Company is also experiencing solid growth in our manufacturing sales pipeline. Based on an assessment of the current sales pipeline alone, we expect to achieve a factory utilization rate of more than 90% over the next two years. As a result, we continue to expand our manufacturing capacity with our Waldron Manufacturing site receiving its certificate of occupancy, enhancing our production capabilities, and providing the Company with two operational factories, with a third, the McLean manufacturing facility in the design phase and a fourth in the planning phase. Upon completion, these facilities are poised to offer the Company more than 360,000 square feet of manufacturing space within the United States. Looking at our projected growth, as well as the scalability of our manufacturing operations, and aggressive cost reductions allowing Safe and Green to focus on our most profitable operations, we expect the Company to not only turn cash flow positive by the end of 2024 but begin generating meaningful cash flow throughout the balance of the year and beyond. This has truly been a team effort, from our management team to our employees in the factories."

"In 2023, the Company was honored with the opportunity to partner with the Tunnel to Towers Foundation for the creation of a portable modular home known as the Comfort Home Show model. This project was aimed at highlighting the foundation's initiative to assist homeless veterans. This collaboration expanded to include the construction of three modular Comfort Homes in Houston, Texas, further supporting the foundation's mission. Additionally, we agreed in principle, through a non-binding Letter of Intent (LOI) with Soldier On, to develop and manage an 800-unit housing community specifically designed for veterans, first responders, and their families, particularly those with disabilities arising from their service. This unique project envisions not just accommodating individuals with disabilities but also incorporating an 80,000-square-foot manufacturing facility in McClean, Oklahoma, compliant with the Americans with Disabilities Act (ADA). This facility is intended to support the

construction of the 800 units as well as provide employment opportunities for injured veterans. We take great pride in our involvement with initiatives aimed at eradicating homelessness among veterans, acknowledging their sacrifices, and facilitating job opportunities for those with service-related disabilities. We are committed to contributing to meaningful efforts that assist veterans in reconstructing their lives, viewing it as both a privilege and a responsibility."

"In addition, we recently received a new contract from a government contractor to refurbish 19 modular units that Safe and Green originally built, to be used by a major U.S. government agency. This ongoing collaboration is yet another testament to the exceptional quality of our products as well as our proficiency in modular construction. Furthermore, we received an order to provide additional units to an existing infrastructure solutions customer, which we believe demonstrates even further validation of the quality of our work, the strong value proposition that Safe and Green provides, and the Company's ability to deliver units quickly, sustainably, and cost-effectively."

Tricia Kaelin, Chief Financial Officer at Safe & Green Holdings, stated, "During 2023, the Company successfully secured non-dilutive funding, which speaks to the strength of our assets as well as our ability to fund future growth without turning to the equity markets. For example, we entered into an LOI for a sale-leaseback transaction involving our Waldron manufacturing facility located in Durant, Oklahoma in a strategic financial move expected to generate gross proceeds of \$2 million to the Company and we expect to receive our ERTC refund of \$1.5M subject to IRS final approval. The infusion of capital is intended to free up working capital, providing further support for Safe & Green Holdings' growing customer demand and facilitating its aggressive expansion strategies. The decision to engage in a sale-leaseback transaction further demonstrates our prudent financial management and strategic planning capabilities. By capitalizing on the strong market value of our real estate assets, the Company is well-positioned to accelerate growth and build shareholder value while maintaining a solid financial foundation."

"In addition, the Company has undergone a thorough review of our operations and has identified reductions of more than \$2.5 million in annualized expenses expected to be realized in 2024. Adding these expected cost saves to other already identified cost reductions, we anticipate that our annual operating expense run rate in 2024 will be approximately \$2.5 million, a significant reduction from our 2023 run rate," concluded Ms. Kaelin.

"As we look forward towards 2024, the prospects for Safe & Green Holdings are brighter than ever thanks to the number of projects that we are currently involved in which we believe will keep our factory utilization rate above 90% over the next several years. Revenue from construction services grew substantially in 2023 and we are more confident than ever in the scalability of our business model and eager to continue expanding our presence across the United States. The Company remains dedicated to prudently managing our expenses and enhancing stockholder value for our loyal, long-term stockholders," concluded Mr. Galvin.

Financial Results for the Twelve Months Ended December 31, 2023

Revenue for the twelve months ended December 31, 2023, was \$16.5 million, compared to \$24.4 million for the twelve months ended December 31, 2022, reflecting a decrease in medical revenue due to the discontinuation of COVID-19 testing facilities, offset by an

increase in construction services revenue.

Gross profit (loss) for 2023 was (\$2.6) million compared to a gain of \$3.3 million for 2022, reflecting the costs associated with MedCo and our new factory.

Operating expenses for 2023 were \$22.2 million, compared to \$10.5 million for 2022, due to the costs of activating MedCo and our new factory.

The net loss attributable to common shareholders was approximately (\$26.3) million, or (\$34.03) per share in 2023, compared to a net loss of (\$8.3) million, or \$(12.48) per share for 2022.

The Company's Adjusted EBITDA for the year ended December 31, 2023, was approximately (\$16.8) million as compared to Adjusted EBITDA of approximately (\$4.0) million for the year ended December 31, 2023. Both EBITDA and Adjusted EBITDA are non-GAAP financial measures. The Company defines EBITDA as GAAP net income (loss) attributable to common stockholders before interest expense, income tax benefit (expense), depreciation and amortization. Adjusted EBITDA is defined as EBITDA before certain non-recurring, unusual or non-operational items, such as litigation expense, stock issuance expense and stock compensation expense. The Company believes 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 the Company's operating performance.

The Company believes the presentation of EBITDA and Adjusted EBITDA is relevant and useful by enhancing the readers' ability to understand the Company's operating performance. The Company's management utilizes EBITDA and Adjusted EBITDA as a means to measure performance.

The Company's measurements of EBITDA and Adjusted EBITDA may not be comparable to similar titled measurements reported by other companies. 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 as an indication of operating performance or any other measures of financial performance derived in accordance with GAAP. The Company does not consider these non-GAAP measures to be substitutes for or superior to the information provided by its 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.

The table below reconciles EBITDA and Adjusted EBITDA, both non-GAAP measures, to GAAP net gain (loss) attributable to common stockholders of Safe & Green Holdings Corp.

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Net loss attributable to common stockholders of Safe & Green Holdings Corp.	\$ (26,282,533)	\$ (8,319,048)
Addback interest expense	2,608,683	336,239
Addback interest income	(119)	(73,821)
Addback depreciation and amortization	3,459,286	615,191
EBITDA (non-GAAP)	(20,214,683)	(7,441,439)
Addback loss on asset disposal	—	25,265
Addback litigation expense	154,217	664,724
Addback stock-based compensation expense	3,210,631	2,798,844
Adjusted EBITDA (non-GAAP)	\$ (16,849,835)	\$ (3,952,606)

At December 31, 2023, and December 31, 2022, the Company had cash and cash equivalents of \$17 thousand and \$583 thousand, respectively. As of December 31, 2023, stockholders' equity was (\$6.3) million compared to \$14.4 million as of December 31, 2022. Additionally, on May 6, 2024, the Company announced the pricing of a \$4 million private placement priced at-the-market under Nasdaq rules.

About Safe & Green Holdings Corp.

Safe & Green Holdings Corp., a leading modular solutions company, operates under core capabilities which include the development, design, and fabrication of modular structures, meeting the demand for safe and green solutions across various industries. The firm supports third-party and in-house developers, architects, builders, and owners in achieving faster execution, greener construction, and buildings of higher value. The Company's subsidiary, Safe and Green Development Corporation, is a leading real estate development company. Formed in 2021, it focuses on the development of sites using purpose-built, prefabricated modules built from both wood and steel, sourced from one of SG Holdings' factories and operated by the SG Echo subsidiary. For more information, visit <https://www.safeandgreenholdings.com/> and follow us at @SGHcorp on Twitter.

Safe Harbor Statement

Certain statements in this press release constitute "forward-looking statements" within the meaning of the federal securities laws. Words such as "may," "might," "will," "should," "believe," "expect," "anticipate," "estimate," "continue," "predict," "forecast," "project," "plan," "intend" or similar expressions, or statements regarding intent, belief, or current expectations, are forward-looking statements. These forward-looking statements are based upon current estimates and assumptions and include statements regarding the Company's financial results for year-end 2023, the Company's Master Purchase Agreement (MPA) with Safe and Green Development Corporation, the Company's new contract from a government contractor to refurbish 19 container modules to be used by a major U.S. government agency that the Company originally built, the Company's non-binding Letter of Intent (LOI) to design, build, and operate an 800-unit supportive housing community for veterans, first responders, and others who are disabled from their service and interested in manufacturing work, as well as their families, the Company's design-build contract with Hostel Cubed, to produce their first modular camping cube for the California Coast, the "Coastal Camping Cube", the Company's receipt of a purchase order to provide additional modular units to an existing infrastructure solutions customer, the Company being selected by the Tunnels to Towers Foundation to construct a traveling modular home, the Comfort Home Show model, designed

to showcase the foundation's Homeless Veterans Program, and the outlook for Safe & Green Holdings. These forward-looking statements are subject to various risks and uncertainties, many of which are difficult to predict that could cause actual results to differ materially from current expectations and assumptions from those set forth or implied by any forward-looking statements. Important factors that could cause actual results to differ materially from current expectations include, among others, the Company's ability to execute on the MPA with Safe and Green Development Corporation, the Company's ability to refurbish the 19 container modules to be used by a major U.S. government agency, the Company's ability to design, build, and operate an 800-unit supportive housing community per the Company's non-binding LOI, the Company's ability to fulfill the design-build contract with Hostel Cubed, to produce their first modular camping cube the "Coastal Camping Cube", the Company's ability to construct a traveling modular home, the Comfort Home Show model, for the Tunnels to Towers Foundation, the effect of government regulation, the Company's ability to maintain compliance with the NASDAQ listing requirements, and the other factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 and its subsequent filings with the SEC, including subsequent periodic reports on Forms 10-Q and 8-K. The information in this release is provided only as of the date of this release, and we undertake no obligation to update any forward-looking statements contained in this release on account of new information, future events, or otherwise, except as required by law.

Investor Relations:

Crescendo Communications, LLC
(212) 671-1020
sgbx@crescendo-ir.com



Source: Safe & Green Holdings Corp.