

August 14, 2024



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

Gross profit increases over four-fold; operating expenses reduced 48%

Reports record sales pipeline in excess of \$25 million

On track to achieve positive cash flow before year-end

MIAMI, Aug. 14, 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 June 30, 2024.

Key Highlights:

- Record sales pipeline in excess of \$25 million and positive outlook for H2 2024
- Gross profit margin in Q2 2024 increased to 12.7% compared to 0.7% for Q2 2023
- Operating expenses declined by \$2.7 million in Q2 2024 versus the same period last year
- Company reaffirms guidance it is on track to achieve positive cash flow before year-end
- Received a term sheet from a premier lender to refinance the Waldron facility on favorable terms; expected to provide non-dilutive working capital
- Expected receipt of Employee Retention Tax Credit (ERTC) payment within the next year, which would provide \$1.4 million of non-dilutive working capital
- Promoted David Cross to Executive Vice President of SG Echo, LLC
- Completed 2024 annual audit by International Code Council (ICC) Evaluation Service and granted recertification of ESR for certification and use of shipping containers in modular construction
- Expanded agreement to manufacture seven additional container-based electrical distribution centers as part of a multi-unit order for a client serving the big box retailer market
- Granted an expanded contract, valued in excess of \$1 million, to construct an additional 11 container modules and related services for a government contractor to be used by a major U.S. government agency

Paul Galvin, Chairperson and Chief Executive Officer of Safe & Green Holdings commented, "We continue to execute our business strategy with a focus on profitable revenue growth and

operational efficiency. I am pleased to report we have been awarded several important contracts, including expanded agreements with existing customers, that highlight both our quality and exceptional customer service. In addition, I'm pleased to report that our sales pipeline has grown significantly during the quarter and is now in excess of \$25 million—a record for the Company, which we expect to be reflected, in part, in our revenue during the second half of 2024. Moreover, by strategically managing our resources and focusing on high-margin projects, we have increased our gross profit more than four-fold and reduced our operating expenses by 48%. We remain committed to driving sustainable growth and delivering value to our shareholders.”

Tricia Kaelin, Chief Financial Officer of Safe & Green Holdings, further noted, “The financial discipline we have instilled across the organization is yielding tangible results. Our ability to enhance gross profit while reducing operating expenses is a clear indication of our focus on creating a leaner, more profitable company. As a result, we remain on track to achieve positive cash flow before year end. In addition, we will continue to optimize our cost structure and prioritize investments that drive long-term returns.”

Financial Results for the Three Months Ended June 30, 2024

Revenue for the three months ended June 30, 2024, was \$1.3 million, compared to \$5.1 million for the three months ended June 30, 2023, reflecting a decrease in construction services revenue.

Gross profit for the three months ended June 30, 2024, was \$159 thousand, compared to \$34 thousand for three months ended June 30, 2023.

Operating expenses for three months ended June 30, 2024 were \$3.0 million, compared to \$5.6 million for the 2023 comparable quarter.

The net loss attributable to common shareholders was approximately (\$3.9) million, or (\$2.66) per share in the three months ended June 30, 2024, compared to a net loss of (\$5.6) million, or \$(7.46) per share for the three months ended June 30, 2023.

The Company's Adjusted EBITDA loss for the three months ended June 30, 2024, was approximately (\$1.4) million as compared to Adjusted EBITDA loss of approximately (\$2.3) million for the three months ended June 30, 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 June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net loss attributable to common stockholders of Safe & Green Holdings Corp.	\$ (3,858,693)	\$ (5,555,524)	\$ (8,528,857)	\$ (9,074,964)
Addback interest expense	1,889,328	523,971	3,172,084	811,343
Addback interest income	—	(9,454)	(9,570)	(18,816)
Addback depreciation and amortization	15,125	160,455	91,512	298,767
EBITDA (non-GAAP)	(1,954,240)	(4,880,552)	(5,274,831)	(7,983,670)
Common stock deemed dividend	-	—	670,881	—
Addback litigation expense	168,500	—	312,245	17,361
Addback stock issued for services	—	47,500	251,361	484,825
Addback stock compensation expense	348,308	2,554,262	527,336	3,210,631
Adjusted EBITDA (non-GAAP)	\$ (1,437,432)	\$ (2,278,790)	\$ (3,513,008)	\$ (4,270,853)

At June 30, 2024, the Company had cash and cash equivalents of \$1.0 million compared to \$17 thousand at December 31, 2023. As of June 30, 2024, stockholders' equity was (\$4.8) million compared to (\$6.3) million as of December 31, 2023.

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 the three months ended June 30, 2024, the Company's guidance it is on track to achieve positive cash flow before year-end, the Company's receipt of a term sheet from a premier lender to refinance the Waldron facility to provide non-dilutive working capital, the Company's expected receipt of the Employee Tax Retention Credit (ERTC) payment within the next year, which would provide \$1.4 million of non-dilutive working capital, the Company's expanded agreement to manufacture seven additional container-based electrical distribution centers as part of a multi-unit order for a client serving the big box retailer market, and the Company's expanded contract, valued in excess of \$1 million, to construct an additional 11 container modules and related services for a government contractor to be used by a major U.S. government agency. 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 achieve positive cash flow before year-end, the Company's ability to complete the refinance of its Waldron facility, the Company's receipt of the Employee Tax Retention Credit (ERTC) payment within the next year, which would provide \$1.4 million of non-dilutive working capital the Company's ability to fulfill the expanded agreement to manufacture seven additional container-based electrical distribution centers, the Company's ability to fulfill the expanded contract for a government contractor to construct an additional 11 container modules to be used by a major U.S. government agency, 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.

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Source: Safe & Green Holdings Corp.