

May 17, 2024



Safe & Green Holdings Reports First Quarter 2024 Results and Provides a Business Update

\$8 million in new business at SG Echo subsidiary; Anticipates cash flow positivity at the factory in 2024

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

MIAMI, May 17, 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 three months ended March 31, 2024.

Recent Highlights:

- Received an expanded scope of work for a contract with a government contractor to refurbish 19 container modules for a major U.S. agency, adding an extra \$1 million to build 11 additional military office containers.
- Completed a warrant inducement agreement with a single institutional investor generating gross proceeds of approximately \$450K.
- Completed multiple small debt financing and investment agreements generating \$500K in proceeds.
- Entered into a securities purchase agreement with a single institutional investor generating gross proceeds of approximately \$4.0 million.
- Safe & Green Holdings' subsidiary, SG Echo, expects to deliver its first eco-friendly modular unit to a prominent quick-service restaurant customer in the Pacific Northwest.
- Announced the collaboration and sales of modular units to Britten Inc., a veteran-owned creative production house renowned for its cutting-edge signage, displays, and event branding solutions.
- Entered into an agreement to produce four modular electrical distribution centers for a client serving the big box retailer market, as part of a multi-unit order.
- Entered into a design/build agreement with Talent Services LLC to develop and produce 8 units in compliance with the Department of Energy's Net-Zero Energy Ready requirements.
- 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 disabled from their service who are interested in manufacturing work, along with their families.

- Entered into a design-build contract with Hostel Cubed to produce their inaugural modular camping cube for the California Coast, dubbed the "Coastal Camping Cube."

Paul Galvin, Chairperson and Chief Executive Officer of Safe and Green Holdings commented, "In the first quarter, Safe & Green Holdings secured numerous new contracts and partnerships, significantly enhancing our already strong production pipeline. We received a contract from a US Government contractor to refurbish 15 container modules we had initially built, with additional technological support for an undisclosed military-related US government agency. This contract was expanded with an additional \$1.0 million order to construct 11 new modular office containers. This ongoing collaboration reflects our customers' appreciation for the superior quality of our units and our specialized modular construction expertise.

"SG Echo, our manufacturing subsidiary, is set to deliver its first sustainable modular unit to a prominent quick-service restaurant in the Pacific Northwest. We see this initial delivery as the beginning of a significant relationship with this renowned chain. Our facility in Durant, Oklahoma, strategically located to serve commercial markets across the United States, recently completed the final inspection of this unit, which is scheduled to ship in Q2 2024. This milestone not only demonstrates our ability to deliver top-quality, sustainable solutions nationwide but also marks a significant step in our mission to revolutionize efficiency and sustainability in the industry through advanced modular construction techniques.

"Furthermore, the Company entered into a design/build agreement with Talent Services LLC to design and produce eight units that comply with the Department of Energy's Net-Zero Energy Ready Requirements. We are particularly excited to incorporate our design and modular processes into such an innovative project. The initial phase of the project involves developing six designs and producing eight initial units, ranging from one-bedroom, single-story homes to three-bedroom, two-story homes. These units are expected to be delivered in North Carolina in the fourth quarter of 2024. This phase marks the beginning of a broader project, anticipated to expand with an additional 50 units scheduled for delivery in 2025. In total, the project has the potential to involve the construction and delivery of approximately 600 units over the next seven years.

"Finally, we entered into an agreement to manufacture four container-based electrical distribution centers as part of a multi-unit order for a client serving the big box retailer market. These units are known for their versatility and dependability, as they efficiently manage and distribute electrical power, and are easily adaptable to evolving technologies and increasing power demands. This agreement marks the production of the initial four units of what we anticipate will be a total of 20 units ordered during 2024. Over the years, Safe and Green has manufactured more than one hundred of these modular electrical distribution centers, and we are excited to be manufacturing them again. The versatility of these units allows for electrical distribution wherever and whenever it's needed, once again highlighting one of the key benefits of modular construction.

"Overall, Safe and Green continues to see robust growth in our manufacturing sales pipeline. Based on our current sales assessments alone, we anticipate achieving a factory utilization rate of over 90% for the next two years. Consequently, we are expanding our manufacturing capacity which currently consists of two manufacturing facilities. Our planned McLean manufacturing facility is currently in the design phase, and a fourth facility is in the planning stages. Once completed, these facilities will provide the Company with more than 360,000

square feet of manufacturing space within the United States. Looking ahead, given our projected growth, the scalability of our manufacturing operations, and aggressive cost reductions, we are positioning Safe and Green to not only turn cash flow positive by the end of 2024 but also to start generating significant cash flow throughout the remainder of the year and beyond. If accomplished, this achievement will be a testament to the collective effort of our management team and our factory employees.”

Tricia Kaelin, Chief Financial Officer at Safe & Green Holdings, stated, “During the first quarter of 2024, the Company successfully secured additional non-dilutive funding, demonstrating the strength of our assets and our capacity to finance future growth without relying on the equity markets. Moreover, we entered into a securities purchase agreement with a single institutional investor for \$4.0 million in gross proceeds, priced at-the-market under Nasdaq rules. This capital infusion is aimed at enhancing our working capital, supporting the growing demand from our customers, and furthering our aggressive expansion strategies. This transaction was in addition to an earlier securities purchase agreement of two debentures to a single investment fund in the aggregate amount of \$1.2 million.”

“In early March, the Company implemented measures to reduce operating costs, including workforce reductions at our SG Echo manufacturing subsidiary. We continue to rigorously evaluate all aspects of our business operations to identify further cost-saving opportunities. In late 2023, we had identified cost reductions amounting to over \$2.5 million in annualized expenses, expected to be realized in 2024. As a result of these cost reductions, we anticipate that our annual operating expense run rate for 2024 to be approximately \$2.5 million, a significant decrease from the previous year,” concluded Ms. Kaelin.

“As we move forward, our focus remains on diligently executing our business model. Our ongoing strategic initiatives strengthen our confidence in the future of the Company. We are highly optimistic about our growth prospects and our ability to deliver value to our shareholders,” concluded Mr. Galvin.

Financial Results for the Three Months Ended March 31, 2024

Revenue for the three months ended March 31, 2024, was \$1.0 million, compared to \$5.5 million for the three months ended March 31, 2020, reflecting a decrease in construction services revenue.

Gross profit (loss) for the three months ended March 31, 2024, was \$372,000, compared to a loss of \$62,000 for three months ended March 31, 2023.

Operating expenses for three months ended March 31, 2024 were \$1.1 million, compared to \$1.0 million for the 2023 comparable quarter.

The net loss attributable to common shareholders was approximately (\$4.0) million, or (\$4.22) per share in the three months ended March 31, 2024, compared to a net loss of (\$3.5) million, or \$(5.00) per share for the three months ended March 31, 2023.

The Company’s Adjusted EBITDA for the three months ended March 31, 2024, was approximately (\$2.1) million as compared to Adjusted EBITDA of approximately (\$2.0) million for the three months ended March 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 following is a reconciliation of EBITDA and Adjusted EBITDA to the nearest GAAP measure, net gain (loss) attributable to common stockholders:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net loss attributable to common stockholders of Safe & Green Holdings Corp.	\$ (3,999,283)	\$ (3,519,440)
Addback interest expense	1,282,756	287,372
Addback interest income	(9,570)	(9,362)
Addback depreciation and amortization	76,387	138,312
EBITDA (non-GAAP)	(2,649,711)	(3,103,118)
Addback litigation expense	143,745	17,361
Addback stock issued for services	251,361	437,325
Addback stock compensation expense	179,029	656,369
Adjusted EBITDA (non-GAAP)	\$ (2,075,576)	\$ (1,992,063)

At March 31, 2024, the Company had cash and cash equivalents of \$740 thousand compared to \$17 thousand at December 31, 2023. As of March 31, 2024, stockholders' equity was (\$6.6) million compared to (\$6.3) million as of December 31, 2023. 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 expanded scope of work for the Company's contract with a government contractor to refurbish 19 container modules for a major U.S. agency, the expected delivery of the Company's first eco-friendly modular unit to a prominent quick-service restaurant customer in the Pacific Northwest, the Company's collaboration and sales of modular units to Britten Inc., a veteran-owned creative production house, the Company's agreement to produce four modular electrical distribution centers for a client serving the big box retailer market, as part of a multi-unit order, the Company's design/build agreement with Talent Services LLC to develop and produce 8 units in compliance with the Department of Energy's Net-Zero Energy Ready requirements, 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 disabled from their service who are interested in manufacturing work, along with their families, the Company's design-build contract with Hostel Cubed to produce their inaugural modular camping cube for the California Coast, dubbed the "Coastal Camping Cube", 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 fulfill the expanded scope of work for the Company's contract with a government contractor to refurbish 19 container modules for a major U.S. agency, the Company's ability to complete the expected delivery of the Company's first eco-friendly modular unit to a prominent quick-service restaurant customer in the Pacific Northwest, the Company's ability to execute on its collaboration and sales of modular units to Britten Inc., a veteran-owned creative production house, the Company's ability to deliver on its agreement to produce four modular electrical distribution centers for a client serving the big box retailer market, as part of a multi-unit order, the Company's ability to successfully develop and produce 8 units for Talent Services LLC in compliance with the Department of Energy's Net-Zero Energy Ready requirements, the Company's ability to complete its non-binding Letter of Intent (LOI) to design, build, and operate an 800-unit supportive housing community for veterans, first responders, and others disabled from their service who are interested in manufacturing work, along with their families, the Company's ability to successfully design and build the modular camping cube for Hostel Cubed, dubbed the "Coastal Camping Cube", 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, 2023 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.