

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

FORM 10-Q

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

For the quarterly period ended March 31, 2025

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: 001-41581

**SAFE AND GREEN DEVELOPMENT CORPORATION**  
(Exact name of registrant as specified in its charter)

<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>87-1375590</b> (I.R.S. Employer Identification No.)
<b>100 Biscayne Blvd, Suite 1201, Miami FL 33132</b> (Address of principal executive offices)	<b>33132</b> (Zip Code)

**(786) 600-4739**  
(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 \$0.001 per share	SGD	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>
	Emerging growth company <input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of May 15, 2025 the issuer had a total of 2,091,750 shares of common stock, \$0.001 par value per share, outstanding.

## SAFE AND GREEN DEVELOPMENT CORPORATION AND SUBSIDIARY

## FORM 10-Q

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# PART I. FINANCIAL INFORMATION

## ITEM 1. Financial Statements

### SAFE AND GREEN DEVELOPMENT CORPORATION AND SUBSIDIARY Condensed Consolidated Balance Sheets

	<u>March 31, 2025</u> (Unaudited)	<u>December 31,</u> <u>2024</u>
<b>Assets</b>		
Current assets:		
Cash	\$ 17,540	\$ 296,202
Prepaid assets and other current assets	248,811	547,296
Notes receivable	5,460,672	960,672
Current Assets	<u>5,727,023</u>	<u>1,804,170</u>
Assets held for sale	4,400,361	4,400,361
Land	1,058,680	1,225,347
Property and equipment, net	5,680	546,756
Project development costs and other non-current assets	96,239	96,239
Equity-based investments	795,596	3,642,607
Intangible assets, net	1,022,197	1,038,312
<b>Total Assets</b>	<u>\$ 13,105,776</u>	<u>\$ 12,753,792</u>
<b>Liabilities and Stockholder's Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,824,031	\$ 1,301,276
Due to affiliates	-	399,660
Short-term notes payable, net	8,690,048	8,699,721
Deferred gain on sale	1,475,000	-
Total current liabilities	<u>11,989,079</u>	<u>10,400,657</u>
Long-term notes payable, net	815,569	1,499,957
Total liabilities	<u>12,804,648</u>	<u>11,900,614</u>
Stockholder's equity:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, 0 issued and outstanding	-	-
Common stock, \$0.001 par value, 50,000,000 shares authorized, 2,255,459 issued and 1,979,034 outstanding as of March 31, 2025 and 1,486,872 shares authorized, issued and outstanding as of December 31, 2024	2,255	1,487
Additional paid-in capital	18,352,993	16,659,151
Treasury stock, at cost – 276,425 shares at March 31, 2025	-	-
Accumulated deficit	(18,219,015)	(16,039,022)
Non-controlling interest	164,895	231,562
Total stockholder's equity	<u>301,128</u>	<u>853,178</u>
<b>Total Liabilities and Stockholder's Equity</b>	<u>\$ 13,105,776</u>	<u>\$ 12,753,792</u>

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

**Safe and Green Development Corporation and Subsidiary**  
**Condensed Consolidated Statements of Operations**

		<i>For the Three Months Ended March 31,</i>	
		<b>2025</b>	<b>2024</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue:</b>			
Sales	\$	18,170	\$ 49,816
Total		<u>18,170</u>	<u>49,816</u>
<b>Cost of Revenue:</b>			
Commissions	\$	11,800	\$ -
Total		<u>11,800</u>	<u>\$ -</u>
<b>Gross Profit:</b>		<u>6,370</u>	<u>49,816</u>
<b>Operating expenses:</b>			
Payroll and related expenses		451,451	2,016,087
General and administrative expenses		735,120	466,254
Marketing and business development expense		83,661	69,150
Total		<u>1,270,232</u>	<u>2,551,491</u>
<b>Operating loss</b>		<u>(1,263,862)</u>	<u>(2,501,675)</u>
<b>Other income (expense):</b>			
Interest expense		(954,648)	(565,996)
Interest income		23,688	-
Other income		14,829	-
Total		<u>(916,131)</u>	<u>(565,996)</u>
<b>Net loss</b>	\$	<u>(2,179,993)</u>	<u>\$ (3,067,671)</u>
<b>Net loss per share</b>			
Basic and diluted	\$	<u>(1.08)</u>	<u>\$ (5.17)</u>
<b>Weighted average shares outstanding:</b>			
Basic and diluted		<u>2,011,148</u>	<u>593,069</u>

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

**Safe and Green Development Corporation and Subsidiary**  
**Condensed Consolidated Statements of Changes in Stockholder's Equity (Unaudited)**

	<i><b>\$0.001 Par Value Common Stock</b></i>		<i><b>Additional Paid-in Capital</b></i>	<i><b>Accumulated Deficit</b></i>	<i><b>Total Stockholder's Equity</b></i>
	<i><b>Shares</b></i>	<i><b>Amount</b></i>			
<b>Balance at January 1, 2024</b>	510,000	\$ 510	\$ 9,017,814	\$ (7,130,547)	\$ 1,887,777
Conversion of notes payable	54,945	55	699,945	-	700,000
Issuance of common stock	14,300	14	525,281	-	525,295
Issuance of stock for services and debt and warrant issuance	21,055	21	322,850	-	322,871
Issuance of common stock from restricted stock units	76,971	77	1,746,563	-	1,746,640
Cashless warrant exercise	15,292	15	(15)	-	-
Issuance of stock in connection with business combination	25,000	25	434,975	-	435,000
Net loss	-	-	-	(3,067,671)	(3,067,671)
<b>Balance at March 31, 2024</b>	<u>717,563</u>	<u>\$ 717</u>	<u>\$ 12,747,413</u>	<u>\$ (10,198,218)</u>	<u>\$ 2,549,912</u>

	<i><b>\$0.001 Par Value Common Stock</b></i>		<i><b>Additional Paid-in Capital</b></i>	<i><b>Accumulated Deficit</b></i>	<i><b>Non-controlling Interest</b></i>	<i><b>Total Stockholder's Equity</b></i>
	<i><b>Shares</b></i>	<i><b>Amount</b></i>				
<b>Balance at January 1, 2025</b>	1,486,872	\$ 1,487	16,659,151	\$ (16,039,022)	\$ 231,562	\$ 853,178
Conversion of notes payable and accrued interest	591,254	591	1,099,409	-	-	1,100,000
Exercise of prefunded warrant	83,333	83	(83)	-	-	-
Issuance of stock for debt issuance	94,000	94	114,492	-	-	114,586
Forgiveness of related party debt	-	-	391,524	-	-	391,524
Stock-based compensation	-	-	88,500	-	-	88,500
Deconsolidation of Sugar Phase	-	-	-	-	(66,667)	(66,667)
Net loss	-	-	-	(2,179,993)	-	(2,179,993)
<b>Balance at March 31, 2025</b>	<u>2,255,459</u>	<u>\$ 2,255</u>	<u>18,352,993</u>	<u>\$ (18,219,015)</u>	<u>\$ 164,895</u>	<u>\$ 301,128</u>

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

**Safe and Green Development Corporation and Subsidiary**  
**Condensed Consolidated Statements of Cash Flows**

	<i>For the Three Months Ended March 31, 2025</i>	<i>For the Three Months Ended March 31, 2024</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (2,179,993)	\$ (3,067,671)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	365	161
Amortization	26,115	
Amortization of debt issuance costs	575,380	314,996
Stock based compensation	88,500	1,746,640
Common stock for services	-	322,871
Changes in operating assets and liabilities:		
Prepaid assets and other current assets	423,141	(178,408)
Accounts payable and accrued expenses	514,618	167,633
Net cash used in operating activities	<u>(551,874)</u>	<u>(693,778)</u>
<b>Cash flows from investing activities:</b>		
Additions to intangible assets	(10,000)	(30,731)
Cash acquired bus combination	-	1,082
Purchase of computers and software	-	(32,000)
Project development costs	-	(26,150)
Net cash used in investing activities	<u>(10,000)</u>	<u>(87,799)</u>
<b>Cash flows from financing activities:</b>		
Debt issuance costs	(232,784)	(321,117)
Proceeds from notes payable	1,094,400	651,700
Issuance of common stock from EP	-	525,295
Principal payments on debt	(578,405)	-
Net cash provided by financing activities	<u>283,211</u>	<u>855,878</u>
<b>Net change in cash</b>	<u>(278,662)</u>	<u>74,301</u>
<b>Cash – beginning of period</b>	<u>296,202</u>	<u>3,236</u>
<b>Cash – end of period</b>	<u>\$ 17,540</u>	<u>77,537</u>
<b>Supplemental disclosure of non-cash operating activities:</b>		
Assets and liabilities acquired in business combination:		
Accounts payable and accrued expenses	\$ -	\$ 32,337
Assets and liabilities effected in deconsolidation:		
Cash	\$ 28,970	\$ -
Prepaid assets and other current assets	\$ 88,109	\$ -
Land	\$ 601,519	\$ -
Property and equipment, net	\$ 740,329	\$ -
Accounts payable and accrued expenses	\$ 37,600	\$ -
Short-term notes payable	\$ 794,521	\$ -
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Note receivable from sale of equity investment	\$ 4,500,000	\$ -
Deferred gain on sale from sale of equity investment	\$ 1,475,000	\$ -
Forgiveness of due from affiliate	\$ 391,524	\$ -
Issuance of stock for debt issuance	\$ 114,586	\$ -
Conversion of notes payable	\$ 1,100,000	\$ 700,000
Pre-funded warrants	\$ 83	\$ -

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

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**1. Description of Business**

Safe and Green Development Corporation (the “Company” or “SG DevCo”), previously known as SGB Development Corp., a Delaware corporation, was incorporated on February 17, 2021. The Company was formed in 2021 for the purposes of real property development using purpose-built, prefabricated modules built from both wood and steel.

During 2023 and 2024, the Company’s business focus was primarily on the direct acquisition and indirect investment in properties nationally to be developed in the future into green single or multi-family projects and increasing our presence in markets with favorable job formation and a favorable demand/supply ratio for multifamily and/or single-family housing. To date, the Company has generated minimal revenue and its activities have consisted mostly of the acquisition and entitlement of three properties, an investment in two entities that have acquired two properties to be further developed, entry into three joint ventures with the intention of developing properties in the Texas market and an investment in real-estate related artificial intelligence (“AI”) assets and entities, as further described below.

In January 2024, the Company announced that it would strategically look to monetize its real estate holdings throughout 2024 by identifying markets where its land may have increased in value, as demonstrated by third-party appraisals and selling those properties. In connection with this strategy, the Company has entered into agreements to sell its St. Mary’s site and its Lago Vista site described in more detail below. Additionally, the Company expects to subdivide its McLean property into buildable single family lots that can subsequently be sold to developers or developed internally. The Company intends to develop the properties that it owns and invest the proceeds of sales of our securities and future financings, both at the corporate and project level, and/or sale proceeds from properties that are sold. However, its ability to develop any properties will be subject to its ability to raise capital either through the sale of equity or by incurring debt for which there can be no assurance.

In August 2024, the Company entered into joint ventures with Milk & Honey LLC, Sugar Phase I LLC and Hacienda Olivia Phase II LLC, with the intention of developing green single-family homes in the Southern Texas market. To date, the Company has completed construction of five single family homes in the Sugar Phase joint venture which were delivered during the first quarter of 2025. Additionally, the Company is developing 57 single family lots through its Hacienda Olivia. The Company has also entered into a joint venture named Pulga Internacional with the intention of developing an eco-friendly commercial retail outlet.

In February 2025, the Company entered into a Membership Interest Purchase Agreement (the “Membership Interest Purchase Agreement”) with Resource Group US Holdings LLC (“Resource Group”) and its members to acquire 100% of the membership interests of Resource Group. See “Membership Interest Purchase Agreement” below for additional information about the Membership Interest Purchase Agreement. Upon the closing of the acquisition the Company intends to shift its primary focus to the business conducted by Resource Group, which is the transformation of targeted organic green waste materials into engineered, environmentally friendly soil and mulch products. As a result, the Company has started the process of strategically realigning the business focus towards Resource Group’s core business by monetizing real estate holdings held by us and in our joint ventures. The Company will continue this process and expects that by the end of 2025 the Company will be focused solely on the engineered soils business. Following the acquisition of Resource Group, the Company also intends to reevaluate the projects, technologies, and operations of our real-estate related AI assets.

**Going Concern**

The Company began operations during 2021 and has incurred net losses since inception and has a net capital deficiency, which raises substantial doubt about its ability to continue as a going concern. The Company has funded its operations through bridge note financing, project level financing, and the issuance of its equity and debt securities. The above conditions raise substantial doubt about the Company’s ability to continue as a going concern. The Company has initiated strategic monetization of properties, which may yield additional financing proceeds to fund operations, however there is no assurance that the Company will be successful in achieving its objectives.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

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

Reverse Stock Split

On October 8, 2024, the Company effected a 1-for-20 reverse stock split of its then-outstanding common stock ("Stock Split"). All share and per share amounts set forth in the condensed 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 Quarterly Report on Form 10-Q for the period ended March 31, 2025 have been adjusted to reflect the reverse stock split effected in October 2024.

**2. Summary of Significant Accounting Policies**

**Basis of presentation and principals of consolidation** — The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and Article 8 Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. The condensed consolidated financial statements and notes should be read in conjunction with the condensed consolidated financial statements and notes for the year ended December 31, 2024 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on March 31, 2025. In the opinion of management, all adjustments, consisting of normal accruals, considered necessary for a fair presentation of the interim financial statements have been included. Results for the three months ended March 31, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025. The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, LV Peninsula Holding, LLC ("LV Holding") and MyVonia Innovations LLC ("MyVonia LLC"), as well as Sugar Phase (until the time of deconsolidation as described below) and Pulga which are described below.

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

**Accounting estimates** — The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates 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 expenses during the reporting period. Actual results could differ from those estimates.

**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*

The revenue the Company has generated to date resulted from commissions related to residential real estate purchases and sales transactions, as well as the sale of land held. For commissions revenue, the Company applies recognition of revenue when the customer obtains control over such service, which is at a point in time.

For sale of land, the Company applies recognize of revenue when the customer obtained control of the asset, which is also at a point in time.



**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**2. Summary of Significant Accounting Policies (cont.)**

**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 July 23, 2024, the Company entered into a Joint Venture Agreement with Milk & Honey, for the purpose of establishing a joint venture to be conducted under the name of Sugar Phase for the purpose of developing and constructing single-family homes on five parcels of land located in Edinburg Texas (“Sugar Phase JV”). Each of the Company and Milk & Honey are referred to as a “Joint Venturer” and collectively are referred to as the “Joint Venturers.”

Pursuant to the Sugar Phase JV, as amended, the Company has agreed to contribute capital in the amount of \$100,000 to the Sugar Phase JV to be used for the development and construction of single-family homes on land, with an estimated appraisal value of \$317,500, contributed by Milk & Honey, to the Sugar Phase JV. The Joint Venturers will make such other capital contributions required to enable the Sugar Phase JV to carry out its purposes as set forth in the Sugar Phase JV as the Joint Venturers may mutually agree upon. The Joint Venturers shall arrange for or provide any financing as may be required by the Sugar Phase JV for carrying out the purposes of the Sugar Phase JV.

The Sugar Phase JV provides that the Company will have a 60% interest and Milk & Honey will have a 40% interest in the Sugar Phase JV. In addition, it provides that net profits of the Sugar Phase JV as they accrue will be distributed 45% to the Company and 55% to Milk & Honey, and that the expenses of the Sugar Phase JV will be paid by the Joint Venturers, in the ratio which the contribution of each Joint Venturer bears to the total contributions.

The Sugar Phase JV provides that the Company will act as the manager of Sugar Phase JV and shall be responsible for overseeing and dictating all responsibilities associated with managing a real estate development project, including: (i) overseeing the planning, development, and construction phases of the Project to ensure that it is completed on time and within budget, (ii) coordinating with architects, contractors, suppliers, and other relevant parties to facilitate smooth project execution, and (iii) ensuring compliance with all applicable laws, regulations, and industry standards throughout the duration of the project. The Company will also oversee the financial management of the Sugar Phase JV, including the establishment and maintenance of financial accounts and records.

The Sugar Phase JV provides that Milk & Honey will be responsible for the construction and development aspects of the project, including: (i) overseeing and managing all aspects of the construction process, including the selection and supervision of contractors, subcontractors, and suppliers and (ii) ensuring that all construction activities are carried out in accordance with the approved development plan, building codes, and industry standards.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**2. Summary of Significant Accounting Policies (cont.)**

The Sugar Phase JV provides that the following powers may be exercised only upon the mutual consent of the Joint Venturers: (i) the power to borrow money on the general credit of Sugar Phase JV in any amount, or to create, assume, or incur any indebtedness to any person or entity; (ii) the power to make loans in any amount, to guarantee obligations of any person or entity, or to make any other pledge or extension of credit; (iii) the power to purchase or otherwise acquire any other property except in the ordinary course of business of Sugar Phase JV; (iv) the power to sell, encumber, mortgage or refinance any loan or mortgage on any of the Joint Venture property; (v) the power to confess any judgment against Sugar Phase JV, or to create, assume, incur or consent to any charge (including any deed of trust, pledge, encumbrance or security interest of any kind) upon any property or assets of Sugar Phase JV; (vi) the power to spend any renovation or remodeling funds or to make any other expenditures except for routine day-to-day maintenance and operation of Sugar Phase JV.

Pursuant to Sugar Phase JV in the event the Joint Venturers are divided on a material issue and cannot agree on the conduct of the business and affairs of Sugar Phase JV, a deadlock shall be deemed to have occurred in which the Company (the “Offerer”) may elect to purchase the Joint Venture interest of the other Joint Venturer (the “Offeree”) at an agreed upon valuation of \$1,100,000 or the Company shall make the final decision to break the deadlock.

On March 6, 2025, the Company entered into a Buyout Agreement (the “Buyout Agreement”) with Milk & Honey, pursuant to which the Company agreed to sell to Milk & Honey the Company’s 60% membership interest (the “Interest”) in Sugar Phase, for a purchase price of \$557,868, reflecting amounts contributed and costs incurred by the Company in connection with the Sugar Phase I project, to be evidenced by a one-year promissory note (the “Note”) in the principal amount of \$557,868, bearing interest at 10% per annum.

The Buyout Agreement and Note provide that the Company’s Interest will be transferred to Milk & Honey incrementally as the Note is repaid. The closing under the Buyout Agreement occurred on March 7, 2025. In connection therewith, Milk & Honey prepaid \$120,000 of the principal amount due under the Note and the Company transferred 10.27% of the Company’s Interest in the JV. As of March 31, 2025, the Company has received \$375,868. Additionally, the Company deconsolidated the activities of Sugar Phase during the three months ended March 31, 2025. As of March 31, 2025 the Company held an 18.5% interest in Sugar Phase.

On September 2, 2024, the Company entered into a second Joint Venture Agreement with Milk & Honey, for the purpose of establishing a joint venture to be conducted under the name of Pulga Internacional for the purpose of developing an eco-friendly retail outlet on land located in Weslaco Texas (“Pulga JV”). The terms of the Pulga JV are similar to the Sugar Phase JV, with the exception that the land Milk & Honey has contributed land with an estimated appraisal value of \$164,895, and the net profits of the Pulga JV shall be distributed 50% to the Company and 50% to Milk & Honey.

On October 1, 2024, the Company entered into a JV Agreement with Milk & Honey for the purpose of establishing a joint venture to be conducted under the name of Hacienda Olivia Phase II LLC (the “2<sup>nd</sup> Joint Venture”) for the purpose of developing and constructing a single family homes (the “Second Project”) on fifty-seven (57) lots of land located in Hidalgo County, Texas (the “Second Land”). We are the manager of the 2<sup>nd</sup> Joint Venture.

Pursuant to 2<sup>nd</sup> JV Agreement, the Company agreed to contribute \$10,000 to the 2<sup>nd</sup> Joint Venture as an initial capital contribution for the specific purpose of satisfying the existing mortgage on the Second Land, and Milk & Honey has agreed to contribute the Second Land to the 2<sup>nd</sup> Joint Venture. The terms of the 2<sup>nd</sup> Joint Venture are similar to the Joint Venture. As of March 31, 2025 there has been no activity in the 2<sup>nd</sup> Joint Venture.

On November 18 2024, the Company entered into a JV Agreement with Milk & Honey, for the purpose of establishing a joint venture to be conducted under the name of Hacienda Olivia Phase III LLC (the “3<sup>rd</sup> Joint Venture”) for the purpose of developing and constructing single family homes on twelve (12) acres of land representing 77 lots located in Hidalgo County, Texas (the “Third Land”). The Company is the manager of the 3<sup>rd</sup> Joint Venture.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**2. Summary of Significant Accounting Policies (cont.)**

Pursuant to the 3<sup>rd</sup> JV Agreement, the Company agreed to contribute \$10,000 to the 3<sup>rd</sup> Joint Venture as an initial capital contribution, and Milk & Honey has agreed to contribute the Third Land to the Joint Venture. The terms of the 3<sup>rd</sup> Joint Venture are similar to the Joint Venture. As of March 31, 2025 there has been no activity in the 3<sup>rd</sup> Joint Venture.

**Investment Entities** — On May 31, 2021, the Company agreed to contribute \$600,000 to acquire a 50% membership interest in Norman Berry II Owner LLC (“Norman Berry”). The Company contributed \$350,329 and \$114,433 of the initial \$600,000 in the second quarter and third quarter of 2021 respectively, with the remaining \$135,183 funded in the fourth quarter of 2021. The purpose of Norman Berry is to develop and provide affordable housing in the Atlanta, Georgia metropolitan area. The Company has determined it is not the primary beneficiary of Norman Berry and thus will not consolidate the activities in its financial statements. The Company will use the equity method to report the activities as an investment in its condensed consolidated financial statements. As of March 31, 2025 the Company continued to hold a 50% interest in Norman Berry.

On June 24, 2021, the Company entered into an operating agreement with Jacoby Development for a 10% non-dilutable equity interest for JDI-Cumberland Inlet, LLC (“Cumberland”). The Company contributed \$3,000,000 for its 10% equity interest. During the year ended December 31, 2023, the Company contributed an additional \$25,000. The purpose of Cumberland is to develop a waterfront parcel in a mixed-use destination community. The Company has determined it is not the primary beneficiary of Cumberland and thus will not consolidate the activities in its condensed consolidated financial statements. The Company will use the equity method to report the activities as an investment in its condensed consolidated financial statements.

On February 11, 2025, the Company entered into an Amendment (this “February Amendment”) to the Operating Agreement, dated June 24, 2021 (the “Operating Agreement”), for Cumberland, by and between the Company and Jacoby Development Inc., a Georgia corporation (“JDI”), and a Forced Sale Agreement by and between the Company and JDI, pursuant to which Cumberland acquired the Company’s 10% equity interest (the “LLC Interest”) in Cumberland in exchange for a promissory note (the “Cumberland Note”) from Cumberland in the principal amount of \$4.5 million. The Cumberland Note bears interest at the rate of 6.5% per annum, matures on February 6, 2026 and is secured by a pledge of a 10% equity interest in Cumberland. Payment of the Cumberland Note is also guaranteed by JDI. Due to uncertainty of collection of the Cumberland Note, the Company has recorded a deferred gain on sale in the amount of \$1,475,000 which will be recognized as amounts are received. Additionally, the Company has not recorded any interest income due to uncertainty of payment.

In connection with the Buyout Agreement, the Company no longer consolidates the activities of Sugar Phase in the Company’s financial statements. The Company is now not the primary beneficiary of Sugar Phase and will use the equity method to report the activities as an investment in its condensed consolidated financial statements.

During the three months ended March 31, 2025 and 2024, Norman Berry and Sugar Phase did not have any material earnings or losses as the investments are in development. In addition, management believes there was no impairment as of March 31, 2025 and December 31, 2024.

**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. The Company has minimal cash and cash equivalents on hand as of March 31, 2025 and December 31, 2024.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**2. Summary of Significant Accounting Policies (cont.)**

**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 which is 5 years for computer equipment and software. Repairs and maintenance are charged to expense when incurred.

**Intangible assets** — Intangible assets consist of \$22,210 of website costs that will be amortized over 5 years, and \$1,028,323 of software development costs will be amortized over 3 years.

**Project Development Costs** — Project development costs are stated at cost. At March 31, 2025 and December 31, 2024, the Company's project development costs are expenses incurred related to development costs on various projects that are capitalized during the period the project is under development.

**Assets Held For Sale** — During 2022, management implemented a plan to sell a 50+ acre Lake Travis project site in Lago Vista, Texas ("Lago Vista"), which meets all of the criteria required to classify it as an Asset Held For Sale. Including previous project development costs associated with Lago Vista of \$824,231, the book value is now \$4,400,361.

On January 30, 2025, the Company entered into a definitive agreement (the "Purchase Agreement") with Lithe Development Inc., a Texas corporation ("Lithe"), for the sale of the Lago Vista Site. The agreed-upon purchase price for the property is \$6,575,000. Currently, any potential sales did not materialize, and Lago Vista continues to be actively marketed.

**Fair value measurements** — Financial instruments, including accounts payable and accrued expenses are carried at cost, which the Company believes approximates fair value due to the short-term nature of these instruments. The short-term note payable is carried at cost which approximates fair value due to corresponding market rates.

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.

**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.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**2. Summary of Significant Accounting Policies (cont.)**

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.

**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.

For acquisitions of assets that do not constitute a business, any assets and liabilities acquired are recognized at their cost based upon their relative fair value of all asset and liabilities acquired.

**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.

**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 condensed consolidated financial statements. The Company adopted ASU 2023-07 during the year ended December 31, 2024.

**3. Notes Receivable**

On November 13<sup>th</sup>, 2024 the Company entered into a promissory note for \$960,672 in connection with the sale of the St. Mary's Site. The promissory note will bear 10% interest per annum, provide for monthly interest payments and mature on March 15<sup>th</sup>, 2025 with the option to extend up to three times by paying \$10,000 for each extension. Each extension period is 30 days. This note has currently been extended through May 15, 2025.

On February 11, 2025, the Company entered into the Cumberland Note in the principal amount of \$4.5 million. The Cumberland Note bears interest at the rate of 6.5% per annum, matures on February 6, 2026 and is secured by a pledge of a 10% equity interest in Cumberland. Payment of the Cumberland Note is also guaranteed by JDI. Due to uncertainty of collection of the Cumberland Note, the Company has recorded a deferred gain on sale in the amount of \$1,475,000 which will be recognized as amounts are received. Additionally, the Company has not recorded any interest income due to uncertainty of payment.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**4. Property and Equipment and Intangible Assets**

Property and equipment are stated at cost less accumulated depreciation and amortization and depreciated using the straight-line method over their useful lives. At March 31, 2025 and December 31, 2024 the Company's property and equipment, net consisted of the following:

	<b>2025</b>	<b>2024</b>
Computer equipment and software	\$ 7,293	\$ 7,293
Construction in progress	-	540,711
Less: accumulated depreciation	(1,613)	(1,248)
Property, plant and equipment, net	<u>\$ 5,680</u>	<u>\$ 546,756</u>

Depreciation expense for the three months ended March 31, 2025 and 2024 amounted to \$365 and \$397, respectively.

At March 31, 2025 and December 31, 2024 the Company's intangible assets consisted of the following:

	<b>2025</b>	<b>2024</b>
Software development	\$ 1,028,323	\$ 1,018,323
Website costs	22,210	22,210
Less: accumulated amortization	(28,336)	(2,221)
	<u>\$ 1,022,197</u>	<u>\$ 1,038,312</u>

Amortization expense for the year ended March 31, 2025 amounted to \$26,115.

The following table represents the total estimated amortization of intangible assets for the succeeding years:

<b>For the years ended December 31:</b>	<b>Estimated amortization expense</b>
2025 (remaining)	\$ 271,195
2026	343,884
2027	343,884
2028	61,005
2029	2,229
	<u>\$ 1,022,197</u>

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**5. Equity-based investments**

As of March 31, 2025, the Company's investment in Norman Barry and Sugar Phase amounted to \$617,607 and \$177,989, respectively. The approximate combined financial position of the Company's equity-based investments are summarized below as of March 31, 2025 and December 31, 2024:

<b>Condensed balance sheet information:</b>	<b>2025</b>		<b>2024</b>	
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
Total assets	\$	2,281,000	\$	40,400,000
Total liabilities	\$	1,007,000	\$	10,200,000
Members' equity	\$	1,274,000	\$	30,200,000

**6. Note Payable**

**LV Note**

On April 3, 2024, LV Holding, entered into a Modification and Extension Agreement, effective as of April 1, 2024 (the "Extension Agreement"), to extend to April 1, 2025 the maturity date of the LV Note. As consideration for the Extension Agreement, LV Holding agreed to pay an extension fee of \$50,000. Additionally, the Extension Agreement provides for the LV Note's interest rate to be increased to a fixed rate of 17.00%. In addition, pursuant to a loan agreement dated April 3, 2024 (the "2nd Lien Loan Agreement"), LV Holding issued a promissory note, in the principal amount of \$1,000,000 (the "2nd Lien Note"), secured by a revised Deed of Trust and Security Agreement, dated April 3, 2024 (the "Revised Deed of Trust") on the Company's Lago Vista site, and a Modification to Real Estate Mortgage, dated April 3, 2024 ("Mortgage Modification"), to the mortgage, dated March 30, 2023, on the Company's McLean site in Durant, Oklahoma. The 2nd Lien Note is subordinate to the LV Note. The 2nd Lien Note requires monthly installments of interest only, is due in full on April 1, 2025, bears interest at fixed rate of 17.00% and may be prepaid by LV Holding at any time without interest or penalty. LV Holding's obligations under the 2nd Lien Note have been guaranteed by the Company pursuant to a Guaranty, dated April 3, 2024.

As of May 15<sup>th</sup>, 2025, LV Holding is negotiating an extension to the LV Note to extend the maturity of the note.

**BCV**

On June 23, 2023, the Company entered into a Loan Agreement (the "BCV Loan Agreement") with a Luxembourg-based specialized investment fund, BCV S&G DevCorp ("BCV S&G"), for up to \$2,000,000 in proceeds, under which it initially received \$1,250,000. The Loan Agreement provides that the loan provided thereunder will bear interest at 14% per annum and mature on December 1, 2024. The loan may be repaid by the Company at any time following the twelve-month anniversary of its issue date. The loan is secured by 1,999,999 (100,000 as adjusted for the Stock Split) of Parent's shares of the Company's common stock (the "Pledged Shares"), which were pledged pursuant to an escrow agreement (the "Escrow Agreement") with the Company's transfer agent.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**6. Note Payable (cont.)**

As of May 15<sup>th</sup>, 2025 BCV and the Company amended the BCV Loan Agreement (“Amendment No. 3”) to extend the maturity date of the note from December 1, 2024 to December 1, 2025. Additionally, BCV increased the principal balance of the note to \$2,200,000.00 (two million two hundred thousand dollars). According to Amendment No. 3, the loan will now be primarily secured by 176,425 Treasury Shares and will be additionally secured by the \$960,672 St Mary’s Note as well as the 10% Ownership in Cumberland Inlet Mixed-Use property.

**Leighton**

On March 1, 2024, the Company entered into a credit agreement with the Bryan Leighton Revocable Trust Dated December 13, 2023 (the “Lender”) pursuant to which the Lender agreed to provide the Company with a line of credit facility (the “Line of Credit”) up to the maximum amount of \$250,000 from which the Company may draw down, at any time and from time to time, during the term of the Line of Credit. The “Maturity Date” of the Line of Credit is September 1, 2024. At any time prior to the Maturity Date, upon mutual written consent of the Company and the Lender, the Maturity Date may be extended for up to an additional six-month period. The advanced and unpaid principal of the Line of Credit from time to time outstanding will bear interest at a fixed rate per annum equal to 12.0% (the “Fixed Rate”). On the first day of each month, the Company will pay to the Lender interest, in arrears, on the aggregate outstanding principal indebtedness of the Line of Credit at the Fixed Rate. The entire principal indebtedness of the Line of Credit and any accrued interest thereon will be due and payable on the Maturity Date. In consideration for the Line of Credit, on March 1, 2024, the Company issued 154,320 shares of the Company’s restricted common stock (7,716 as adjusted for the Stock Split) to Lender. The fair value of the shares issued to Lender amounted to \$125,000 and has been recorded as a debt discount and will be amortized over the effective rate method. On November 12, 2024 the Company entered into Credit Extension Agreement (the “Extension”) for the agreement with the Bryan Leighton Revocable Trust dated December 13, 2023. The Extension extends the maturity date from September 1, 2024 to December 15, 2024. The Company paid an extension fee of \$8,750 dollars and issued an additional 2,500 shares of the Company’s restricted common stock as consideration for the extension. The rate of interest also increased from 12% per annum to 14% per annum retroactive to September 1, 2024.

On May 1, 2025, the Company entered into a consolidated promissory note agreement (the “Promissory Note”) with the Bryan Leighton Revocable Trust dated December 13, 2023 (the “Lender”), which supersedes and replaces the original credit agreement dated March 1, 2024, and the subsequent extension agreements dated October 21, 2024 and January 29, 2025 (collectively, the “Prior Agreements”). Under the terms of the Promissory Note, the outstanding obligations under the Prior Agreements were consolidated into a single principal amount of \$273,917.81, which includes the original principal balance of \$250,000, accrued interest of \$8,917.81 through May 1, 2025, and an additional \$15,000 agreed upon by the parties. The Promissory Note bears interest at a fixed rate of 14.00% per annum and provides that accrued interest is payable monthly, in arrears, beginning June 1, 2025. The entire outstanding principal and accrued interest shall become due and payable on the earlier of (i) the completion of a capital raise by the Company in which gross proceeds equal or exceed \$4,000,000 from one or more third-party investors, or (ii) October 28, 2025 (the “Maturity Date”). The Promissory Note may be prepaid in whole or in part at any time without premium or penalty, provided all accrued and unpaid interest is paid at the time of prepayment. The Promissory Note includes customary default provisions and represents the full and complete understanding of the parties, rendering the Prior Agreements null and void.



**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**6. Note Payable (cont.)**

**1800 Diagonal**

On July 10, 2024, the Company issued a promissory note (the “1800 Diagonal Note”) in favor of 1800 Diagonal Lending LLC (“1800 Diagonal”) in the principal amount of \$64,400 for a purchase price of \$56,000, representing an original issue discount of \$8,400. Under the terms of the 1800 Diagonal Note, beginning on August 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 \$8,086. The Company has the right to accelerate payments or prepay in full at any time with no prepayment penalty. In connection with the 1800 Diagonal Note, the Company incurred \$11,000 in debt issuance costs.

On July 24, 2024, the Company issued a promissory note (the “Second 1800 Diagonal Note”) in favor of 1800 Diagonal in the principal amount of \$49,000 for a purchase price of \$40,000, representing an original issue discount of \$9,000. Under the terms of the Second 1800 Diagonal Note, beginning on August 30, 2024, the Company is required to make nine monthly payments of accrued, unpaid interest and outstanding principal, subject to adjustment, in the amount of \$6,261. The Company has the right to accelerate payments or prepay in full at any time with no prepayment penalty. In connection with the Second 1800 Diagonal Note, the Company incurred \$10,000 in debt issuance costs.

On September 6, 2024, the Company issued a promissory note (the “Third 1800 Diagonal Note”) in favor of 1800 Diagonal in the principal amount of \$49,000 for a purchase price of \$40,000, representing an original issue discount of \$9,000. Under the terms of the Third 1800 Diagonal Note, beginning on October 9, 2024, the Company is required to make payments of accrued, unpaid interest and outstanding principal, subject to adjustment, in the amount of \$7,044, with \$42,263 being due during October 2024. The Company has the right to accelerate payments or prepay in full at any time with no prepayment penalty. In connection with the Third 1800 Diagonal Note, the Company incurred \$10,000 in debt issuance costs.

On February 18, 2025, the Company issued a promissory note (the “Fourth 1800 Diagonal Note”) in favor of 1800 Diagonal in the principal amount of \$90,000 for a purchase price of \$75,000, representing an original issue discount of \$15,000. Under the terms of the Fourth 1800 Diagonal Note, beginning on April 18, 2025, the Company is required to make payments of accrued, unpaid interest and outstanding principal, subject to adjustment, in the amount of \$12,937, with \$77,625 being due during March 2025. The Company has the right to accelerate payments or prepay in full at any time with no prepayment penalty. In connection with the Fourth 1800 Diagonal Note, the Company incurred \$15,000 in debt issuance costs.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**6. Note Payable (cont.)**

**Cedar**

On September 17, 2024, the Company entered into a Cash Advance Agreement (the “Cash Advance Agreement”) with Cedar Advance LLC (“Cedar”) pursuant to which the Company sold to Cedar \$40,470 of its future receivables for a purchase price of \$28,500, less underwriting fees and expenses paid and the repayment of prior amounts due Cedar, for net funds provided of \$25,000. Pursuant to the Cash Advance Agreement, Cedar is expected to withdraw \$1,500 a week directly from the Company until the \$40,470 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. This agreement was fully paid off with proceeds from the Fourth Cash Advance Agreement.

On February 5, 2025, the Company entered into a Cash Advance Agreement (the “Second Cash Advance Agreement”) with Cedar pursuant to which the Company sold to Cedar \$78,650 of its future receivables for a purchase price of \$55,000, less underwriting fees and expenses paid and the repayment of prior amounts due Cedar, for net funds provided of \$50,000. Pursuant to the Second Cash Advance Agreement, Cedar is expected to withdraw \$2,950 a week directly from the Company until the \$78,650 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. This agreement was fully paid off with proceeds from the Fourth Cash Advance Agreement.

On February 12, 2025, the Company entered into a Cash Advance Agreement (the “Third Cash Advance Agreement”) with Cedar pursuant to which the Company sold to Cedar \$224,000 of its future receivables for a purchase price of \$160,000, less underwriting fees and expenses paid and the repayment of prior amounts due Cedar, for net funds provided of \$150,000. Pursuant to the Third Cash Advance Agreement, Cedar is expected to withdraw \$5,900 a week directly from the Company until the \$224,000 due to Cedar 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. This agreement was fully paid off with proceeds from the Fourth Cash Advance Agreement.

On March 13, 2025, the Company entered into a Cash Advance Agreement (the “Fourth Cash Advance Agreement”) with Cedar pursuant to which the Company sold to Cedar \$750,000 of its future receivables for a purchase price of \$610,000 less underwriting fees and expenses paid and the repayment of prior amounts due Cedar, for net funds provided of \$49,900. Pursuant to the Fourth Cash Advance Agreement, Cedar is expected to withdraw \$15,000 a week directly from the Company until the \$750,000 due to Cedar 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.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**6. Note Payable (cont.)**

**Arena**

On August 12, 2024, the Company entered into a Securities Purchase Agreement, dated August 12, 2024 (the “Arena Purchase Agreement”) with the purchasers named therein (“Arena Investors”) related to a private placement of up to five tranches of secured convertible debentures after satisfaction of certain conditions specified in the Arena Purchase Agreement in the aggregate principal amount of \$10,277,777 (the “Arena Debentures”) together with warrants to purchase a number of shares of the Company’s common stock equal to 20% of the total principal amount of the Arena Debentures sold divided by 92.5% of the lowest daily VWAP (as defined in the Arena Purchase Agreement) and subject to a floor price of \$0.045 (\$0.90 as adjusted for the Stock Split) (subject to proportional adjustment for stock splits), for the Company’s common stock during the ten consecutive trading day period preceding the respective closing dates (the “Arena Warrants”).

The closing of the first tranche was consummated on August 12, 2024 (the “First Closing Date”) and the Company issued to the Arena Investors 10% original issue discount secured convertible debentures in the aggregate principal amount of \$1,388,889 (the “First Closing Arena Debentures”) and warrants (the “First Closing Arena Warrants”) to purchase up to and aggregate of 1,299,242 shares of the Company’s common stock (64,962 as adjusted for the Stock Split). The First Closing Arena Debentures were sold to Arena Investors for a purchase price of \$1,250,000, representing an original issue discount of ten percent (10%). In connection with the closing, the Company incurred \$175,000 of debt issuance costs. In connection with the closing of the first tranche, the Company reimbursed the Debenture Selling Stockholders \$55,000 for their legal fees and expenses. In addition, the initial fair value of the First Closing Arena Warrants, as described below, amounted to \$214,267 and has been recorded as a debt discount and will be amortized over the effective rate method.

Each First Closing Arena Debenture matures eighteen months from its date of issuance and bears interest at a rate of 10% per annum paid-in-kind (“PIK Interest”) unless there is an event of default under the applicable First Closing Arena Debenture. The PIK Interest shall be added to the outstanding principal amount of the applicable First Closing Arena Debenture on a monthly basis as additional principal obligations thereunder for all purposes thereof (including the accrual of interest thereon at the rates applicable to the principal amount generally). Each First Closing Arena Debenture is convertible, at the option of the holder, at any time, into such number of shares of the Company’s common stock equal to the principal amount of such First Closing Arena Debenture plus all accrued and unpaid interest at a conversion price equal to the lesser of (i) \$0.279 (\$5.58 as adjusted for the Stock Split), and (ii) 92.5% of lowest daily volume weighted average price (VWAP) of the Company’s common stock during the ten trading day period ending on such conversion date, subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions, and subject to a floor price of \$0.045 (\$0.90 as adjusted for the Stock Split) (subject to proportional adjustment for stock splits).

The First Closing Arena Debentures are redeemable by the Company at a redemption price equal to 115% of the sum of the principal amount to be redeemed plus accrued interest, if any. While the First Closing Arena Debentures are outstanding, if the Company or any of its subsidiaries receives cash proceeds from the issuance of equity or indebtedness (other than the issuance of additional secured convertible debentures as contemplated by the Arena Purchase Agreement), in one or more financing transactions, whether publicly offered or privately arranged (including, without limitation, pursuant to the Arena ELOC (as defined below), the Company shall, within two (2) business days of Company’s receipt of such proceeds, inform the holder of such receipt, following which the holder shall have the right in its sole discretion to require the Company to immediately apply up to 20% of all proceeds received by the Company to repay the outstanding amounts owed under the First Closing Arena Debentures.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**6. Note Payable (cont.)**

The First Closing Arena Debentures contain customary events of default. Upon the occurrence and during the continuance of an event of default under the applicable First Closing Arena Debenture, interest shall accrue on the outstanding principal amount of such First Closing Debenture at the rate of two percent (2%) per month and such default interest shall be due and payable monthly in arrears in cash on the first of each month following the occurrence of any event of default for default interest accrued through the last day of the prior month. If an event of default occurs, the holder may accelerate the full indebtedness under the applicable First Closing Arena Debenture, in an amount equal to 150% of the outstanding principal amount plus 100% of accrued and unpaid interest. Subject to limited exceptions set forth in the First Closing Arena Debentures, the First Closing Arena Debentures prohibit us and, as applicable, our subsidiaries from incurring any new indebtedness that is not subordinated to our and, as applicable, any subsidiary's obligations in respect of the First Closing Debentures until the First Closing Debentures are paid in full.

The First Closing Arena Warrants expire five years from its date of issuance. The First Closing Arena Warrants are exercisable, at the option of the holder, at any time, for up to 1,299,242 of shares of the Company's common stock (64,962 as adjusted for the Stock Split) at an exercise price equal to \$0.279 (\$5.58 as adjusted for the 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 First Closing Arena Warrants. The First Closing Arena Warrants provide for cashless exercise under certain circumstances.

We entered into a Registration Rights Agreement, dated August 12, 2024 (the "First Closing RRA"), with the Arena Investors where the Company agreed to file with the SEC an initial registration statement within 30 days to register the maximum number of Registrable Securities (as defined in the First Closing RRA) issuable under the First Closing Arena Debentures and the First Closing Arena Warrants as shall be permitted to be included thereon in accordance with applicable SEC rules. The Company has filed a registration statement registering the securities issuable upon conversion or exercise of the First Closing Arena Debentures and First Closing Arena Warrants, in order to satisfy its obligations under the First Closing RRA, and such registration statement was declared effective by the SEC on September 30, 2024. In the event the number of shares available under such registration statement is insufficient to cover the securities issuable upon conversion or exercise of the First Closing Arena Debentures or First Closing Arena Warrants, the Company is obligated to file one or more new registration statements until such time as all securities issuable upon conversion or exercise of the First Closing Arena Debentures or First Closing Arena Warrants have been included in registration statements that have been declared effective and the prospectus contained therein is available for use by the Arena Investors.

Under the Arena Purchase Agreement, a closing of the second, third, fourth or fifth tranche together (the "Additional Tranches" may occur subject to the mutual written agreement of Arena Investors and the Company and satisfaction of the closing conditions set forth in the Purchase Agreement on the later (y) the fifth trading day following the First, Second, Third or Fourth Registration Statement Effectiveness Date (or if such day is not a trading day, on the next succeeding trading day) and (z) such date as the outstanding principal balance of the prior Arena Debenture issued is less than \$100,000.00, unless the parties mutually agree in writing to consummate the second, third, fourth or fifth closing on a different date, upon which the Company would issue and sell to Arena Investors on the same terms and conditions a second, third, fourth or fifth 10% original issue discount secured convertible debentures each in the principal amount of \$2,222,222 (the "Additional Closing Arena Debentures") and a warrant (the "Additional Closing Warrants") to purchase a number of shares of the Company's common stock equal to 20% of the total principal amount of the Additional Closing Arena Debentures divided by 92.5% of the lowest daily VWAP (as defined in the Purchase Agreement) and subject to a floor price of \$0.045 (\$0.90 as adjusted for the Stock Split) (subject to proportional adjustment for stock splits), for the common stock during the ten consecutive trading day period ended on the last trading day immediately preceding the closing of the additional tranches, provided the additional Closings are also contingent on the satisfaction of the following additional condition, unless waived mutually by the parties: the median daily turnover of the Company's common stock on its principal trading market for the thirty consecutive trading day period ended as of the last trading day immediately preceding the date of the proposed Closing must be greater than \$200,000.

The Additional Closing Arena Debentures would be sold to Arena Investors each for a purchase price of \$2,000,000, representing an original issue discount of ten percent (10%). In connection with each closing of the additional tranches, the Company will enter into a registration rights agreement pursuant to which the Company will agree to register the maximum number of shares of the Company's common stock issuable under the Second, Third, Fourth or Fifth Closing Debentures and the Second, Third, Fourth, or Fifth Closing Arena Warrants as shall be permitted with terms substantially similar as the terms provided in the RRA. The Company also has agreed to reimburse Arena Investors for its legal fees and expenses related to such each closing.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**6. Note Payable (cont.)**

The Arena Purchase Agreement prohibits the Company from entering into a Variable Rate Transaction (other than the Arena ELOC described below) until such time as no Arena Debentures remain outstanding. In addition, the Arena Purchase Agreement states that neither the Company nor any subsidiary may issue, during specified time periods, any Common Stock or Common Stock equivalents, except for certain exempted issuances (i.e., stock options, employee grants, shares issuable pursuant to outstanding securities, acquisitions and strategic transactions) and the Arena ELOC.

The Company entered into a Security Agreement, dated August 12, 2024 (the "Security Agreement"), with Arena Investors where it agreed to grant Arena Investors a security interest in all of its assets to secure the prompt payment, performance and discharge in full of all of the Company's obligations under the Arena Debentures. In addition, each of the Company's subsidiaries entered into a Guaranty Agreement, dated August 12, 2024 (the "Subsidiary Guaranty"), with Arena Investors pursuant to which they agreed to guarantee the prompt payment, performance and discharge in full of all of the Company's obligations under the Arena Debentures.

On October 25, 2024, the Company closed the second tranche of its private placement offering (the "Offering") with the Arena Investors) under the Arena Purchase Agreement to which the Company issued 10% convertible debentures (the "Second Closing Debentures") in the aggregate principal amount of Two Million Two Hundred Twenty-Two Thousand Two Hundred and Twenty-Two Dollars (\$2,222,222) to the Arena Investors and warrants (the "Second Closing Warrants") to purchase up to 170,892 shares (the "Warrant Shares") of the Company's common stock, \$0.001 par value per share (the "Common Stock").

The Second Closing Debentures were sold to the Arena Investors for a purchase price of \$2,000,000, representing an original issue discount of ten percent (10%). The Second Closing Debentures mature eighteen months from their date of issuance and bears interest at a rate of 10% per annum paid-in-kind ("PIK Interest"), unless there is an event of default under the applicable Second Closing Debenture. The PIK Interest shall be added to the outstanding principal amount of the applicable Second Closing Debenture on a monthly basis as additional principal obligations thereunder for all purposes thereof (including the accrual of interest thereon at the rates applicable to the principal amount generally). Each Second Closing Debenture is convertible, at the option of the holder, at any time, into such number of shares of our Common Stock equal to the principal amount of such Second Closing Debenture plus all accrued and unpaid interest at a conversion price equal to the lesser of (i) \$3.48, and (ii) 92.5% of lowest daily volume weighted average price (VWAP) of our Common Stock during the ten trading day period ending on such conversion date (the "Conversion Price"), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions, and subject to a floor price of \$0.90 (subject to proportional adjustment for stock splits). Based upon the floor price, the maximum number of shares issuable upon conversion of the Second Closing Debentures is 3,268,197 shares of Common Stock. In connection with the closing of the second tranche, the Company reimbursed Arena Investors \$10,000 for its legal fees and expenses. In addition, the initial fair value of the Second Closing Arena Warrants, as described below, amounted to \$390,939 and has been recorded as a debt discount and will be amortized over the effective rate method.

The Second Closing Warrants expire five years from their date of issuance. The Second Closing Warrants are exercisable, at the option of the holder, at any time, for up to 170,892 shares of the Company's Common Stock at an exercise price equal to \$3.476 (the "Exercise Price"), subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions. The Second Closing Warrants provide for cashless exercise under certain circumstances.

The Company entered into a Registration Rights Agreement, dated October 25, 2024 (the "RRA"), with the Arena Investors where it agreed to file with the Securities and Exchange Commission (the "SEC") an initial registration statement within 30 days to register the maximum number of Registrable Securities (as defined in the RRA) issuable under the Second Closing Debentures and the Second Closing Warrants as shall be permitted to be included thereon in accordance with applicable SEC rules and to use its reasonable best efforts to have the registration statement declared effective by the SEC no later than the "Second Registration Statement Effectiveness Date", which is defined in the Purchase Agreement as the 30th calendar day following the Second Closing Date (or, in the event of a "full review" by the SEC, no later than the 120th calendar day following the Second Closing Date); provided, however, that if the registration statement will not be reviewed or is no longer subject to further review and comments, the Second Registration Statement Effectiveness Date will be the fifth trading day following the date on which the Company is so notified if such date precedes the date otherwise required above.

On October 31, 2024, the Company and the Arena Investors entered into a Global Amendment No. 2 (the "Amendment") to the 10% Original Issue Discount Secured Convertible Debentures issued on August 12, 2024, as amended (the "First Closing Debentures"). Pursuant to the Amendment, the parties to the First Closing Debentures, in order to comply with Nasdaq rules, amended the First Closing Debentures to provide that the Floor Price was set at a fixed price subject to proportional adjustment for stock splits and deleted the prior language which allowed for the floor price to be reduced upon the written consent of the Company and the holder.

During the three months ended March 31, 2025, \$1,100,000 from First Closing Arena Debenture were converted into 591,254 shares of common stock within the terms of the original agreement, and there was no gain or loss recognized.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**6. Note Payable (cont.)**

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

2025	\$ 9,514,734
2026	892,355
	<u>10,407,089</u>
Less: debt discount and debt issuance costs	(901,471)
	<u>9,505,618</u>
Less: current maturities	(8,690,049)
	<u>\$ 815,569</u>

For the three months ended March 31, 2025, the Company recognized amortization of debt issuance costs and debt discount of \$575,380 on all debt outstanding. For the three months ended March 31, 2024, the Company recognized amortization of debt issuance costs of \$321,117 on all debt outstanding. As of March 31, 2025, the unamortized debt issuance costs and discount amounted to \$901,472.

**7. Acquisition of Assets**

On February 7, 2024, the Company, entered into a Membership Interest Purchase Agreement (“MIPA”) to acquire Majestic World Holdings LLC (“Majestic”). The MIPA provided that the aggregate consideration to be paid by the Company for the outstanding membership interests (the “Membership Interests”) of Majestic would consist of 500,000 shares of the Company’s restricted stock (20,000 as adjusted for the Stock Split) the “Stock Consideration”) and \$500,000 in cash (the “Cash Consideration”). The MIPA and a related side letter provided that the aggregate purchase price be paid as follows: (i) the Stock Consideration was issued at the closing (the “Closing”) on February 7, 2024; and (ii) 100% of the Cash Consideration was to be paid in five equal installments of \$100,000 each on the first day of each of the five quarterly periods following the Closing. In addition, pursuant to a profit sharing agreement entered into as of February 7, 2024 (the “Profit Sharing Agreement”), the Company agreed to pay the former members of Majestic a 50% share of the net profits for a period of five years that are directly derived from the technology and intellectual property utilized in the real estate focused software as a service offered and operated by Majestic and its subsidiaries. As of December 31, 2024, the Company has not incurred any amount related to the Profit Sharing Agreement. On October 30, 2024, the Company and the members of Majestic entered into an amendment to the MIPA. The amendment reduced the cash consideration for the purchase of Majestic from \$500,000 to \$154,675. Members receiving less than \$5,000 were to be paid their share of cash consideration by October 30<sup>th</sup>, 2024. Members receiving more than \$5,000 shall be 50% of the consideration of each of October 30<sup>th</sup>, 2024 and December 1<sup>st</sup>, 2024 (the “Payment Date”). The exception is the Vikash Jain who shall be paid over a 12-month term. In conjunction with this acquisition, the Company incurred \$38,423 of legal fees which have been capitalized to intangible assets.

The Majestic acquisition is accounted for as an asset acquisition. The Majestic acquisition was made for the purpose of expanding the Company’s footprint into technology space.

The purchase consideration amounted to:

Cash	\$ 154,675
Equity compensation	435,000
	<u>\$ 589,675</u>

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

Cash and cash equivalents	\$ 1,082
Intangible assets	620,930
Accounts payable and accrued expenses	(32,337)
	<u>\$ 589,675</u>

**Safe and Green Development Corporation**  
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*For the Three Months Ended March 31, 2025 and 2024*

**7. Acquisition of Assets (cont.)**

As of May 7, 2024, the Company entered into an Asset Purchase Agreement (the “APA”) with Dr. Axely Congress to purchase all of the assets related to the A.I technology known as My Virtual Online Intelligent Assistant (“MyVONIA”). MyVONIA, an advanced artificial intelligence (AI) assistant which utilizes machine learning and natural language processing algorithms to provide users with human-like conversational interactions, tailored to their specific needs. MyVONIA does not require an app, or website but is accessible to subscribers via text messaging.

On June 6, 2024, the Company completed the acquisition of all of the assets related to MyVONIA pursuant to the APA. The purchase price for MyVONIA is up to 500,000 shares of the Company’s common stock (25,000 as adjusted for the Stock Split). Of such shares, 200,000 shares of common stock (10,000 as adjusted for the Stock Split) were issued at the closing on June 6, 2024, with an additional 300,000 shares of common stock (15,000 as adjusted for the Stock Split) issuable upon the achievement of certain benchmarks. The additional consideration will be paid at each of the following events: 100,000 shares of common stock (5,000 as adjusted for the Stock Split) at 2,500 Qualified Users, 100,000 shares of common stock (5,000 as adjusted for the Stock Split) at 5,000 Qualified Users and 100,000 shares of common stock (5,000 as adjusted for the Stock Split) at 10,000 Qualified Users. The purchase of MyVONIA was determined to be an acquisition of assets, of which intangible assets were acquired. The fair value of the purchase amounted to \$103,800 which resulted from the 200,000 shares of common stock issued (10,000 as adjusted for the Stock Split). As of the date of acquisition and March 31, 2025, the issuance of the contingent shares was not probable and thus not recorded. In conjunction with this acquisition, the Company incurred \$35,439 of legal fees which have been capitalized to intangible assets.

The purchase consideration amounted to:

Equity compensation	<u>\$ 103,800</u>
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The following table summarizes the allocation of the purchase price to the assets acquired:

Intangible assets	\$ 103,800
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**8. Net Loss Per Share**

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

At March 31, 2025, there were 274,604 warrants outstanding that could potentially dilute future net loss per share.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**9. Stockholder's Equity**

As of March 31, 2025, the Company has 2,255,459 shares of common stock post-split issued and outstanding.

During the three months ended March 31, 2025, the Company issued 94,000 shares of common stock for the issuance of debt with a value of \$114,586, as previously disclosed, as well as 83,333 shares of common stock from the exercise of pre-funded warrants.

During the three months ended March 31, 2025, the Company issued 591,254 shares of common stock resulting from the conversion of an aggregate of \$1,100,000 of Additional Closing Arena Debentures principal amount and accrued interest.

On January 29, 2025, the Company entered into a mutual release and discharge agreement (the "Mutual Release") with SG Holdings pursuant to which the Company forgave and released SG Holdings from its obligations to us under that certain promissory note, dated August 9, 2023, in the principal amount of \$908,323 and in respect of \$815,522 of inter-company advances from the Company to SG Holdings (which amounts had been previously written off of on the Company's balance sheet as of December 31, 2023) in exchange for SG Holdings forgiving \$394,329 of inter-company debt owed to SG Holdings by the Company and for SG Holdings transferring 276,425 shares (the "Treasury Shares") of the Company's Common Stock owned by SG Holdings to the Company. The Company initially is holding the Treasury Shares in its treasury. As a result of this agreement, SG Holdings will no longer be a stockholder of the Company.

On March 5, 2025, the Company approved a stock dividend from the Treasury Shares. The record date for the stock dividend is April 7, 2025 with distribution to stockholders taking place after the close of trading on April 22, 2025.

***Equity Purchase Agreement***

On November 30, 2023, the Company entered into an Equity Purchase Agreement (the "EP Agreement") with Peak One, pursuant to which the Company shall have 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. Further, under the EP Agreement and subject to the Maximum Commitment Amount, the Company has the right, but not the obligation, to submit a Put Notice (as defined in the EP Agreement) from time to time to Peak One (i) in a minimum amount not less than \$25,000.00 and (ii) in a maximum amount up to the lesser of (a) \$750,000 or (b) 200% of the Average Daily Trading Value (as defined in the EP Agreement).

In connection with the EP Agreement, the Company agreed, among other things, to issue to Peak One's designee 100,000 shares of its restricted common stock (5,000 as adjusted for the Stock Split) as commitment shares. As of December 31, 2024, the Company has sold approximately 986,000 shares (49,300 as adjusted for the Stock Split) under the EP Agreement with a value of \$750,719.

***ELOC***

On August 12, 2024, the Company also entered into an ELOC Purchase Agreement, which was amended on August 30, 2024, (the "ELOC Purchase Agreement") with Arena Business Solutions Global SPC II, LTD ("Arena Global"), pursuant to which the Company shall have the right, but not the obligation, to direct Arena Global to purchase up to \$50.0 million (the "Commitment Amount") in shares of the Company's common stock in multiple tranches upon satisfaction of certain terms and conditions contained in the ELOC Purchase Agreement, which includes, but is not limited to, filing a registration statement with the SEC and registering the resale of any shares sold to Arena Global. Further, under the ELOC Purchase Agreement and subject to the Commitment Amount, the Company has the right, but not the obligation, to submit an Advance Notice (as defined in the ELOC Purchase Agreement) from time to time to Arena Global calculated as follows: (a) if the Advance Notice is received by 8:30 a.m. Eastern Time, the lower of: (i) an amount equal to seventy percent (70%) of the average of the Daily Value Traded (as defined in the ELOC Purchase Agreement) of the Company's common stock on the ten trading days immediately preceding an Advance Notice, or (ii) \$20.0 million, (b) if the Advance Notice is received after 8:30 a.m. Eastern Time but prior to 10:30 a.m. Eastern Time, the lower of (i) an amount equal to forty percent (40%) of the average of the Daily Value Traded of the Company's common stock on the ten trading days immediately preceding an Advance Notice, or (ii) \$15.0 million, and (c) if the Advance Notice is received after 10:30 a.m. Eastern Time but prior to 12:30 p.m. Eastern Time, the lower of (i) an amount equal to twenty percent (20%) of the average of the Daily Value Traded of the Company's common stock on the ten trading days immediately preceding an Advance Notice, or (ii) \$10.0 million.



**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

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**9. Stockholder's Equity (cont.)**

During the Commitment Period (as defined below), the purchase price to be paid by Arena Global for the common stock under the ELOC Purchase Agreement will be 96% of the Market Price, defined as the daily volume weighted average price (VWAP) of the Company's common stock, on the trading day commencing on the date of the Advance Notice.

In connection with the ELOC Purchase Agreement the Company agreed, among other things, to issue to Arena Global, in two separate tranches, as a commitment fee, that number of shares of the Company's restricted common stock equal to (i) with respect to the first tranche, 925,000 (46,250 as adjusted for the Stock Split) shares of common stock together with a warrant (the "Arena Global Warrant") to purchase 1,075,000 (53,750 as adjusted for the Stock Split) shares of the Company's common stock, at an exercise price of \$4.00 ( \$0.20 per share as adjusted for the Stock Split) (the "Commitment Fee Warrant Shares" and together with the 925,000 (46,250 as adjusted for the Stock Split) shares of Common Stock issued to Arena Global, the "Initial Commitment Fee Shares") and (ii) with respect to the second tranche, \$250,000 divided by the simple average of the daily VWAP (as defined in the ELOC Purchase Agreement) of the Company's common stock during the five trading days immediately preceding the three month anniversary of the effectiveness of the registration statement on which the Initial Commitment Fee Shares were registered (the "Second Tranche Commitment Fee Shares," and together with the Initial Commitment Fee Shares, the "Commitment Fee Shares").

The ELOC Purchase Agreement also has a provision that provides for the issuance of additional shares of rgw the Company's common stock as commitment fee shares in the event the value of the Initial Commitment Fee Shares is less than \$500,000 measured during a specified period and the value of the Second Tranche Commitment Fee Shares is less than \$250,000 measured during a specified period.

In connection with the ELOC Purchase Agreement, the Company agreed to file a registration statement registering the common stock issued or issuable to Arena Global under the Arena ELOC for resale with the SEC within 30 calendar days of the Arena ELOC.

The obligation of Arena Global to purchase the Company's common stock under the ELOC Purchase Agreement begins on the date of the ELOC Purchase Agreement, and ends on the earlier of (i) the date on which Arena Global shall have purchased common stock pursuant to the ELOC Purchase Agreement equal to the Commitment Amount, (ii) thirty six (36) months after the date of the Arena ELOC or (iii) written notice of termination by the Company (the "Commitment Period"). As of March 31, 2025, there have been no share issuances under the ELOC Purchase Agreement.

**Warrants**

In conjunction with the issuance of the second and third Peak debentures in February and March 2024, the Company issued the second and third Peak warrants to purchase an aggregate of 250,000 shares of common stock. (12,500 as adjusted for the Stock Split) The second and third Peak warrants each expire five years from their respective date of issuance. The second and third Peak warrants each is exercisable, at the option of the holder, at any time, for up to 125,000 shares of common stock (6,250 as adjusted for the Stock Split) of the Company at an exercise price equal to \$2.53 (\$50.60 as adjusted for the 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 of \$0.39 (\$7.80 as adjusted for the Stock Split). The initial fair value of the second and third Warrants amounted to an aggregate of \$124,363 and was recorded as a debt discount at the time of issuance of the second and third Debenture, as applicable. The fair value was calculated using a Black-Scholes Value model, with the following assumptions.

Risk-free interest rate	4.22%
Contractual term	5 years
Dividend yield	0%
Expected volatility	131%

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**9. Stockholder's Equity (cont.)**

In conjunction with the issuance of First 2024 Debenture and Second 2024 Debenture in April and May 2024, the Company issued warrants to purchase an aggregate of 525,000 shares of common stock (26,250 as adjusted for the Stock Split). The warrants each expire five years from their respective date of issuance. The warrants are exercisable, at the option of the holder, at any time, for up to 262,500 and 262,500 shares of common stock (13,125 as adjusted for the Stock Split) of the Company at an exercise price equal to \$0.65 and \$0.76 (\$13 and \$15.20 as adjusted for the Stock Split), respectively, subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions that are subject to a floor price of \$0.39 (\$7.80 as adjusted for the Stock Split). The initial fair value of warrants amounted to an aggregate of \$188,074 and was recorded as a debt discount at the time of issuance of the debentures, as applicable. The fair value was calculated using a Black-Scholes Value model, with the following assumptions.

Risk-free interest rate	4.52 – 4.65%
Contractual term	5 years
Dividend yield	0%
Expected volatility	133-138%

In conjunction with the issuance of First Closing Arena Warrants in August 2024, the Company issued warrants to purchase an aggregate of 1,299,242 shares of common stock (64,962 as adjusted for the Stock Split). The warrants each expire five years from their respective date of issuance. The warrants are exercisable, at the option of the holder, at any time, for up to 1,299,242 shares of common stock (64,962 as adjusted for the Stock Split) of the Company at an exercise price equal to \$0.279 (\$5.58 as adjusted for the 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 described in the First Closing Arena Warrants agreement. The initial fair value of warrants amounted to an aggregate of \$214,267 and was recorded as a debt discount at the time of issuance of the debenture, as applicable. The fair value was calculated using a Black-Scholes Value model, with the following assumptions.

Risk-free interest rate	3.75%
Contractual term	5 years
Dividend yield	0%
Expected volatility	136%

In conjunction with the issuance of Second Closing Warrants in October 2024, the Company issued warrants to purchase an aggregate of 170,892 shares of common stock. The warrants each expire five years from their respective date of issuance. The warrants are exercisable, at the option of the holder, at any time, for up to 170,892 shares of common stock of the Company at an exercise price equal to \$3.476 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 described in the Second Closing Warrants agreement. The initial fair value of warrants amounted to an aggregate of \$390,939 and was recorded as a debt discount at the time of issuance of the debenture, as applicable. The fair value was calculated using a Black-Scholes Value model, with the following assumptions.

Risk-free interest rate	4.07%
Contractual term	5 years
Dividend yield	0%
Expected volatility	136%

Warrant activity for the three months ended March 31, 2025 are summarized as follows:

<b>Warrants</b>	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Term (Years)</b>	<b>Aggregate Intrinsic Value</b>
Outstanding and exercisable - January 1, 2025	357,937	\$ 4.01	4.60	-
Granted	-	-	-	-
Exercised	(83,333)	-	-	-
Outstanding and exercisable – March 31, 2025	274,604	\$ 5.22	4.35	\$ -

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**10. Share-based Compensation**

On February 28, 2023, the Company's Board of Directors approved the issuance of up to 200,000 shares of the Company's common stock in the form of incentive stock options, nonqualified stock options, options, stock appreciation rights, restricted stock, or restricted stock units ("2023 Plan"). The 2023 Plan expires February 2033 and is administered by the Company's Compensation Committee of the Board of Directors. Any employee, director, consultant, and other service provider, or affiliates, are eligible to participate in the 2023 Plan. The maximum number of shares of common stock that may be issued under the 2023 Plan will automatically increase on January 1 of each calendar years for a period of ten years commencing on January 1, 2024, in a number of shares of common stock equal to 4.5% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, provided, however that the Board of Directors may act prior to January 1 of a given calendar year to provide that the increase for such year will be a lesser number of shares of Common Stock. All available shares may be utilized toward the grant of any type of award under the 2023 Plan. On January 1, 2024, 459,000 shares of the Company's common stock were added to the 2023 Plan pursuant to the evergreen provision. The 2023 Plan imposes a \$250,000 limitation on the total grant date fair value of awards granted to any non-employee director in his or her capacity as a non-employee director in any single calendar year.

For the three months ended March 31, 2025, the Company recorded stock-based compensation expense of \$88,500, which is included in the payroll and related expenses in the accompanying consolidated statement of operations. The Company used the simplified or plain vanilla method of estimating the term of the granted restricted stock units. As of March 31, 2025, there was a total of \$88,500 of unrecognized compensation costs related to non-vested restricted stock units. As of March 31, 2025, there were 289,859 shares of the Company's common stock available for issuance under the 2023 Plan.

The following table summarized restricted stock unit Activities during the three months ended March 31, 2025

	<b>Number of Shares</b>
Non – vested balance at January 1, 2025	-
Granted	625,000
Vested	(312,500)
Forfeited/Expired	-
Non – vested balance at March 31, 2025	<u>312,500</u>

**11. Related Party Transactions**

In addition, as of December 31, 2023, \$1,720,844 is due from the Parent for advances made by the Company. The Company intends to formalize the amount due into a promissory note. As of December 31, 2023, the Company has recorded a reserve against the \$1,720,844, which is included in additional paid in capital. See subsequent notes for formal discharge. As disclosed in Note 8, on January 29, 2025, the Company into a Mutual Release with SG Holdings in regards to such amount as well as other amounts between the Company and SG Holdings.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**11. Related Party Transactions (cont.)**

As of March 31, 2025 and December 31, 2024 included in accounts payable and accrued expenses is \$740,000 and \$460,000, respectively, due to the Company's board members. This includes pro-rated cash retainer for the 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2024 and 1<sup>st</sup> quarter of 2025.

**12. Commitments and Contingencies**

At times the Company may be subject to certain claims and lawsuits arising in the normal course of business. The Company will assess 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 will record a liability in our condensed 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 will not record an accrual, consistent with applicable accounting guidance. The Company is not currently involved in any legal proceedings.

**13. Segment Reporting**

The Company's Chief Operating Decision Maker ("CODM") as defined under GAAP, who is the Company's Chief Financial Officer, has determined that the Company is currently organized its operations into two segments: real estate development and technology. The real estate segment is currently the Company's main focus, with the technology segment resulting from the acquisitions of Majestic and MyVONIA. These segments reflect the way our executive team evaluates the Company's business performance and manages its operations. The CODM used the below financial information to assess financial performance and allocate resources. Information for the Company's segments, is provided in the following table:

	<b>Real Estate Development</b>	<b>Technology</b>	<b>Consolidated</b>
<b>Fiscal Year Ended March 31, 2025</b>			
Revenue	\$ -	\$ 18,170	\$ 18,170
Cost of revenue	-	11,800	11,800
Operating expenses:			
Payroll and related expenses	450,622	829	451,451
Professional fees	473,114	1,600	474,714
Other operating expenses	330,104	13,963	344,067
Total operating expenses	1,253,840	16,392	1,270,232
Operating loss	(1,253,840)	(10,022)	(1,263,862)
Other income (expense)	(916,131)	—	(916,131)
Net loss	\$ (2,169,971)	\$ (10,022)	\$ (2,179,993)
Total assets	\$ 12,093,091	\$ 1,012,685	\$ 13,105,776

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**13. Segment Reporting (cont.)**

	<b>Real Estate Development</b>	<b>Technology</b>	<b>Consolidated</b>
<b>Three Months Ended March 31, 2024</b>			
Revenue	\$ -	\$ 49,816	\$ 49,816
Cost of revenue	7,252	20,839	28,091
Operating expenses:			
Payroll and related expenses	1,993,785	22,302	2,016,087
Professional fees	441,193	25,061	466,254
Other operating expenses	41,059	-	69,150
Total operating expenses	2,476,037	47,363	2,551,675
Operating loss	(2,483,289)	(18,386)	(2,501,675)
Other expense	(565,996)	-	(565,996)
Net loss	\$ (3,049,285)	(18,386)	\$ (3,067,671)
Total assets	\$ 11,656,257	\$ 156,392	\$ 11,812,650

**14. Deconsolidation**

As disclosed in Note 2, during the three months ended March 31, 2025, the company deconsolidated the activities of Sugar Phase. Upon deconsolidation, the Company accounts for its investment in Sugar Phase on the equity method. The effect of the Deconsolidation resulted in a derecognition of \$1,458,927 of assets, \$832,121 of liabilities, and \$66,667 in the carrying value of the non-controlling interest in Sugar Phase. There was no gain or loss recognized in the deconsolidation as the carrying value of the Company's investment equated the fair value of its investment. The assets and liabilities of Sugar Phase at the time of deconsolidation amounted to the following:

Assets:	
Cash	\$ 28,970
Prepaid expenses and other current assets	88,109
Total current assets	117,079
Land	
Property, plant and equipment, net	740,329
Total long-term assets	1,341,848
Liabilities:	
Accounts payable and accrued expenses	37,600
Short-term notes payable, net	794,521
	\$ 832,121

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**15. Subsequent Events**

On April 4, 2025, we entered into an amendment (the “First Amendment”) to the Securities Purchase Agreement, dated August 12, 2024, as amended on August 30, 2024 (the “Purchase Agreement”), between the Company and the Arena Investors in connection with the closing of the third tranche of its private placement offering (the “Offering”) with Arena Investors pursuant to which the Company issued 10% convertible debentures (the “Third Closing Debentures”) in the aggregate principal amount of Five Hundred Fifty Five Thousand Five Hundred Fifty Dollars (\$555,555) to Arena Investors. The Third Closing Debentures were sold to the Arena Investors for a purchase price of \$500,000, representing an original issue discount of ten percent (10%).

The Third Closing Debentures provide that so long as no Event of Default (as defined therein) has then occurred, upon the Third Registration Statement Effectiveness Date (as defined below), the Arena Investors will provide the Company with an additional \$500,000 in cash and the then outstanding principal balance owing under the Third Closing Debentures will increase by Five Hundred Fifty Five Thousand Five Hundred Fifty Dollars (\$555,555).

The Third Closing Debentures mature eighteen months from their date of issuance and bears interest at a rate of 10% per annum paid-in-kind (“PIK Interest”), unless there is an event of default under the applicable Third Closing Debenture. The PIK Interest shall be added to the outstanding principal amount of the applicable Third Closing Debenture on a monthly basis as additional principal obligations thereunder for all purposes thereof (including the accrual of interest thereon at the rates applicable to the principal amount generally). Each Third Closing Debenture is convertible, at the option of the holder, at any time, into such number of shares of the Company’s common stock (the “Common Stock”) equal to the principal amount of such Third Closing Debenture plus all accrued and unpaid interest at a conversion price equal to the lesser of (i) \$1.6215, and (ii) 92.5% of lowest daily volume weighted average price (VWAP) of the Common Stock during the ten trading day period ending on such conversion date (the “Conversion Price”), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions, and subject to a floor price of \$0.90 (subject to proportional adjustment for stock splits). Based upon the floor price, the maximum number of shares issuable upon conversion of the Third Closing Debentures issued on April 4, 2025, is 461,043 shares of Common Stock. In connection with the closing of the third tranche, the Company reimbursed Arena Investors \$20,000.00 for its legal fees and expenses.

The Third Closing Debentures are redeemable by the Company at a redemption price equal to 115% of the sum of the principal amount to be redeemed plus accrued interest and penalties, if any. While the Third Closing Debentures are outstanding, if the Company or any of its subsidiaries receives cash proceeds from the issuance of equity or indebtedness (other than the issuance of additional secured convertible debentures as contemplated by the Purchase Agreement), in one or more financing transactions, whether publicly offered or privately arranged (including, without limitation, pursuant to an equity line purchase agreement (the “ELOC Purchase Agreement”) that the Company entered into with Arena Business Solutions Global SPC II, LTD (“Arena Global”) pursuant to which the Company shall have the right, but not the obligation, to direct Arena Global to purchase up to \$50.0 million of the Company’s Common Stock), the Company shall, within two (2) business days of Company’s receipt of such proceeds, inform the holder of such receipt, following which the holder shall have the right in its sole discretion to require the Company to immediately apply up to 20% of all proceeds received by the Company to repay the outstanding amounts owed under the Third Closing Debentures.

The Third Closing Debentures contain customary events of default. Upon the occurrence and during the continuance of an event of default under the applicable Third Closing Debenture, interest shall accrue on the outstanding principal amount of such Third Closing Debenture at the rate of two percent (2%) per month and such default interest shall be due and payable monthly in arrears in cash on the first of each month following the occurrence of any event of default for default interest accrued through the last day of the prior month. If an event of default occurs, the holder may accelerate the full indebtedness under the applicable Third Closing Debenture in an amount equal to 150% of the outstanding principal amount plus 100% of accrued and unpaid interest. Subject to limited exceptions set forth in the Third Closing Debentures, the Third Closing Debentures prohibit the Company and, as applicable, its subsidiaries from incurring any new indebtedness that is not subordinated to the Company’s and, as applicable, any subsidiary’s obligations in respect of the Third Closing Debentures until the Third Closing Debentures are paid in full.

**Safe and Green Development Corporation**  
**Notes to Condensed Financial Statements**

*For the Three Months Ended March 31, 2025 and 2024*

**15. Subsequent Events (cont.)**

Pursuant to the First Amendment, the Company agreed to issue to the Arena Investors common stock purchase warrants (the “Third Closing Warrants”) on each applicable closing date to purchase a number of shares of the Company’s Common Stock (the “Warrant Shares”) equal to 20% (or in the case of any warrant issued on April 4, 2025, 50%) of the total principal amount of the related Third Closing Debentures purchased by the Arena Investors on such closing date divided by 92.5% of the lowest daily VWAP of the Common Stock during the ten trading day period immediately preceding such closing date, subject to adjustment upon the occurrence of certain events as set forth in such Third Closing Warrants. On April 4, 2025, the Company issued to the Arena Investors Third Closing Warrants to purchase 461,043 Warrant Shares.

The Third Closing Warrants expire five years from their date of issuance. The Third Closing Warrants are exercisable, at the option of the holder, at any time, at an exercise price (the “Exercise Price”) equal to the lesser of (i) \$1.6215, and (ii) 92.5% of lowest daily volume weighted average price (VWAP) of the Common Stock during the ten trading day period immediately preceding the Third Registration Statement Effectiveness Date (as defined in the following paragraph), subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions. The Third Closing Warrants provide for cashless exercise under certain circumstances.

As of April 4, 2025, the Company and the Arena Investors entered into a Registration Rights Agreement (the “RRA”) which provides that the Company will file with the Securities and Exchange Commission (the “SEC”) a registration statement to register the maximum number of Registrable Securities (as defined in the RRA) issuable under the Third Closing Debentures and the Third Closing Warrants as shall be permitted to be included thereon in accordance with applicable SEC rules. The First Amendment provides that the Company will use its reasonable best efforts to have the registration statement declared effective by the SEC no later than the “Third Registration Statement Effectiveness Date”, which is defined in the First Amendment as the 75<sup>th</sup> calendar day following April 4, 2025 (or, in the event of a “full review” by the SEC, no later than the 150<sup>th</sup> calendar day following April 4, 2025); provided, however, that if the registration statement will not be reviewed or is no longer subject to further review and comments, the Third Registration Statement Effectiveness Date will be the fifth trading day following the date on which the Company is so notified if such date precedes the date otherwise required above.

On April 4, 2025, the Company and the Arena Investors entered into a Global Amendment (the “Global Amendment”) to the common stock purchase warrants, dated as of August 12, 2024, and the common stock purchase warrants, dated as of October 25, 2024, previously issued to the Arena Investors (collectively, the “Existing Warrants”) to provide that the exercise price of the Existing Warrants shall be equal to the lesser of (i) \$1.6215, and (ii) 92.5% of lowest daily volume weighted average price (VWAP) of the Common Stock during the ten trading day period immediately preceding the Third Registration Statement Effectiveness Date, subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions.

**Leighton Note**

On May 1, 2025, the Company entered into a consolidated promissory note agreement (the “Promissory Note”) with the Bryan Leighton Revocable Trust dated December 13, 2023 (the “Lender”), which supersedes and replaces the original credit agreement dated March 1, 2024, and the subsequent extension agreements dated October 21, 2024 and January 29, 2025 (collectively, the “Prior Agreements”). Under the terms of the Promissory Note, the outstanding obligations under the Prior Agreements were consolidated into a single principal amount of \$273,917.81, which includes the original principal balance of \$250,000, accrued interest of \$8,917.81 through May 1, 2025, and an additional \$15,000 agreed upon by the parties. The Promissory Note bears interest at a fixed rate of 14.00% per annum and provides that accrued interest is payable monthly, in arrears, beginning June 1, 2025. The entire outstanding principal and accrued interest shall become due and payable on the earlier of (i) the completion of a capital raise by the Company in which gross proceeds equal or exceed \$4,000,000 from one or more third-party investors, or (ii) October 28, 2025 (the “Maturity Date”). The Promissory Note may be prepaid in whole or in part at any time without premium or penalty, provided all accrued and unpaid interest is paid at the time of prepayment. The Promissory Note includes customary default provisions and represents the full and complete understanding of the parties, rendering the Prior Agreements null and void.

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

### Introduction and Certain Cautionary Statements

As used in this Quarterly Report on Form 10-Q, unless the context requires otherwise, references to the “Company,” “SG DevCo,” “we,” “us,” and “our” refer to Safe and Green Development Corporation and its subsidiaries. The following discussion and analysis of the financial condition and results of our operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes and schedules included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements for the year ended December 31, 2024 and 2023 and the accompanying notes, which are included in our Annual Report for the year ended December 31, 2024 filed with the Securities and Exchange Commission on March 31, 2025 (the “2024 10-K”). This discussion, particularly information with respect to our future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading “Special Note Regarding Forward-Looking Statements” in this Quarterly Report on Form 10-Q. You should review the disclosure under the heading “Risk Factors” in this Quarterly Report on Form 10-Q and the 2024 10-K for a discussion for important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements.

### Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements. The statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Statements contained in this Quarterly Report on Form 10-Q may use forward-looking terminology, such as “anticipates,” “believes,” “could,” “would,” “estimates,” “may,” “might,” “plan,” “expect,” “intend,” “should,” “will,” or other variations on these terms or their negatives. All statements other than statements of historical facts are statements that could potentially be forward-looking. We caution that forward-looking statements involve risks and uncertainties, and actual results could differ materially from those expressed or implied in these forward-looking statements or could affect the extent to which a particular objective, projection, estimate or prediction is realized.

Forward-looking statements are subject to risks and uncertainties. Actual results could differ materially from those expressed in or implied by such forward-looking statements due to a variety of factors, including:

- Our limited operating history makes it difficult for us to evaluate our future business prospects.
- Our auditors have expressed substantial doubt about our ability to continue as a going concern.
- Our financial condition and results of operations could be negatively affected if we fail to grow or fail to manage our growth or investments effectively.
- The long-term sustainability of our operations as well as future growth depends in part upon our ability to acquire land parcels suitable for residential projects at reasonable prices.
- We operate in a highly competitive market for investment opportunities, and we may be unable to identify and complete acquisitions of real property assets.
- Our property portfolio has a high concentration of properties located in certain states.
- There can be no assurance that the properties in our development pipeline will be completed in accordance with the anticipated timing or cost.
- Our insurance coverage on our properties may be inadequate to cover any losses we may incur and our insurance costs may increase.
- Our operating results may be negatively affected by potential development and construction delays and resultant increased costs and risks.



- We rely on third-party suppliers and long supply chains, and if we fail to identify and develop relationships with a sufficient number of qualified suppliers, or if there is a significant interruption in our supply chains, our ability to timely and efficiently access raw materials that meet our standards for quality could be adversely affected.
- Previously undetected environmentally hazardous conditions may adversely affect our business.
- Legislative, regulatory, accounting or tax rules, and any changes to them or actions brought to enforce them, could adversely affect us.
- If we were deemed to be an investment company, applicable restrictions could make it impractical for us to continue our business as contemplated and could have an adverse effect on our business.
- Our industry is cyclical and adverse changes in general and local economic conditions could reduce the demand for housing and, as a result, could have a material adverse effect on us.
- Fluctuations in real estate values may require us to write-down the book value of our real estate assets.
- We could be impacted by our investments through joint ventures, which involve risks not present in investments in which we are the sole owner.
- We may not be able to sell our real property assets when we desire.
- Access to financing sources may not be available on favorable terms, or at all, which could adversely affect our ability to maximize our returns.
- If we were to default in our obligation to repay the loan we received from BCV S&G DevCorp, Peak One Opportunity Fund, L.P., by Peak One Investments, LLC, collectively referred to as (“Peak One”), it could disrupt or adversely affect our business and our stock price could decline.
- Future outbreaks of any highly infectious or contagious diseases, could materially and adversely impact our performance, financial condition, results of operations and cash flows.
- SG Holdings beneficially owns a significant portion of our outstanding common stock, and it may therefore be able to substantially control our management and affairs.
- We currently do not intend to pay dividends on our common stock. Consequently, our stockholders’ ability to achieve a return on their investment will depend on appreciation in the price of our common stock.
- We may issue shares of preferred or common stock in the future, which could dilute your percentage ownership of the company.
- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline
- Provisions in our corporate charter documents and under Delaware law could make an acquisition of our company more difficult and may prevent attempts by our stockholders to replace or remove our management.
- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline
- Our failure to comply with continued listing requirements of Nasdaq.
- Risks relating to ownership of our common stock, including high volatility and dilution.

The risks and uncertainties included here are not exhaustive or necessarily in order of importance. Other sections of this report and other reports we file with the SEC include additional factors that could affect our business and financial performance, including discussed in “Part II – Item 1A. Risk Factors” to this Quarterly Report on Form 10-Q as well as the Risk Factors set forth in our 2024 10-K. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors.

In addition, certain information presented below is based on unaudited financial information. There can be no assurance that there will be no changes to this information once audited financial information is available. As a result, readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of this report. We will not undertake to update any forward-looking statement herein or that may be made from time to time on behalf of us.

## Overview

We were formed in 2021 by Safe & Green Holdings Corp. (“SG Holdings”) for the purpose of real property development utilizing SG Holdings’ proprietary technologies and SG Holdings’ manufacturing facilities. During 2023 and 2024, our business focus was primarily on the direct acquisition and indirect investment in properties nationally to be developed in the future into green single or multi-family projects and increasing our presence in markets with favorable job formation and a favorable demand/supply ratio for multifamily and/or single-family housing. To date, we have generated minimal revenue and our real estate development related activities have consisted mostly of the acquisition and entitlement of three properties, an investment in two entities that have acquired two properties to be further developed, entry into three joint ventures with the intention of developing properties in the Texas market and an investment in real-estate related artificial intelligence (“AI”) assets and entities, as further described below.

In January 2024, we announced that we would strategically look to monetize our real estate holdings throughout 2024 by identifying markets where our land may have increased in value, as demonstrated by third-party appraisals and selling those properties. In connection with this strategy, we have entered into agreements to sell our St. Mary’s site and our Lago Vista site described in more detail below. Additionally, we expect to subdivide our McLean property into buildable single family lots that can subsequently be sold to developers or developed internally. We intend to develop the properties that we own and invest the proceeds of sales of our securities and future financings, both at the corporate and project level, and/or sale proceeds from properties that are sold. However, our ability to develop any properties will be subject to our ability to raise capital either through the sale of equity or by incurring debt for which there can be no assurance.’

In August 2024, we entered into joint ventures with Milk & Honey LLC, Sugar Phase I LLC and Hacienda Olivia Phase II LLC, with the intention of developing green single-family homes in the Southern Texas market. To date, we have started construction on five single family homes in the Sugar Phase joint venture. The homes were delivered during the first quarter of 2025. Additionally, we were developing 57 single family lots through our Hacienda Olivia. We have also entered into a joint venture named Pulga Internacional with the intention of developing an eco-friendly commercial retail outlet.

In February 2025, we entered into a Membership Interest Purchase Agreement (the “Membership Interest Purchase Agreement”) with Resource Group US Holdings LLC (“Resource Group”) and its members to acquire 100% of the membership interests of Resource Group. See “Membership Interest Purchase Agreement” below for additional information about the Membership Interest Purchase Agreement. While the Company has expressed interest in shifting its primary focus to the business conducted by Resource Group—namely, the transformation of targeted organic green waste materials into engineered, environmentally friendly soil and mulch products—there can be no assurance that the acquisition will be consummated as contemplated, or at all. As a result of this potential acquisition, we have begun evaluating a possible strategic realignment of our business by exploring the monetization of certain real estate holdings held directly by the Company and through its joint ventures. These steps remain preliminary and are contingent on the successful closing of the transaction. Discussions with Resource Group remain ongoing, and the parties continue to negotiate outstanding closing deliverables and satisfy customary closing conditions, including the completion of Resource Group’s audit. Following the potential acquisition, we also anticipate reevaluating the projects, technologies, and operations of our real estate-related AI assets; however, no definitive changes to our strategic direction have been made at this time.

## Recent Developments.

### Milk & Honey

On January 16, 2025, Sugar Phase I LLC (“Sugar Phase I”), our joint venture with Milk & Honey LLC, a Texas limited liability company (“Milk & Honey”), acquired twenty-two (22) lots in South Texas (the “Property”) for a purchase price of \$440,000 for development of its residential development project (the “Project”). In connection with the acquisition of the Property, Sugar Phase I entered into a Loan Agreement, dated as of January 16, 2025 (the “Loan Agreement”), for the periodic draw down of up to \$1,092,672.75 in principal amount of loan proceeds to be used for the completion of the construction of the Project, the payment of the lender’s expenses related to the Loan Agreement and the payment of expenses related to the acquisition by Sugar Phase I of the Property. The loan bears interest at the greater of the 1-Month Term Secured Overnight Financing Rate plus 5.710%, as adjusted monthly, or 9.740%, includes a loan origination fee of \$23,110, matures on March 12, 2026 and is secured by the Property and other related collateral. The loan is also guaranteed by each of us and Properties by Milk & Honey LLC (each a “Guarantor”) pursuant to an Unconditional Guaranty, dated January 16, 2025 (the “Guaranty”). The obligations of each Guarantor are joint and several. The Guaranty may be enforced against any Guarantor without attempting to collect from Sugar Phase I, any other Guarantor or any other person, and without attempting to enforce lender’s rights in any of the collateral. We, Properties by Milk & Honey LLC and the principals of Properties by Milk & Honey LLC also entered into an Indemnity Agreement, dated January 16, 2025 (the “Indemnity Agreement”), for the benefit of the lender under the Loan Agreement, with respect to the Project’s compliance with Environmental Laws, Hazardous Substances Laws and Building Laws (as such terms are defined in the Indemnity Agreement).

On March 6, 2025, we entered into a Buyout Agreement (the “Buyout Agreement”) with Milk & Honey, pursuant to which we agreed to sell to Milk & Honey our 60% membership interest (the “Interest”) in Sugar Phase I LLC, for a purchase price of \$700,415.24, reflecting amounts contributed and costs incurred by us in connection with the Sugar Phase I project, to be evidenced by a one-year promissory note (the “Note”) in the principal amount of \$700,415.24, bearing interest at 10% per annum.

The Buyout Agreement and Note provide that Interest will be transferred to Milk & Honey incrementally as the Note is repaid. The closing under the Buyout Agreement occurred on March 7, 2025. In connection therewith, Milk & Honey prepaid \$120,000.00 of the principal amount due under the Note and the Company transferred 10.27% of our Interest in Sugar Phase I LLC.

As of May 15, 2025, we continue to work with Milk & Honey on the buyout of our 60% membership interest in Sugar Phase I LLC. Under the Buyout Agreement, which closed on March 6, 2025, Milk & Honey agreed to purchase our interest in the joint venture for a total purchase price of \$700,415.24, to be paid pursuant to a promissory note. As of the date of this filing, Milk & Honey has made two payments totaling \$385,867.75, resulting in the transfer of an aggregate 41.5% of our original 60% interest. We currently retain an 18.5% interest in Sugar Phase I LLC, with the remaining balance of \$172,000 under the note to be paid in future installments.

We continue to coordinate with Milk & Honey on the remaining payment schedule and ownership transfers.

### Mutual Release Agreement Safe & Green Holdings Corp.

On January 29, 2025, we entered into a mutual release and discharge agreement (the “Mutual Release”) with Safe & Green Holdings Corp. (“SGBX”) pursuant to which we forgave and released SGBX from its obligations to us 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 us to SGBX (which amounts had been written off our balance sheet as of December 31, 2023) in exchange for SGBX forgiving \$394,329 of inter-company debt owed to SGBX by us and for SGBX transferring 276,425 shares (the “Shares”) of our Common Stock owned by SGBX to us. We currently plan to hold the Shares in our treasury. As a result of this agreement, SGBX will no longer be a stockholder of ours.

#### Lago Vista Property

On January 30, 2025, LV Peninsula Holding, LLC (“LV Holding”), a wholly owned subsidiary of ours, entered into a Commercial Contract (the “Contract of Sale”) with Lithe Development Inc., a Texas corporation (“Lithe”), to sell our approximately 60-acre waterfront Lake Travis site in Lago Vista, Texas (the “Lago Vista Site”) owned by us to Lithe for \$6.575 million. The Contract of Sale provided that the closing of the sale by LV Holding to Lithe of the Lago Vista Site would occur on or before February 12, 2025 following satisfaction of all required closing conditions. Within four business days of signing the Contract of Sale, Lithe must provide to LV Holding an executed JV contract which includes the loan agreement.

Lithe has agreed to provide a \$1,000 earnest money deposit to evidence its commitment to purchasing the Lago Vista Site. If Lithe breaches the Contract of Sale, LV Holding may terminate the Contract of Sale and receive the earnest deposit as its sole remedy. The Contract of Sale executed on January 30, 2025, supersedes the previously executed Contract of Sale with Lithe, dated April 25, 2024, as amended effective as of July 18, 2024, July 25, 2024 and August 8, 2024, for the Lago Vista Site.

As of May 15, 2025, LV Holdings terminated the Contract of Sale as we continue to field additional offers from Lithe and other parties. The Company is also in discussions with Stallion Funding, a private real estate finance company, regarding an extension and renegotiation of the Note.

#### JDI Cumberland Inlet

On February 11, 2025, we entered into an Amendment (this “Amendment”) to the Operating Agreement, dated June 24, 2021 for JDI-Cumberland Inlet, LLC, a Georgia limited liability company, by and between us and Jacoby Development Inc., a Georgia corporation, and a Forced Sale Agreement by and between the Company and JDI, pursuant to which JDI-Cumberland acquired our 10% equity interest JDI-Cumberland in exchange for a promissory note (the “Note”) from JDI-Cumberland in the principal amount of \$4.5 million. The Note bears interest at the rate of 6.5% per annum, matures on February 6, 2026 and is secured by a pledge of a 10% equity interest in JDI-Cumberland. Payment of the Note is also guaranteed by JDI. This decision to sell our interest is consistent with our decision to strategically realign the business towards engineered soils and logistics.

#### Resource Group US Holdings

On February 25, 2025, we entered into a Membership Interest Purchase Agreement (the “RG Purchase Agreement”) with Resource Group US Holdings LLC, a Florida limited liability company (“Resource Group”), and the members of RG (the “RG Equityholders”) to acquire 100% of the membership interests of Resource Group. Resource Group is a next-generation, full-service organic recycling and compost technology company specializing in transforming targeted organic green waste materials into engineered, environmentally friendly soil and mulch products. In addition, Resource Group offers year-round collection and disposal services through high-capacity grapple trucks, open-top walking floor trailers, and variable-sized containers serving green waste generators, landscaping companies, golf courses, communities, and municipalities. Resource Group works to streamline operations by internalizing transportation services, reducing over-the-road mileage, lowering disposal costs, and maximizing efficiency. The purchase price for the membership interests of Resource Group is \$480,000 in cash, the issuance of shares of our restricted common stock (the “RG Closing Shares”) equal to 19% of our outstanding shares of common stock at closing and a convertible note (the “RG Convertible Note”) in an amount to be determined at closing, convertible into shares of our restricted common stock subject to the receipt of our shareholders’ approval post-closing in accordance with Nasdaq rules. The RG Closing Shares and the shares of our common stock to be issuable under the RG Convertible Note will together equal 49% of our outstanding shares of common stock at closing.

The RG Purchase Agreement provides that our board of directors will be reorganized at closing such that four current directors will remain on the board of directors and three new directors will be appointed to the board of directors by Resource Group. The RG Purchase Agreement further provides that on or prior to the three-month anniversary of the closing, we will use our best efforts to have on file with and approved by the Securities and Exchange Commission an effective registration statement on Form S-1 or any other allowable form providing for the resale by the RG Equityholders on a pro rata basis of the RG Closing Shares issued to them.

As of May 15, 2025, the Company continues to evaluate and work toward the potential acquisition of Resource Group; however, there can be no assurance that the transaction will be consummated as contemplated, or at all. Discussions remain ongoing, and the parties are engaged in negotiating outstanding deliverables and conditions to closing, including the completion of Resource Group’s audit. While the Company recognizes the potential strategic benefits of integrating Resource Group’s operations, no final decisions have been made regarding any broader shift in the Company’s business focus pending the successful completion of the transaction.

## Stock Dividend

On March 5, 2025, our Board of Directors approved a stock dividend from its treasury (the “Stock Dividend”) of 0.05 shares of our common stock per each outstanding share of our common stock owned, payable on April 22, 2025 to stockholders of record at the close of business on April 7, 2025, such that holders of the common stock received one (1) share of the Company’s common stock for every 20 (twenty) shares held. Cash will be distributed in lieu of fractional shares based on the opening price of a share of common stock on April 8, 2025.

## Arena Amendment

On April 4, 2025, we entered into an amendment (the “Arena Amendment”) to the Securities Purchase Agreement, dated August 12, 2024, as amended on August 30, 2024 (the “Purchase Agreement”), previously entered into with Arena Special Opportunities Partners II, LP, Arena Special Opportunities (Offshore) Master, LP, Arena Special Opportunities Partners III, LP, and Arena Special Opportunities Fund, LP (collectively, the “Arena Investors”) in connection with the closing of the third tranche of a private placement offering (the “Offering”) with Arena Investors pursuant to which we issued 10% convertible debentures (the “Third Closing Debentures”) in the aggregate principal amount of \$555,555 to Arena Investors. The Third Closing Debentures were sold to the Arena Investors for a purchase price of \$500,000, representing an original issue discount of ten percent (10%). The Third Closing Debentures provide that so long as no Event of Default (as defined therein) has then occurred, upon the Third Registration Statement Effectiveness Date (as defined therein), the Arena Investors will provide the Company with an additional \$500,000 in cash and the then outstanding principal balance owing under the Third Closing Debentures will increase by \$555,555.

The Third Closing Debentures mature eighteen months from their date of issuance and bears interest at a rate of 10% per annum paid-in-kind (“PIK Interest”), unless there is an event of default under the applicable Third Closing Debenture. The PIK Interest shall be added to the outstanding principal amount of the applicable Third Closing Debenture on a monthly basis as additional principal obligations thereunder for all purposes thereof (including the accrual of interest thereon at the rates applicable to the principal amount generally). Each Third Closing Debenture is convertible, at the option of the holder, at any time, into such number of shares of our common stock equal to the principal amount of such Third Closing Debenture plus all accrued and unpaid interest at a conversion price equal to the lesser of (i) \$1.6215, and (ii) 92.5% of lowest daily volume weighted average price (VWAP) of our common stock during the ten trading day period ending on such conversion date (the “Conversion Price”), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions, and subject to a floor price of \$0.90 (subject to proportional adjustment for stock splits). Based upon the floor price, the maximum number of shares issuable upon conversion of the Third Closing Debentures issued on April 4, 2025, is 461,043 shares of Common Stock. In connection with the closing of the third tranche we reimbursed Arena Investors \$20,000.00 for its legal fees and expenses.

Pursuant to the Arena Amendment, we agreed to issue to the Arena Investors common stock purchase warrants (the “Third Closing Warrants”) on each applicable closing date to purchase a number of shares of our common stock (the “Warrant Shares”) equal to 20% (or in the case of any warrant issued on April 4, 2025, 50%) of the total principal amount of the related Third Closing Debentures purchased by the Arena Investors on such closing date divided by 92.5% of the lowest daily VWAP of our common stock during the ten trading day period immediately preceding such closing date, subject to adjustment upon the occurrence of certain events as set forth in such Third Closing Warrants. On April 4, 2025, we issued to the Arena Investors Third Closing Warrants to purchase 461,043 Warrant Shares. The Third Closing Warrants expire five years from their date of issuance. The Third Closing Warrants are exercisable, at the option of the holder, at any time, at an exercise price (the “Exercise Price”) equal to the lesser of (i) \$1.6215, and (ii) 92.5% of lowest daily volume weighted average price (VWAP) of our common stock during the ten trading day period immediately preceding the Third Registration Statement Effectiveness Date (as defined therein), subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions. The Third Closing Warrants provide for cashless exercise under certain circumstances.

On April 4, 2025, we entered into a Registration Rights Agreement (the “RRA”) with the Arena Investors that provides that we will file with the Securities and Exchange Commission (the “SEC”) a registration statement to register the maximum number of Registrable Securities (as defined in the RRA) issuable under the Third Closing Debentures and the Third Closing Warrants as shall be permitted to be included thereon in accordance with applicable SEC rules. The Arena Amendment provides that we will use our reasonable best efforts to have the registration statement declared effective by the SEC no later than the “Third Registration Statement Effectiveness Date,” which is defined in the Arena Amendment as the 75th calendar day following April 4, 2025 (or, in the event of a “full review” by the SEC, no later than the 150th calendar day following April 4, 2025); provided, however, that if the registration statement will not be reviewed or is no longer subject to further review and comments, the Third Registration Statement Effectiveness Date will be the fifth trading day following the date on which the Company is so notified if such date precedes the date otherwise required above.

On April 4, 2025 we entered into a Global Amendment (the “Global Amendment”) with the Arena Investors to the common stock purchase warrants, dated as of August 12, 2024, and the common stock purchase warrants, dated as of October 25, 2024, previously issued to the Arena Investors (collectively, the “Existing Warrants”) to provide that the exercise price of the Existing Warrants shall be equal to the lesser of (i) \$1.6215, and (ii) 92.5% of lowest daily volume weighted average price (VWAP) of our common stock during the ten trading day period immediately preceding the Third Registration Statement Effectiveness Date, subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions.

## Results of Operations for the Three Months Ended March 31, 2025 and Three Months Ended March 31, 2024

The following table sets forth, for the periods indicated, the dollar value represented by certain items in our Statements of Operations:

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
Sales	\$ 18,170	\$ 49,816
Commissions expense	11,800	-
Total Payroll and related expenses	451,451	2,016,087
Total General and administrative expenses	735,120	466,254
Total Marketing and business development expenses	83,661	69,150
Operating loss	\$ (1,263,862)	(2,501,675)
Interest expense	(954,648)	(565,996)
Interest income	23,688	-
Other income	14,829	-
Net loss	\$ (2,179,993)	\$ (3,067,671)

### *Sales*

During the three months ended March 31, 2025 we generated revenues from commissions on residential real estate purchases and sale transactions amounting to \$18,170. For the three months ended March 31, 2024 we generated revenues from commissions on residential real estate purchases and sale transactions amounting to \$49,816. This decrease of \$31,646 resulted from a lower amount of real estate closings during the three months ended March 31, 2025.

### *Payroll and Related Expenses*

Payroll and related expenses for the three months ended March 31, 2025 were \$451,451 compared to \$2,016,087 for the three months ended March 31, 2024. This decrease of \$1,564,636 in expenses resulted primarily from stock-based compensation of \$1,746,640 being recognized during the three months ended March 31, 2024.

### *Marketing and Business Development Expenses*

Marketing and business development expenses for three months ended March 31, 2025 were \$83,661 compared to \$69,150 for the three months ended March 31, 2024.

### *General And Administrative Expenses*

General and administrative expenses for three months ended March 31, 2025 were \$735,120 compared to \$466,254 for the three months ended March 31, 2024. This increase of \$268,866 resulted primarily from the increased cost of professional fees in relation of being a public company, as well as an increase in professional fees from various activities.

### *Interest Expense*

During the three months ended March 31, 2025 and 2024, we incurred \$954,648 and \$565,996 of interest expense. This increase of \$388,652 resulted from an increase in the balance of our notes payable.

### *Interest Income*

During the three months ended March 31, 2025 and 2024, we incurred \$23,688 and \$0 of interest income. This increase of \$23,688 resulted from a notes receivable balance during the three months ended March 31, 2025.

### *Income Tax Provision*

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

## Liquidity and Capital Resources

We have generated limited revenue and have incurred significant net losses in each year since inception. For the three months ended March 31, 2025, we incurred a net loss of \$2,179,993 as compared to a net loss of \$3,067,671 for the three months ended March 31, 2024. We expect to incur increasing losses in the future. As of March 31, 2025 and December 31, 2024, we had cash of \$17,540 and \$296,202, respectively. We have recently funded our operations through bridge note financing, project level financing, and the issuance of our equity and debt securities. Prior to us becoming a public company, our operations were primarily been funded through advances from SG Holdings and we had been largely dependent upon SG Holdings for funding. We have recently funded our operations through bridge note financing, project level financing, and the issuance of our equity and debt securities. We intend to finance Resource Group's expansion and our operations from the proceeds of sales of our securities to Arena Investors LP and future financings, both at the corporate and project level, and/or sale proceeds from properties that are sold. Additional financing will be required to continue operations, which may not be available at acceptable terms, if at all. If we are unable to obtain additional funding when it becomes necessary, we would likely be forced to delay, reduce, or terminate some or all of our operating activities, including selling some of our properties. There is no guarantee we will be successful in raising capital outside of our current sources. These and other factors raise substantial doubt about our ability to continue as a going concern.

### *Financing Activities*

**Arena Private Placement.** On August 12, 2024, the Company entered into a Securities Purchase Agreement, dated August 12, 2024 (the "Arena Purchase Agreement") with the purchasers named therein ("Arena Investors"), related to a private placement offering (the "Arena Offering") of up to five tranches of secured convertible debentures to Arena Investors in the aggregate principal amount of \$10,277,777 (the "Arena Debentures") together with warrants to purchase a number of shares of the Company's common stock equal to 20% of the total principal amount of the Arena Debentures sold divided by 92.5% of the lowest daily VWAP (as defined in the Purchase Agreement) for the Company's common stock during the ten consecutive trading day period preceding the respective closing dates (the "Arena Warrants").

The closing of the first tranche was consummated on August 12, 2024 (the "First Closing Date") and the Company issued to Arena Investors 10% original issue discount secured convertible debentures in principal amount of \$1,388,888.75 (the "First Closing Arena Debentures") and a warrant (the "First Closing Arena Warrants") to purchase up to 1,299,242 shares of the Company's common stock (64,962 as adjusted for the Stock Split). The First Closing Arena Debentures were sold to Arena Investors for a purchase price of \$1,250,000, representing an original issue discount of ten percent (10%). In connection with the closing, the Company reimbursed Arena Investors \$55,000 for its legal fees and expenses and placed \$250,000 in escrow, to be released to the Company upon the First Registration Statement Effectiveness Date (as defined in the Purchase Agreement).

On October 25, 2024, Safe and Green Development Corporation (the "Company") closed the second tranche of its private placement offering (the "Offering") with Arena Special Opportunities Partners II, LP, Arena Special Opportunities (Offshore) Master, LP, Arena Special Opportunities Partners III, LP, and Arena Special Opportunities Fund, LP (collectively, the "Arena Investors") under a Securities Purchase Agreement, dated August 12, 2024, as amended on August 30, 2024 (the "Purchase Agreement"), between the Company and the Arena Investors, pursuant to which the Company issued 10% convertible debentures (the "Second Closing Debentures") in the aggregate principal amount of Two Million Two Hundred Twenty-Two Thousand Two Hundred and Twenty-Two Dollars (\$2,222,222) to the Arena Investors and warrants (the "Second Closing Warrants") to purchase up to 170,892 shares (the "Warrant Shares") of the Company's common stock, \$0.001 par value per share (the "Common Stock").

**Arena ELOC.** On August 12, 2024, we also entered into an Purchase Agreement (the “Arena ELOC”) with Arena Business Solutions Global SPC II, LTD (“Arena Global”), pursuant to which the Company shall have the right, but not the obligation, to direct Arena Global to purchase up to \$50,000,000.00 (the “Maximum Commitment Amount”) in shares of the Company’s common stock in multiple tranches upon satisfaction of certain terms and conditions contained in the Arena ELOC, which includes, but is not limited to, filing a registration statement with the SEC and registering the resale of any shares sold to Arena Global. Accordingly, we currently have the right, but not the obligation, to direct Arena Global to purchase up to \$50,000,000.00 of our common stock.

## Cash Flow Summary

	<b>For the Three Months Ended March 31, 2025</b>	<b>For the Three Months Ended March 31, 2024</b>
Net cash provided by (used in):		
Operating activities	\$ (551,874)	\$ (693,778)
Investing activities	(10,000)	(87,799)
Financing activities	283,211	855,878
Net increase in cash and cash equivalents	<u>\$ (278,663)</u>	<u>\$ 74,301</u>

Operating activities used net cash of \$551,874 during the three months ended March 31, 2025, and used cash of \$693,778 during the nine months ended March 31, 2024. Cash used in operating activities decreased by \$172,636 due to an decrease of net loss of \$1,040,176, depreciation of \$204, increase in amortization of debt issuance cost of \$286,499, decrease in stock based compensation of \$1,658,140, common stock for services of \$322,871, increase change in prepaid assets and other current assets of \$92,235, and an increase in change in accounts payable of \$545,349.

Investing activities used net cash of \$10,000 during the three months ended March 31, 2025, and \$87,799 net cash during the three months ended March 31, 2024, which is a decrease in cash used of \$77,799. This change results from, a decrease of cash acquired from a business combination of \$1,082, decrease in intangible assets of \$20,731, decrease in the purchase of computers and software of \$32,000, an increase in project pre-development costs of \$26,150.

Cash provided from financing activities was \$283,211 during the three months ended March 31, 2025, which resulted from 232,784 debt issuance costs paid, increased by \$1,094,400 proceeds from short-term note payable and \$578,405 in repayments of short-term notes payable. Cash provided from financing activities was \$855,878 during the three months ended March 31, 2024, which resulted from \$321,117 debt issuance costs paid, increased by \$651,700 proceeds from short-term note payable, and \$525,295 from issuance of common stock.

## Off-Balance Sheet Arrangements

As of March 31, 2025 and December 31, 2024, we had no material off-balance sheet arrangements to which we are a party.

## Critical Accounting Estimates

Our financial statements have been prepared using generally accepted accounting principles in the United States of America (“GAAP”). In connection with the preparation of the financial statements, we are required to make assumptions and estimates and apply judgments that affect the reported amounts of assets, liabilities, revenue, and expenses, and the related disclosures. We base our assumptions, estimates, and judgments on historical experience, current trends, and other factors that we believe to be relevant at the time the 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 2— Summary of Significant Accounting Policies” of the notes to our financial statements for the three months ended March 31, 2025 and the year ended December 31, 2024 included elsewhere in this Form 10-Q. We believe that the following accounting policies are the most critical in fully understanding and evaluating our reported financial results.

**Investment Entities** — On May 31, 2021, we agreed to contribute \$600,000 to acquire a 50% membership interest in Norman Berry II Owner LLC (“Norman Berry”). We contributed \$350,329 and \$114,433 of the initial \$600,000 in the second quarter and third quarter of 2021 respectively, with the remaining \$135,183 funded in the fourth quarter of 2021. The purpose of Norman Berry is to develop and provide affordable housing in the Atlanta, Georgia metropolitan area. The Company has determined it is not the primary beneficiary of Norman Berry and thus will not consolidate the activities in its financial statements. We will use the equity method to report the activities as an investment in its condensed consolidated financial statements.

On June 24, 2021, we entered into an operating agreement with Jacoby Development for a 10% non-dilutable equity interest for JDI-Cumberland Inlet, LLC (“Cumberland”). We contributed \$3,000,000 for its 10% equity interest. During the year ended December 31, 2023, we contributed an additional \$25,000. The purpose of Cumberland is to develop a waterfront parcel in a mixed-use destination community. We have determined we are not the primary beneficiary of Cumberland and thus will not consolidate the activities in its condensed consolidated financial statements. We will use the equity method to report the activities as an investment in its condensed consolidated financial statements.

On February 11, 2025, we entered into an Amendment (this “February Amendment”) to the Operating Agreement, dated June 24, 2021 (the “Operating Agreement”), for Cumberland, by and between us and Jacoby Development Inc., a Georgia corporation (“JDI”), and a Forced Sale Agreement by and between the Company and JDI, pursuant to which Cumberland acquired the Company’s 10% equity interest (the “LLC Interest”) in Cumberland in exchange for a promissory note (the “Cumberland Note”) from Cumberland in the principal amount of \$4.5 million. The Cumberland Note bears interest at the rate of 6.5% per annum, matures on February 6, 2026 and is secured by a pledge of a 10% equity interest in Cumberland. Payment of the Cumberland Note is also guaranteed by JDI.

In connection with the Buyout Agreement, we will no longer consolidate the activities of Sugar Phase in the Company’s financial statements. The Company is now not the primary beneficiary of Sugar Phase and will use the equity method to report the activities as an investment in its condensed consolidated financial statements.

During the three months ended March 31, 2025 and 2024, Norman Berry and Sugar Phase did not have any material earnings or losses as the investments are in development. In addition, management believes there was no impairment as of March 31, 2025 and December 31, 2024.

**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. Repairs and maintenance are charged to expense when incurred.

On May 10, 2021 we acquired a 50+ acre Lake Travis project site in Lago Vista, Texas (“Lago Vista”) for \$3,576,130 which is recorded in assets held for sale on the accompanying balance sheets.

During February 2022 and September 2022, we acquired properties in Oklahoma and Georgia for \$893,785 and \$296,870, respectively, which is recorded as land on the accompanying balance sheets. In addition, during 2024, through its JV Agreements, the Company acquired land with a value of \$482,395 in Texas.

**Intangible assets** — Intangible assets consist of \$22,210 of website costs that will be amortized over 5 years, and \$1,028,323 of software development costs will be amortized over 3 years.

**Project Development Costs** – Project development costs are stated at cost. At March 31, 2025 our project development costs are expenses incurred related to development costs on various projects that are capitalized during the period the project is under development.

**Assets Held For Sale** – During 2023, management implemented a plan to sell Lago Vista, which meets all of the criteria required to classify it as an Asset Held for Sale. Including the project development costs associated with Lago Vista of \$824,231, the book value is now \$4,400,361.

## **JOBS Act**

The JOBS Act permits an emerging growth company such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have elected to avail ourselves of the extended transition period for complying with new or revised financial accounting standards.

We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year (a) following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act, (b) in which we have total annual revenue of at least \$1.235 billion, or (c) in which we are deemed to be a large accelerated filer, which generally means the market value of our common equity that is held by non-affiliates exceeds \$700 million as of the end of the prior fiscal year’s second fiscal quarter; and (2) the date on which we have issued more than \$1 billion in non-convertible debt securities during the prior three-year period.

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

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

### **ITEM 4. Controls and Procedures**

#### ***Evaluation of Disclosure Controls and Procedures***

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation, as of the end of the period covered by this report, of the effectiveness of our disclosure controls and procedures, as such term is defined in Exchange Act Rule 13a-11). Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that as of the end of the period covered by this report, our disclosure controls and procedures, as defined in Rule 13-15(e), were effective at the reasonable assurance level.

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

During the fiscal quarter ended March 31, 2025, other than the material weakness discussed below, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### ***Remediation of Previously Reported Material Weakness***

During the course of the review of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, we identified a material weakness in our internal controls over financial reporting and determined that our disclosure controls and procedures were ineffective as of June 30, 2024. The weaknesses related to the ineffective design of certain management review controls across a portion of the Company's financial statements. Specifically, the controls related to the review of internal and externally prepared reports and analysis utilized in the financial reporting process of outside consultants that aid in the preparation of our financial statements. The disclosure controls and procedures continued to be ineffective as of December 31, 2024.

In order to remediate these material weaknesses, we added four more external consultants to assist in the preparation of our financial statements.

Management has evaluated these additional controls and believe they are operating effectively and therefore has determined that the Company has remediated these material weaknesses.

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

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

## **PART II. OTHER INFORMATION**

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

The information included in “Note 12 - Commitments and Contingencies” of our condensed consolidated financial statements included elsewhere in this Quarterly Report Form 10-Q is incorporated by reference into this Item.

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

Except as set forth below, there have been no material changes in our risk factors from the risks previously reported in Part 1, Item 1A, “Risk Factors” of our 2024 10-K. You should carefully consider the factors discussed in Form 10-K, which could materially affect our business, financial condition or future results. The risks described in our Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

***Our auditors have expressed substantial doubt about our ability to continue as a going concern.***

We have generated limited revenue and have incurred significant net losses in each year since inception. For the three months ended March 31, 2025, we incurred a net loss of \$2,179,993 as compared to a net loss of \$3,067,671 for the three months ended March 31, 2024. We expect to incur increasing losses in the future. We cannot offer any assurance as to our future financial results. Our inability to achieve profitability from our current operating plans or to raise capital to cover any potential shortfall would have a material adverse effect on our ability to meet our obligations as they become due. If we are not able to secure additional funding, if, and when needed, we would be forced to curtail our operations or take other action in order to continue to operate. These and other factors raise substantial doubt about our ability to continue as a going concern. If we are unable to meet our obligations and are forced to curtail or cease our business operations, our stockholders could suffer a complete loss of any investment made in our securities.

***We will need to raise additional capital to support our long-term business plans and our failure to obtain funding when needed may force us to delay, reduce or eliminate our development plans.***

During the three months ended March 31, 2025, our operating activities used net cash of \$551,874 and as of March 31, 2025, our cash was \$17,540. We have experienced significant losses since inception and have a significant accumulated deficit as of March 31, 2025 totaling \$18,219,015. We expect to incur additional operating losses in the future and therefore expect our cumulative losses to increase. We do not derive substantial revenue from the properties we own or have an interest in. We expect to potentially generate revenue through our strategy of strategically monetizing the land parcels and joint venture partnerships by selling them in the next years. We do not expect to generate revenue from our AI for years. The payoff of the St. Mary’s note is subject to conditions and there can be no assurance that the sale will be consummated or if consummated that the borrowers will fulfill their obligations under the note. We expect our expenses to increase if and when we are able to close the acquisition of Resource Group.

We will need to raise additional capital to fund our business expansion plans and we cannot be certain that funding will be available to us on acceptable terms on a timely basis, or at all. To meet our financing needs, we are considering multiple alternatives, including, but not limited to, additional equity and debt financings. Our ability to raise capital through the sale of securities may be limited by our number of authorized shares of common stock and various rules of the SEC and Nasdaq that place limits on the number and dollar amount of securities that we may sell. Any additional sources of financing will likely involve the issuance of our equity or debt securities, which will have a dilutive effect on our stockholders, assuming we are able to sufficiently increase our authorized number of shares of common stock. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience significant dilution. Any debt financing, if available, may involve restrictive covenants that may impact our ability to conduct our business. Our current outstanding debentures prohibit us from engaging in certain types of financing while the debentures are outstanding. Although our agreement with the holder of our debentures provides for the issuance of additional debentures, there are conditions to be met in order for us to be able to issue additional debentures and there can be no assurance that we will be able to satisfy the conditions. Our equity line also requires that certain conditions be met before we can use the equity line and there can be no assurance that such conditions will be met. If we fail to raise additional funds on acceptable terms, we may be unable to complete planned development work.

***Although we believe our disclosure controls and procedures are effective as of March 31, 2025, we identified a material weakness in our internal control over financial reporting and determined that our disclosure controls and procedures were ineffective as of June 30, 2024 and continued to be ineffective as of December 31, 2024. In the future, we may identify additional material weaknesses or otherwise fail to maintain an effective system of internal control over financial reporting or adequate disclosure controls and procedures, which may result in material errors in our financial statements or cause us to fail to meet our period reporting obligations.***

Management and our Audit Committee, in consultation with M&K CPAS PLLC (“M&K”), our independent registered public accounting firm, determined that the material weaknesses in our internal controls as of June 30, 2024 continued as of December 31, 2024. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company’s annual or interim financial statements will not be prevented or detected on a timely basis.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended, our management is required to report on the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. Annually, we perform activities that include reviewing, documenting and testing our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. If we fail to achieve and maintain an effective internal control environment, we could suffer misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could result in significant expenses to remediate any internal control deficiencies and lead to a decline in our stock price.

Although we believe that our disclosure controls and procedures are effective as of March 31, 2025, we cannot provide assurance that we have identified all, or that we will not in the future have additional, material weaknesses in our internal control over financial reporting. As a result, we may be required to implement further remedial measures and to design enhanced processes and controls to address deficiencies. If we do not effectively remediate the material weaknesses identified by management and maintain adequate internal controls over financial reporting in the future, we may not be able to prepare reliable financial reports and comply with our reporting obligations under the Exchange Act on a timely basis. Any such delays in the preparation of financial reports and the filing of our periodic reports may result in a loss of public confidence in the reliability of our financial statements, which, in turn, could materially adversely affect our business, the market value of our common stock and our access to capital markets.

***Our failure to meet the continued listing requirements of the Nasdaq could result in a de-listing of our common stock.***

Our shares of Common Stock are currently listed on the Nasdaq Capital Market. If we fail to satisfy the continued listing requirements of Nasdaq, such as the corporate governance requirements, minimum bid price requirement or the minimum stockholder’s equity requirement, The Nasdaq Stock Market LLC may take steps to delist our Common Stock. Any delisting would likely have a negative effect on the price of our Common Stock and would impair stockholders’ ability to sell or purchase their Common Stock when they wish to do so.

On April 16, 2024, we received a letter from the Listing Qualifications Department of Nasdaq stating that we were not in compliance with Nasdaq Listing Rule 5550(b)(1) (the “Rule”) because our stockholders’ equity of \$1,887,777 as of December 31, 2023, as reported in our Annual Report on Form 10-K filed with the SEC on April 1, 2024, was below the minimum requirement of \$2,500,000. Pursuant to Nasdaq’s Listing Rules, we had 45 calendar days (until May 31, 2024), to submit a plan to evidence compliance with the Rule (a “Compliance Plan”). We submitted a Compliance Plan within the required time. On July 22, 2024, we received a letter from Nasdaq stating that based on the Quarterly Report on Form 10-Q that we filed with the Securities and Exchange Commission for the period ended March 31, 2024, and our submission to the Staff, dated May 29, 2024, it determined that we were in compliance with Nasdaq Listing Rule 5550(b)(1). The letter further stated that if we fail to evidence compliance with Nasdaq Listing Rule 5550(b)(1) upon filing our next periodic report we may be subject to delisting.

On August 26, 2024, we received a letter from Nasdaq stating that the Company was not in compliance with the Rule because the stockholders' equity of the Company of \$2,018,263 as of June 30, 2024, as reported in the Company's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2024, was below the minimum requirement of \$2,500,000.

Pursuant to Nasdaq's Listing Rules, we had 45 calendar days (until October 10, 2024), to submit a Compliance Plan. We submitted a Compliance Plan within the required time, which was accepted; however, there can be no assurance that the Compliance Plan will be fully implemented. We were granted an extension of up to 180 calendar days until October 10, 2024, to evidence compliance with the Rule. In the event the Compliance Plan is not accepted by Nasdaq, or in the event the Compliance Plan is accepted but we fail to evidence compliance within the extension period, we will have the right to a hearing before Nasdaq's Hearing Panel. The hearing request would stay any suspension or delisting action pending the conclusion of the hearing process and the expiration of any additional extension period granted by the panel following the hearing.

On April 25, 2024, we received written notice from Nasdaq notifying us that for the preceding 30 consecutive business days (March 14, 2024 through April 24, 2024), 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 were provided a 180-calendar day period, or until October 22, 2024, to regain compliance with the minimum bid price requirement. To regain compliance with the Nasdaq Listing Rules, following stockholder approval at our 2024 Annual Meeting of Stockholders held on July 2, 2024, we effected a reverse stock split at a ratio of one (1) to twenty (20) on October 8, 2024, at which time our Common Stock began trading on a post-split basis.

On October 22, 2024, we received a notification letter (the "Notification Letter") from Nasdaq, informing us that we have regained compliance with the Minimum Bid Price Requirement set forth in Nasdaq Listing Rule 5550(a)(2). To regain compliance with the Minimum Bid Price Requirement, the closing bid of our shares of common stock needed to be at least \$1.00 per share for a minimum of ten (10) consecutive business days. The Notification Letter confirmed that we achieved a closing bid price of \$1.00 or greater per common share for ten (10) consecutive business days from October 8, 2024 to October 21, 2024, thereby regaining compliance with the Minimum Bid Price Requirement.

On February 14, 2025, we received a letter from Nasdaq stating that based on our Form 8-K, as filed with the Securities and Exchange Commission on February 12, 2025, Nasdaq has determined that we now comply with the stockholders' equity requirement as set forth in Nasdaq Listing Rule 5550(b)(1).

If we fail to meet any of Nasdaq's listing standards, our Common Stock will be subject to delisting. If that were to occur, our Common Stock would be subject to rules that impose additional sales practice requirements on broker-dealers who sell our securities. The additional burdens imposed upon broker-dealers by these requirements could discourage broker-dealers from effecting transactions in our Common Stock. This would adversely affect the ability of investors to trade our Common Stock and would adversely affect the value of our Common Stock. Delisting from Nasdaq would cause us to pursue eligibility for trading of our Common Stock on other markets or exchanges, or on an over-the-counter market. In such case, our stockholders' ability to trade or obtain quotations of the market value of our Common Stock would be severely limited because of lower trading volumes and transaction delays. These factors could contribute to lower prices and larger spreads in the bid and ask prices of these securities. There can be no assurance that our Common Stock, if delisted from the Nasdaq, would be listed on a national securities exchange, a national quotation service or the over-the-counter markets. Delisting from the Nasdaq could also result in negative publicity, adversely affect the market liquidity of our Common Stock, decrease securities analysts' coverage of us or diminish investor, supplier and employee confidence. In addition, our stock could become a "penny stock," which would make trading of our Common Stock more difficult.

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 the actions that we have taken to restore our compliance with the Nasdaq Minimum Bid Price Requirement will 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.

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

We did not sell any equity securities during the quarter ended March 31, 2025, in transactions that were not registered under the Securities Act other than as previously disclosed in our filings with the SEC and as described below.

**ITEM 3. Defaults Upon Senior Securities**

None.

**ITEM 4. Mine Safety Disclosures**

Not applicable.

**ITEM 5. Other Information**

During the first quarter of 2025, none of our directors or executive officers adopted or terminated any “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” (as each term is defined in Item 408(a) of Registration S-K).

## ITEM 6. Exhibits

### EXHIBIT INDEX

Exhibit Number	Description
3.1	<a href="#"><u>Amended and Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on September 19, 2023 (File No. 001-41581)).</u></a>
3.2	<a href="#"><u>Amended and Restated Bylaws (incorporated herein by reference to Exhibit 3.2 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on September 19, 2023 (File No. 001-41581)).</u></a>
3.3	<a href="#"><u>Certificate of Amendment to Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on October 8, 2024, File No. 001-41581)</u></a>
4.1	<a href="#"><u>Form of Debenture dated August 12, 2024 (incorporated by reference to Exhibit 4.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on August 14, 2024, File No. 001-41581)</u></a>
4.2	<a href="#"><u>Form of Warrant, dated August 12, 2024 (incorporated by reference to Exhibit 4.2 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on August 14, 2024, File No. 001-41581)</u></a>
4.3	<a href="#"><u>Form of Warrant to Arena Business Solutions Global SPC II Ltd. (incorporated by reference to Exhibit 4.13 to the Registration Statement on Form S1 filed by the Registrant with the Securities and Exchange Commission on August 30, 2024, File No. 333-281889)</u></a>
4.4	<a href="#"><u>Global Amendment to 10% Original Issue Discount Secured Convertible Debentures (incorporated 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 September 20, 2024, File No. 333-281889)</u></a>
4.5	<a href="#"><u>Form of Debenture dated October 25, 2024 (incorporated by reference to Exhibit 4.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on October 31, 2024, File No. 001-41581)</u></a>
4.6	<a href="#"><u>Form of Warrant dated October 25, 2024 (incorporated by reference to Exhibit 4.2 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on October 31, 2024, File No. 001-41581)</u></a>
4.7	<a href="#"><u>Global Amendment No. 2 to 10% Original Issue Discount Secured Convertible Debentures dated October 31, 2024 (incorporated by reference to Exhibit 4.3 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on October 31, 2024, File No. 001-41581)</u></a>
4.8	<a href="#"><u>Form of Debenture, dated April 4, 2025 (incorporated by reference to Exhibit 4.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on April 10, 2025, File No. 001-41581)</u></a>
4.9	<a href="#"><u>Form of Warrant, dated April 4, 2025 (incorporated by reference to Exhibit 4.2 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on April 10, 2025, File No. 001-41581)</u></a>

4.10	<a href="#"><u>Global Amendment, dated April 4, 2025 (incorporated by reference to Exhibit 4.3 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on April 10, 2025, File No. 001-41581)</u></a>
4.11	<a href="#"><u>Amendment No. 3 to Loan Agreement, Dated April 11, 2025, by and between Safe and Green Development Corporation and Bridgeline Capital Ventures</u></a>
4.12	<a href="#"><u>Promissory Note, dated May 5, 2025, by and between Safe and Green Development Corporation and the Bryan Leighton Revocable Trust dated December 13<sup>th</sup>, 2023</u></a>
31.1+	<a href="#"><u>Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
31.2+	<a href="#"><u>Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
32.1+	<a href="#"><u>Certification by Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>
32.2+	<a href="#"><u>Certification by Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS+	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File as the XBRL tags are embedded within the Inline XBRL document.
101.SCH+	Inline XBRL Taxonomy Extension Schema Document.
101.CAL+	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF+	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB+	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE+	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

+ **Filed or furnished herewith.**

\* Exhibits and schedules have been omitted pursuant to Items 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish copies of any of the omitted exhibits and schedules upon request by the Securities and Exchange Commission.



## SIGNATURES

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

**SAFE AND GREEN DEVELOPMENT CORPORATION**  
(Registrant)

By: /s/ David Villarreal  
David Villarreal  
Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Nicolai Brune  
Nicolai Brune  
Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)

Date: May 15, 2025

**AMENDMENT NO. 3 TO LOAN AGREEMENT**

This Amendment No. 3 (this “**Amendment No. 3**”) to Loan Agreement is made and entered into effective as of December 1, 2024 by and between Safe and Green Development Corporation (the “**Company**”) and BCV S&G DevCorp (“**BCV S&G**”). Capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the BCV Loan Agreement (as defined below).

**WHEREAS**, the Company and BCV S&G are parties to that certain Loan Agreement, dated as of June 16, 2023, as amended on August 25, 2023 (the “**BCV Loan Agreement**”).

**WHEREAS**, the parties desire to further amend the BCV Loan Agreement to extend the initial issue date from December 1, 2024, and establish December 1, 2025, as the new maturity date, on the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in accordance with the terms of the BCV Loan Agreement, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. The first paragraph under the subsection “Loan” is hereby amended and restated as follows:

Subject to the terms and conditions of this Agreement, the Issuer makes available to the Borrower a loan in the aggregate amount of USD 2,200,000.00 (two-million US dollars), (the “**Loan**”).

2. Section 5 (a) of the BCV Loan Agreement is hereby amended and restated to read as follows:

The Borrower shall repay the Loan as well as any other Unpaid Sum without further notice on 01.12.2025 (the **Maturity Date**).

3. Section 6 (a) of the BCV Loan Agreement is hereby amended and restated to read as follows:

The early repayment date may not be earlier than 6 (six) months following the issue date of the Notes (“**Early Repayment Date**”).

4. Section 10 of the BCV Loan Agreement is hereby amended and restated as follows:

The Parties that the loan and interest shall be primarily secured by 176,425 shares (the “Pledged Share” held with Equiniti Trust Company, a New York limited liability trust company, with principal offices 48 Wall Street, Floor 23 New York, NY 10005 (the “Transfer Agent”) under the name of the Issuer.

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5. The first two paragraphs of Section 11 of the BCV Loan Agreement is hereby amended and restated as follows:

The Parties agree that the Alternative Collateral shall be made up of: (i) a \$960,672 Promissory Note from St. Mary's, Georgia, dated November 15, 2024 and (ii) the collateral on the 10% ownership stake the Company owns in the Cumberland Inlet Mixed-Use property located along East Meeting Street, St. Mary's, Camden, Georgia 31558 (United States of America) (together, the **"Alternative Collateral"**).

The Parties agree that the Issuer shall receive the Alternative Collateral in addition to the Pledged Shares **in** the event of default, if the sale of the Pledged Shares does not provide sufficient liquidity to reimburse the Loan. The Borrower guarantees that the Pledged Shares and Alternative Collateral shall be free of any encumbrances to provide liquidity to reimburse the loan **in** the event of default.

For avoidance of any doubt, the documentation relating to the Alternative Collateral shall be communicated to the Issuer upon request of the latter.

6. Section 9 (a) of the BCV Loan Agreement is hereby amended and restated to read as follows:

Interest Payment Date(s)

01.06.2025

01.12.2025

7. Except as otherwise expressly provided herein, all of the other terms and conditions of the BCV Loan Agreement remain unchanged and continue **in** full force and effect.

*[Signature Pages Follow]*

Executed as of the date written on the cover page to this Amendment No. 3

**Bridgeline Capital Ventures on behalf of its Compartment BCV S&G DevCorp**

Represented by Bridgeline Capital Partners in its capacity of Management Company

/s/ George Pal  
\_\_\_\_\_  
Name: George Pal  
Function: Director

/s/ Herve Croset  
\_\_\_\_\_  
Name: Herve Croset  
Function: Director

**Safe and Green Development Corporation**

/s/ Nicolai Brune  
\_\_\_\_\_  
Name: Nicolai Brune  
Function: Chief Financial Officer

/s/ David Villarreal  
\_\_\_\_\_  
Name: David Villarreal  
Function: Chief Executive Officer

[Signature Page to Amendment No. 3 to Loan Agreement]

\_\_\_\_\_

## PROMISSORY NOTE

**Principal:** \$250,000.00**Date:** March 1, 2024

This Promissory Note (this “Note”) is made and entered into as of March 1, 2024, by and between **Safe and Green Development Corporation**, a Delaware corporation, with offices located at 100 Biscayne Boulevard, Suite 1201, Miami, Florida 33132 (the “Borrower”), and the **Bryan Leighton Revocable Trust dated December 13, 2023** (the “Lender”). The Borrower and the Lender may be referred to collectively as the “Parties” or individually as a “Party.”

## RECITALS

**WHEREAS**, the Borrower and the Lender entered into a credit agreement on March 1, 2024 (the “Original Credit Agreement”), pursuant to which the Lender provided a line of credit facility in the principal amount of up to Two Hundred Fifty Thousand Dollars (\$250,000.00), a copy of which is attached hereto as **Exhibit A**;

**WHEREAS**, the Parties subsequently executed a First Credit Extension Agreement dated October 21, 2024, extending the maturity date and modifying certain terms of the Original Credit Agreement, a copy of which is attached hereto as **Exhibit B**; and

**WHEREAS**, the Parties thereafter executed a Second Credit Extension Amendment dated January 29, 2025, which further extended the maturity date and modified the payment terms, a copy of which is attached hereto as **Exhibit C** (collectively with the Original Credit Agreement and the First Credit Extension Agreement, the “Prior Agreements”);

**WHEREAS**, the Borrower has not paid off the outstanding balance under the Prior Agreements, and as of May 1, 2025, the total principal remains Two Hundred Fifty Thousand Dollars (\$250,000.00), with accrued interest at a rate of fourteen percent (14.00%) per annum from January 29, 2025, through May 1, 2025, in the amount of Eight Thousand Nine Hundred Seventeen Dollars and Eighty-One Cents (\$8,917.81), resulting in an aggregate outstanding obligation of Two Hundred Fifty-Eight Thousand Nine Hundred Seventeen Dollars and Eighty-One Cents (\$258,917.81);

**WHEREAS**, following the execution of the aforementioned extensions, the Borrower and Lender have agreed to add an additional Fifteen Thousand Dollars (\$15,000.00) to the total remaining balance owed under this Note, bringing the final principal amount due under this Promissory Note to Two Hundred Seventy-Three Thousand Nine Hundred Seventeen Dollars and Eighty-One Cents (\$273,917.81) as further detailed in the interest calculation schedule attached hereto as **Exhibit D**;

**WHEREAS**, this Promissory Note supersedes and replaces in full the Original Credit Agreement and all extensions and amendments thereto, including those attached hereto as Exhibits A, B, and C, which shall be of no further force or effect;

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**WHEREAS**, the Parties now desire to consolidate the remaining outstanding obligations under the Prior Agreements into a single, binding Promissory Note on the terms set forth herein;

**WHEREAS**, the Parties further agree that payment under this Promissory Note shall be due upon the earlier of (i) the completion of a capital raise by the Borrower in an amount equal to or greater than Four Million Dollars (\$4,000,000.00), or (ii) October 28<sup>th</sup>, 2025;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**1. Principal Amount**

- i. The Borrower hereby unconditionally promises to pay to the order of the Lender the principal sum of **Two Hundred Seventy-Three Thousand Nine Hundred Seventeen Dollars and Eighty-One Cents (\$273,917.81)**, representing the total outstanding obligations under the Note as of May 1, 2025, inclusive of (a) the original principal balance of Two Hundred Fifty Thousand Dollars (\$250,000.00), (b) accrued interest in the amount of Eight Thousand Nine Hundred Seventeen Dollars and Eighty-One Cents (\$8,917.81) through May 1, 2025, and (c) an additional Fifteen Thousand Dollars (\$15,000.00) added by agreement of the Parties. This amount shall be payable in full, together with any additional interest that may accrue thereafter in accordance with the terms set forth herein. A breakdown of the interest calculations through May 1, 2025, is attached hereto as **Exhibit D**.

**2. Interest**

- i. Interest shall accrue on the outstanding principal amount of this Note at a fixed rate of **Fourteen Percent (14.00%) per annum**, computed on the basis of a 365-day year and the actual number of days elapsed. Interest shall be payable monthly, in arrears, on the first calendar day of each month beginning **June 1, 2025**.

**3. Maturity and Payment**

- i. The entire outstanding principal amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable in full upon the earliest to occur of the following events (each, a “Triggering Event”):
  - (a) **Capital Raise.** The consummation of a capital raise by the Borrower in which the Borrower receives gross proceeds of at least Four Million Dollars (\$4,000,000.00) from one or more third-party investors (a “Capital Raise”).
    - The Borrower shall provide written notice to the Lender within three (3) business days of the closing of a Capital Raise.

- Upon the occurrence of a Capital Raise, the Borrower shall remit payment of all outstanding principal and accrued interest within five (5) business days of such notice.
- For purposes of this Agreement “Capital Raise” shall mean the consummation of any equity or debt financing or other transaction (including, without limitation, equity investment, convertible instruments, loans, or other cash infusions), pursuant to which the Borrower receives gross proceeds in an aggregate amount equal to or exceeding Four Million Dollars (\$4,000,000.00), from one or more third-party investors or lenders, excluding draws on existing credit lines.

(b) **Maturity Date.** The maturity date of this Note shall be October 28, 2025 (the “Maturity Date”).

- If a Capital Raise has not occurred by the Maturity Date, all outstanding principal and accrued interest shall automatically become due and payable in full on such date without further notice or demand.
  - i. All payments made under this Note shall be applied first to accrued and unpaid interest and then to the outstanding principal balance, unless otherwise agreed in writing by the Lender.
  - ii. Prepayment of all or any portion of this Note may be made at any time without premium or penalty; provided, however, that any such prepayment shall be accompanied by all accrued and unpaid interest as of the date of such prepayment.

#### 4. Prepayment

- i. The Borrower may, at its option, prepay all or any portion of the outstanding principal and accrued interest under this Note at any time without premium or penalty.

#### 5. Event of Default

- i. **Borrower Events of Default.** The Borrower shall be deemed in default under this Note upon the occurrence of any of the following events (each, a “Borrower Event of Default”):
  - (a) **Failure to Pay Interest or Principal.** The Borrower fails to pay any accrued interest within five (5) business days after the date such payment is due, or fails to pay the outstanding principal and accrued interest upon the occurrence of a Triggering Event (as defined herein) within five (5) business days of such Triggering Event;
  - (b) **Insolvency or Bankruptcy.** The Borrower (i) becomes insolvent or unable to pay its debts as they mature, (ii) admits in writing its general inability to pay debts, (iii) makes a general assignment for the benefit of creditors, (iv) commences any case, proceeding, or other action seeking to have an order for relief entered on its behalf under any bankruptcy or insolvency law, or (v) has any such action instituted against it and such proceeding is not dismissed within sixty (60) days;

- (c) **Liquidation or Dissolution.** The Borrower takes any corporate action for the winding up, liquidation, or dissolution of its business;
  - (d) **Breach of Covenants.** The Borrower breaches or fails to perform any material covenant, agreement, or obligation under this Note, and fails to cure such breach within ten (10) business days after written notice from the Lender;
  - (e) **Misrepresentation.** Any representation or warranty made by the Borrower in this Note or in connection with any document delivered pursuant hereto proves to be materially false or misleading as of the date made.
- ii. **Lender Events of Default.** The Lender shall be deemed in default under this Note upon the occurrence of any of the following events (each, a “Lender Event of Default”):
- (a) **Breach of Confidentiality.** The Lender breaches the confidentiality provisions of this Note or otherwise improperly discloses sensitive or non-public information regarding the Borrower, and fails to cure such breach (if curable) within five (5) business days after written notice from the Borrower;
  - (b) **Interference with Borrower’s Operations.** The Lender takes actions that materially interfere with the Borrower’s ordinary course of business or attempts to exercise remedies under this Note without a valid Event of Default or before the expiration of applicable cure periods;
  - (c) **Breach of Covenant.** The Lender fails to comply with any other material obligation under this Note and does not cure such breach within ten (10) business days following written notice from the Borrower.
- iii. **Remedies.** Upon the occurrence of any Event of Default, the non-defaulting Party shall have the right to exercise any remedies available to it at law or in equity, including, without limitation, (i) in the case of a Borrower Event of Default, acceleration of the entire unpaid principal balance and all accrued interest, and (ii) in the case of a Lender Event of Default, temporary suspension of payments or the assertion of equitable relief, including injunctive relief or specific performance, as may be warranted.

#### 6. Superseding Prior Agreements

- i. **This** Note constitutes the full and complete understanding between the Parties and supersedes and replaces in their entirety the Prior Agreements (attached hereto as **Exhibits A, B, and C**), all of which are hereby terminated, released, and of no further force or effect as of the date hereof.



**7. Waiver and Amendment**

- i. No failure or delay by the Lender in exercising any right or remedy hereunder shall operate as a waiver thereof. Any amendment or modification of this Note must be in writing and signed by both the Borrower and the Lender.

**8. Governing Law**

- i. This Note shall be governed by and construed in accordance with the laws of the **State of Florida**, without regard to its conflicts of law principles.

**9. Binding Effect**

- i. This Note shall be binding upon the Borrower and its successors and assigns and shall inure to the benefit of the Lender and its successors and assigns.

**10. Notices**

- i. Any notice required or permitted to be given under this Note shall be in writing and shall be delivered by personal delivery, certified mail (return receipt requested), or overnight courier to the addresses set forth below or such other address as a Party may designate by written notice:

**If to the Borrower:**

Safe and Green Development Corporation  
100 Biscayne Boulevard, Suite 1201  
Miami, Florida 33132

**If to the Lender:**

Bryan Leighton Revocable Trust dated December 13, 2023  
4773 Hampton Ct.  
Oldsmar FL, 34677  
bryan.edward.leighton@gmail.com

IN WITNESS WHEREOF, the Parties have executed this Promissory Note as of the date first written above.

**BORROWER**

**SAFE AND GREEN DEVELOPMENT CORPORATION**

By: /s/ David Villarreal  
Name: David Villarreal  
Title: Chief Executive Officer

**LENDER**

**BRYAN LEIGHTON REVOCABLE TRUST DATED DECEMBER 13, 2023**

By: /s/ Bryan Leighton  
Name: Bryan Leighton  
Title: Trustee

## **Exhibit A**

Credit Agreement dated March 1, 2024

### **Credit Agreement (ORIGINAL)**

This Agreement is made and entered into on March 1<sup>st</sup>, 2024 (the “Effective Date”), between the BRYAN LEIGHTON REVOCABLE TRUST DATED DECEMBER 13, 2023 (the “Lender”) and Safe and Green Development Corporation (the “Company”).

#### **1. Establishment of Account and Term**

The Lender shall provide the Company with a line of credit facility (the “Line of Credit”) up to the maximum amount of \$250,000, representing the maximum aggregate principal amount of the advances of funds from the Line of Credit (each an “Advance”) that may be outstanding at any time under the Line of Credit (the “Principal Indebtedness”), from which Company may draw down, at any time and from time to time during the period from and including the Effective Date through the day immediately preceding the Maturity Date (as defined below). Within the limits of time and amount set forth herein, the Company may borrow, repay and reborrow under this Line of Credit.

#### **2. Maturity Date**

The Maturity Date shall mean the six-month anniversary of the Effective Date. At any time prior to the Maturity Date upon mutual written consent of the Company and the Lender, the Maturity Date may be extended for up to an additional six-month period, in which case the “Maturity Date” shall mean such later date as is agreed upon by the parties.

#### **3. Interest Rate**

The advanced and unpaid principal of the Line of Credit from time to time outstanding will bear interest at a fixed rate per annum equal to 12.0% (the “Fixed Rate”). Interest on the Principal Indebtedness and other sums payable hereunder will be computed on the basis of a year of 365 days and paid for the actual number of days elapsed.

#### **4. Payments of Interest**

On the first day of each month, the Company will pay to the Lender interest, in arrears, on the aggregate outstanding Principal Indebtedness of the Line of Credit at the Fixed Rate.

#### **5. Payments of Principal**

The entire Principal Indebtedness of the Line of Credit and any accrued interest thereon shall be due and payable on the Maturity Date (as the same may be extended as herein provided).

#### **6. Prepayment**

The Company may prepay, in whole or in part, the Principal Indebtedness of the Line of Credit, and all interest accrued on any outstanding Advances at any time prior to the Maturity Date, without the prior written consent of Lender and without payment of any premium or penalty.

#### **7. Restricted Stock**

Subject to the approval of the Company's Board of Directors, in consideration for the Amendment of the Line of Credit, the Company will issue \$125,000 of SGD restricted common stock (the "Shares") to Lender. The number of shares issuable will be calculated as of closing price of the Company's common stock on Nasdaq on the Effective Date. Lender is an "accredited Lender" within the meaning of Regulation D promulgated under the Securities Act of 1933, as amended. The Lender has such knowledge and experience in financial, tax and business matters that the Lender is capable of evaluating the merits and risks of its acquisition of the Shares.

#### **8. Successors and Assigns**

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties. Except as otherwise agreed in writing, the Company may not transfer, assign or delegate any of its duties or obligations hereunder and the Lender shall not sell, assign or otherwise transfer any of its rights or obligations hereunder.

#### **7. Modification**

No modification hereof or any agreement referred to herein shall be binding or enforceable unless in writing and signed by the Lender and the Company.

#### **8. Governing Law**

This agreement and all matters relating hereto will be governed by the laws of the State of Florida without giving effect to principles of conflicts of laws.

This Agreement shall be signed by on behalf of the BRYAN LEIGHTON REVOCABLE TRUST DATED DECEMBER 13, 2023, and by Safe and Green Development Corporation. The Agreement is effective as of March 1<sup>st</sup>, 2024.

LENDER:

By:       /s/ Bryan Leighton      

Date: 2/29/24

BRYAN LEIGHTON REVOCABLE TRUST DATED DECEMBER 13, 2023

By:       /s/ David Villarreal      

Date: 03/01/2024

Safe and Green Development Corporation

## Exhibit B

Credit Extension Agreement dated October 21<sup>st</sup>, 2024

### Credit Extension Agreement

This **CREDIT EXTENSION AGREEMENT** (“**Extension**”) is dated as of October 21<sup>st</sup>, 2024 (the “**Effective Date**”), by and between Safe and Green Development Corporation, located at 100 Biscayne Boulevard, Suite 1201, Miami, Florida 33132 (the “**Company**”), and Bryan Leighton Revocable TRUST DATED 13 DECEMBER 2023 (the “**Lender**”), (collectively, the “**Parties**”).

### RECITALS

**WHEREAS**, the Parties entered into a Credit Agreement on March 1<sup>st</sup>, 2024 (the “**Original Contract**”).

**WHEREAS**, the Parties hereby agree to extend the term of the Original Contract in accordance with the terms of the Original Contract as well as the terms provided herein.

**NOW THEREFORE**, in consideration of the mutual covenants contained herein, each of the “**Company**” and the “**Lender**” mutually covenant and agree as follows:

### AGREEMENT

#### Section 1. Purpose.

- i. The Original Contract, which is attached hereto as **Exhibit A** to this Extension, will end on September 1st, 2024.
- ii. The parties agree to extend the Original Contract for an additional period, which will begin immediately upon the expiration of the original time period and will end on three (3) months after the Effective Date on December 15<sup>th</sup>, 2024 (the “**Maturity Date**”).
- iii. In addition, the following provisions of the Original Contract are amended as described herein:

#### Section 2. Maturity Date.

- i. Maturity Date shall mean three (3) months from the Effective Date, provided that if such date falls on a weekend or a legal holiday, the Maturity Date shall be the next business day thereafter. At any time prior to the Maturity Date, upon mutual written consent of the Company and the Lender, the Maturity Date may be extended for up to an additional six-month period, in which case the “**Maturity Date**” shall mean such later date as agreed upon by the parties, subject to the same provision regarding weekends and legal holidays.

#### Section 3. Interest Rate.

- i. The advanced and unpaid principal of the Line of Credit from time to time outstanding will bear interest at a fixed rate per annum equal to fourteen percent (14.0%) (the “**Fixed Rate**”). Interest on the Principal Indebtedness and other sums payable hereunder will be computed on the basis of a year of 365 days and paid for the actual number of days elapsed.

**Section 4. Payments of Interest.**

- i. On the first day of each month, the Company will pay to the Lender interest, in arrears, on the aggregate outstanding Principal Indebtedness of the Line of Credit at a fixed interest rate of 14%.

**Section 5. Payments of Principal.**

- i. The entire Principal Indebtedness of the Line of Credit and any accrued interest thereon shall be due and payable on the Maturity Date (as the same may be extended as herein provided).

**Section 6. Prepayment.**

- i. The Company may prepay, in whole or in part, the Principal Indebtedness of the Line of Credit, and all interest accrued on any outstanding Advances at any time prior to the Maturity Date, without the prior written consent of Lender and without payment of any premium or penalty.

**Section 7. Restricted Stock Issuance.**

- i. **Board Approval and Share Issuance:** The issuance of shares as described herein was approved by the Company's Board of Directors on October 15<sup>th</sup>, 2024. In consideration for the extension of the Line of Credit, the Company will issue 2,500 shares of SGD restricted common stock (the "**Shares**") to Lender. The Lender has sufficient knowledge and experience in financial, tax, and business matters to be capable of evaluating the merits and risks of its acquisition of the Shares.

**Section 8. Cash- Payment Consideration.**

- i. **One-Time Cash Payment:** In addition to the issuance of shares described in Section 7, as further consideration for the extension of the Line of Credit, the Company agrees to pay a one-time cash payment of eight thousand and seven-hundred fifty dollars (\$8,750) to the Lender. This payment will be made on January 21<sup>st</sup>, 2025 following the execution of this Agreement. The Lender acknowledges that this cash payment is a separate and additional consideration apart from the issuance of the Shares.

**Section 9. Entire Agreement.**

- i. **Preservation of Other Terms:** Except as expressly amended or modified by this Extension, all other Articles of the original agreement shall retain their original language and remain in full force and effect from the Effective Date of this Extension. This Extension binds and benefits both Parties and any successors or assigns. This document, including the attached Original Contract, is the entire agreement between the Parties.

This Agreement shall be signed on behalf of Safe and Green Development Corporation by Nicolai A. Brune, its Chief Financial Officer, and on behalf of Bryan Leighton Revocable TRUST DATED 13 DECEMBER 2023 by Bryan Leighton, its Trustee.

**the “Company”**

By: /s/ David Villarreal  
David Villarreal  
Chief Executive Officer

Date: 10/21/2024

**the “Lender”**

By: /s/ Bryan Leighton  
Bryan Leighton

Date: 10/21/2024



## Exhibit C

Credit Extension Amendment dated January 29, 2025

### Credit Extension Amendment

This **CREDIT EXTENSION AMENDMENT** (the “**Amendment**”) is dated as of January \_\_\_\_<sup>st</sup>, 2025 (the “**Effective Date**”), by and between Safe and Green Development Corporation, located at 100 Biscayne Boulevard, Suite 1201, Miami, Florida 33132 (the “**Company**”), and **Bryan Leighton Revocable TRUST DATED 13 DECEMBER 2023** (the “**Lender**”), (collectively, the “**Parties**”).

### RECITALS

**WHEREAS**, the Parties entered into a Credit Agreement on March 1<sup>st</sup>, 2024 (the “**Original Contract**”).

**WHEREAS**, the parties entered into a Credit Extension Agreement on October 21<sup>st</sup>, 2024 (the “**Extension**”); and

**WHEREAS**, the Parties hereby agree to amend the term of the Extension in accordance with the terms of the Original Contract as well as the terms provided herein.

**NOW THEREFORE**, in consideration of the mutual covenants contained herein, each of the “**Company**” and the “**Lender**” mutually covenant and agree as follows:

### AGREEMENT

#### Section 1. Purpose.

- i. The Original Contract, which is attached hereto as **Exhibit A** and the Extension, which is attached hereto as **Exhibit B** to this Amendment, will end on December 15<sup>th</sup>, 2024.
- ii. The parties agree to extend the Amendment for an additional period, which will begin immediately upon the expiration of the original time period and will end on three (3) months or ninety (90) business days after the Effective Date on April 16<sup>th</sup>, 2025 (the “**Maturity Date**”).
- iii. In addition, the following provisions of the Original Contract and the Extension are amended as described herein:

**Section 2. Maturity Date.**

- i. **Maturity Date** shall mean three (3) months or ninety (90) business days from the Effective Date, provided that if such date falls on a weekend or a legal holiday, the Maturity Date shall be the next business day thereafter. In addition, the parties shall have the option to extend the Maturity Date for an additional three (3) months or ninety (90) business days (the “**Extension Option**”) upon mutual written consent, subject to the same provision regarding weekends and legal holidays.

**Section 3. Interest Rate.**

- i. The advanced and unpaid principal of the Line of Credit from time to time outstanding will bear interest at a fixed rate equal to fourteen percent (14.0%) (the “**Fixed Rate**”). The interest accrued for one year will be divided into equal installments and paid over the initial six-month period, which includes the Extension Option, if exercised. Interest on the Principal Indebtedness and other sums payable hereunder will be computed on the basis of a year of 365 days and paid for the actual number of days elapsed.

**Section 4. Payments of Interest.**

- i. On the first day of each month, the Company will pay to the Lender interest, in arrears, on the aggregate outstanding Principal Indebtedness of the Line of Credit at a fixed interest rate of 14%.

**Section 5. Payments of Principal.**

- i. The entire Principal Indebtedness of the Line of Credit and any accrued interest thereon shall be due and payable on the Maturity Date (as the same may be extended as herein provided). However, the total loan of \$250,000.00 USD shall have an initial payment of \$150,000.00 USD applied toward the principal amount of the Loan by February 1st, 2025, reducing the remaining principal amount to \$100,000.00 USD, to be paid out on the Maturity Date or at a later date as mutually agreed upon by the parties.

**Section 6. Prepayment.**

- i. The Company may prepay, in whole or in part, the Principal Indebtedness of the Line of Credit, and all interest accrued on any outstanding Advances at any time prior to the Maturity Date, without the prior written consent of Lender and without payment of any premium or penalty.

**Section 7. Entire Agreement.**

- i. **Preservation of Other Terms:** Except as expressly amended or modified by this Amendment, all other Articles of the original agreement shall retain their original language and remain in full force and effect from the Effective Date of this Amendment. This Amendment binds and benefits both Parties and any successors or assigns. This document, including the attached Original Contract, is the entire agreement between the Parties.

This Agreement shall be signed on behalf of Safe and Green Development Corporation by Nicolai A. Brune, its Chief Financial Officer, and on behalf of **Bryan Leighton Revocable TRUST DATED 13 DECEMBER 2023** by Bryan Leighton, its Trustee.

**the “Company”**

By: /s/ Nicolai A. Brune  
Nicolai A. Brune  
Chief Financial Officer

**the “Lender”**

By: /s/ Bryan Leighton  
Bryan Leighton

**Exhibit D**

## Loan Interest Calculations

Date	Daily Interest		Cumulative Interest	Total Balance
2025-01-29	\$	95.89	\$ 95.89	\$ 250,095.89
2025-01-30	\$	95.89	\$ 191.78	\$ 250,191.78
2025-01-31	\$	95.89	\$ 287.67	\$ 250,287.67
2025-02-01	\$	95.89	\$ 383.56	\$ 250,383.56
2025-02-02	\$	95.89	\$ 479.45	\$ 250,479.45
2025-02-03	\$	95.89	\$ 575.34	\$ 250,575.34
2025-02-04	\$	95.89	\$ 671.23	\$ 250,671.23
2025-02-05	\$	95.89	\$ 767.12	\$ 250,767.12
2025-02-06	\$	95.89	\$ 863.01	\$ 250,863.01
2025-02-07	\$	95.89	\$ 958.90	\$ 250,958.90
2025-02-08	\$	95.89	\$ 1,054.79	\$ 251,054.79
2025-02-09	\$	95.89	\$ 1,150.68	\$ 251,150.68
2025-02-10	\$	95.89	\$ 1,246.58	\$ 251,246.58
2025-02-11	\$	95.89	\$ 1,342.47	\$ 251,342.47
2025-02-12	\$	95.89	\$ 1,438.36	\$ 251,438.36
2025-02-13	\$	95.89	\$ 1,534.25	\$ 251,534.25
2025-02-14	\$	95.89	\$ 1,630.14	\$ 251,630.14
2025-02-15	\$	95.89	\$ 1,726.03	\$ 251,726.03
2025-02-16	\$	95.89	\$ 1,821.92	\$ 251,821.92
2025-02-17	\$	95.89	\$ 1,917.81	\$ 251,917.81
2025-02-18	\$	95.89	\$ 2,013.70	\$ 252,013.70
2025-02-19	\$	95.89	\$ 2,109.59	\$ 252,109.59
2025-02-20	\$	95.89	\$ 2,205.48	\$ 252,205.48
2025-02-21	\$	95.89	\$ 2,301.37	\$ 252,301.37
2025-02-22	\$	95.89	\$ 2,397.26	\$ 252,397.26
2025-02-23	\$	95.89	\$ 2,493.15	\$ 252,493.15
2025-02-24	\$	95.89	\$ 2,589.04	\$ 252,589.04
2025-02-25	\$	95.89	\$ 2,684.93	\$ 252,684.93
2025-02-26	\$	95.89	\$ 2,780.82	\$ 252,780.82
2025-02-27	\$	95.89	\$ 2,876.71	\$ 252,876.71
2025-02-28	\$	95.89	\$ 2,972.60	\$ 252,972.60
2025-03-01	\$	95.89	\$ 3,068.49	\$ 253,068.49
2025-03-02	\$	95.89	\$ 3,164.38	\$ 253,164.38
2025-03-03	\$	95.89	\$ 3,260.27	\$ 253,260.27
2025-03-04	\$	95.89	\$ 3,356.16	\$ 253,356.16
2025-03-05	\$	95.89	\$ 3,452.05	\$ 253,452.05
2025-03-06	\$	95.89	\$ 3,547.95	\$ 253,547.95
2025-03-07	\$	95.89	\$ 3,643.84	\$ 253,643.84
2025-03-08	\$	95.89	\$ 3,739.73	\$ 253,739.73
2025-03-09	\$	95.89	\$ 3,835.62	\$ 253,835.62
2025-03-10	\$	95.89	\$ 3,931.51	\$ 253,931.51
2025-03-11	\$	95.89	\$ 4,027.40	\$ 254,027.40
2025-03-12	\$	95.89	\$ 4,123.29	\$ 254,123.29
2025-03-13	\$	95.89	\$ 4,219.18	\$ 254,219.18

2025-03-14	\$	95.89	\$	4,315.07	\$	254,315.07
2025-03-15	\$	95.89	\$	4,410.96	\$	254,410.96
2025-03-16	\$	95.89	\$	4,506.85	\$	254,506.85
2025-03-17	\$	95.89	\$	4,602.74	\$	254,602.74
2025-03-18	\$	95.89	\$	4,698.63	\$	254,698.63
2025-03-19	\$	95.89	\$	4,794.52	\$	254,794.52
2025-03-20	\$	95.89	\$	4,890.41	\$	254,890.41
2025-03-21	\$	95.89	\$	4,986.30	\$	254,986.30
2025-03-22	\$	95.89	\$	5,082.19	\$	255,082.19
2025-03-23	\$	95.89	\$	5,178.08	\$	255,178.08
2025-03-24	\$	95.89	\$	5,273.97	\$	255,273.97
2025-03-25	\$	95.89	\$	5,369.86	\$	255,369.86
2025-03-26	\$	95.89	\$	5,465.75	\$	255,465.75
2025-03-27	\$	95.89	\$	5,561.64	\$	255,561.64
2025-03-28	\$	95.89	\$	5,657.53	\$	255,657.53
2025-03-29	\$	95.89	\$	5,753.42	\$	255,753.42
2025-03-30	\$	95.89	\$	5,849.32	\$	255,849.32
2025-03-31	\$	95.89	\$	5,945.21	\$	255,945.21
2025-04-01	\$	95.89	\$	6,041.10	\$	256,041.10
2025-04-02	\$	95.89	\$	6,136.99	\$	256,136.99
2025-04-03	\$	95.89	\$	6,232.88	\$	256,232.88
2025-04-04	\$	95.89	\$	6,328.77	\$	256,328.77
2025-04-05	\$	95.89	\$	6,424.66	\$	256,424.66
2025-04-06	\$	95.89	\$	6,520.55	\$	256,520.55
2025-04-07	\$	95.89	\$	6,616.44	\$	256,616.44
2025-04-08	\$	95.89	\$	6,712.33	\$	256,712.33
2025-04-09	\$	95.89	\$	6,808.22	\$	256,808.22
2025-04-10	\$	95.89	\$	6,904.11	\$	256,904.11
2025-04-11	\$	95.89	\$	7,000.00	\$	257,000.00
2025-04-12	\$	95.89	\$	7,095.89	\$	257,095.89
2025-04-13	\$	95.89	\$	7,191.78	\$	257,191.78
2025-04-14	\$	95.89	\$	7,287.67	\$	257,287.67
2025-04-15	\$	95.89	\$	7,383.56	\$	257,383.56
2025-04-16	\$	95.89	\$	7,479.45	\$	257,479.45
2025-04-17	\$	95.89	\$	7,575.34	\$	257,575.34
2025-04-18	\$	95.89	\$	7,671.23	\$	257,671.23
2025-04-19	\$	95.89	\$	7,767.12	\$	257,767.12
2025-04-20	\$	95.89	\$	7,863.01	\$	257,863.01
2025-04-21	\$	95.89	\$	7,958.90	\$	257,958.90
2025-04-22	\$	95.89	\$	8,054.79	\$	258,054.79
2025-04-23	\$	95.89	\$	8,150.68	\$	258,150.68
2025-04-24	\$	95.89	\$	8,246.58	\$	258,246.58
2025-04-25	\$	95.89	\$	8,342.47	\$	258,342.47
2025-04-26	\$	95.89	\$	8,438.36	\$	258,438.36
2025-04-27	\$	95.89	\$	8,534.25	\$	258,534.25
2025-04-28	\$	95.89	\$	8,630.14	\$	258,630.14
2025-04-29	\$	95.89	\$	8,726.03	\$	258,726.03
2025-04-30	\$	95.89	\$	8,821.92	\$	258,821.92
2025-05-01	\$	95.89	\$	8,917.81	\$	258,917.81

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
RULE 13A-14(A) AND 15D-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Villarreal, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Safe and Green Development Corporation.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2025

/s/ David Villarreal

David Villarreal  
Chairman, Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO  
RULE 13A-14(A) AND 15D-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Nicolai Brune, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Safe and Green Development Corporation.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2025

/s/ Nicolai Brune  
\_\_\_\_\_  
Nicolai Brune  
Chief Financial Officer  
(Principal Financial Officer)

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

In connection with the quarterly report of Safe and Green Development Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Villarreal, 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, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented.

May 15, 2025

/s/ David Villarreal

Name: David Villarreal

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

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

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



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

In connection with the quarterly report of Safe and Green Development Corporation (the “Company”) on Form 10-Q for the quarter ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Nicolai Brune, the Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented.

May 15, 2025

/s/ Nicolai Brune

Name: Nicolai Brune

Title: Chief Financial Officer  
(Principal Financial Officer)

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

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