

Risk Factors Comparison 2025-03-31 to 2024-04-01 Form: 10-K

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Investing in our Common Stock involves a high degree of risk. You should consider carefully the following risks, together with all the other information in this Annual Report, including the section titled “ Forward- Looking Statements, ” and “ Part II, Item 7. “ Management ’ s Discussion and Analysis of Financial Condition and Results of Operations ” and our consolidated financial statements and the accompanying notes included elsewhere in this Annual Report. The risks described below are not the only ones we face. Any of the following risks could materially and adversely affect our business. If any of the following risks actually materializes, our operating results, financial condition and liquidity could be materially adversely affected. As a result, the trading price of our Common Stock could decline and you could lose part or all of your investment. Our business, financial condition and results of operations could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. Risks Related to Our Business Generally Our limited operating history makes it difficult for us to evaluate our future business prospects. We were incorporated in February 2021. We cannot assure you that we will be able to operate our business successfully or profitably or find additional suitable investments. **We only have a few years of audited financial statements. Any investment decision will not be made with the same data as would be available as if we had a longer history of public reporting.** There can be no assurance that we will be able to generate sufficient revenue from operations to pay our operating expenses. The results of our operations and the execution on our business plan depends on the **demand for the recycling and composting services we intend to provide upon the acquisition of Resource Group, the demand for our AI technology, the** availability of additional land parcels, the performance of our currently held properties, competition, the ability to obtain building permits, the availability of adequate equity and debt financing, and conditions in the financial markets and economic conditions. You should consider our business and prospects in light of the risks and significant challenges we face as a new entrant into our industry. If we fail to adequately address any or all of these risks and challenges, our business, prospects, financial condition, results of operations, and cash flows may be materially and adversely affected. We **are entering into** ~~have no recent history of operating as an independent company, and our pre- Separation historical information is not necessarily representative of the results that we would have achieved as a~~ **new line of business which** ~~separate, publicly traded company and may not be~~ **successful** ~~a reliable indicator of our future results~~. The pre- **Upon the closing of the acquisition of Resource Group we will be entering into a new line of business** ~~Separation historical information about us transforming targeted organic green waste materials into engineered, environmentally friendly soil and mulch products. Our current management team has no experience~~ in this **new market** Annual Report refers to our business as operated by and integrated with SG Holdings. Our pre- Separation historical financial information included **There can be no assurance that there will be demand for our services** in this **market. Even** Annual Report is derived from SG Holdings’ accounting records and is presented on a standalone basis as if our business **such a market develops, there can be no assurance** that **we would be able to maintain** ~~was spun off has been conducted independently from SG Holdings. Accordingly, the historical financial information does not necessarily reflect the financial condition, results of operations or cash flows that~~ **market** ~~we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future primarily as a result of the factors described below:~~ • Generally, our working capital requirements and capital for our general corporate purposes, including capital expenditures and acquisitions, have historically been satisfied as part of the corporate- wide cash management policies of SG Holdings. As an independent company, we need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements, which may or may not be available and may be more costly. • Prior to the Distribution, our business had been operated by SG Holdings as part of its broader corporate organization, rather than as an independent company. SG Holdings or one of its affiliates performed various corporate functions for us, such as legal, treasury, accounting, auditing, human resources, investor relations, and finance. Our pre- Separation historical financial results reflect allocations of corporate expenses from SG Holdings for such functions, which may be less than the expenses we would have incurred had we operated as a separate, publicly traded company. • We may incur increased costs as a result of the loss of synergies previously enjoyed by operating as part of SG Holdings. • The cost of capital for our business may be higher than SG Holdings’ cost of capital prior to the Distribution. Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a company separate from SG Holdings. Our auditors have expressed substantial doubt about our ability to continue as a going concern. We have ~~never~~ **never** generated **any minimal** revenue and have incurred significant net losses in each year since inception. For the year ended December 31, ~~2023-2024~~ **2023-2024** we incurred a net loss of \$ ~~4-8, 200-908, 541-475~~ **4-8, 200-908, 541-475** as compared to a net loss of \$ ~~2-4, 444-200, 259-541~~ **2-4, 444-200, 259-541** for year ended December 31, ~~2022-2023~~ **2022-2023**. We expect to incur increasing losses in the future when we commence development of the properties we own. We cannot offer any assurance as to our future financial results. ~~Also, we cannot provide any assurances that we will be able to secure additional funding from public or private offerings on terms acceptable to us, or at all, if, and when needed. In addition, we can provide no assurance that we will be able to collect amounts owed to us from SG Holdings and have taken a reserve against the \$ 1, 720, 844 owed to us by SG Holdings, which is included in additional paid- in capital.~~ 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. A significant portion of our funding was historically provided by SG Holdings. 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. Our business strategy includes growth plans. 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. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in significant growth stages of development. We cannot assure you that we will be able to successfully develop any of our properties or that we will have access to additional development opportunities **or that we will generate revenue from our AI technology or new composting business in which we intend to engage**. Failure to manage potential transactions to successful conclusions, or failure more generally to manage our growth effectively, could have a material adverse effect on our business, future prospects, financial condition or results of operations and could adversely affect our ability to successfully implement our business strategy. 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 year ended December 31, ~~2023~~ **2024**, our operating activities used net cash of approximately \$ ~~4-2~~ **5-6** million and as of December 31, ~~2023~~ **2024**, our cash was \$ ~~3-296~~ **236-202**. We have experienced significant losses since inception and have a significant accumulated deficit as of December 31, ~~2023~~ **2024** totaling \$ ~~16~~ **7.1** million. We expect to incur additional operating losses in the future and therefore expect our cumulative losses to increase. We do not ~~expect to derive~~ **substantial** revenue from ~~the development of any of 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 several years.** The ~~sale payoff~~ of the St. Mary's ~~site note~~ is subject to conditions and there can be no assurance that the sale will be consummated or if consummated that the ~~buyers-borrowers~~ will fulfill their obligations under the note ~~they are obligated to issue to us upon such sale~~. We expect our expenses to increase if and when we ~~initiate development~~ **are able to close the acquisition** of our properties **Resource Group**. We will need to raise additional capital to fund our **business expansion long term development** 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. **If we default on payments or other covenants pursuant to the debentures that we issued in August 2024 and October 2024, the lender could foreclose on our assets. The debentures that we issued in August 2024 and October 2024 are secured by a lien on our assets. If we should fail to pay the amounts owed under the debentures when due or fail to comply with any other covenants or obligations thereunder, the lender could foreclose on our assets.** We do not anticipate generating **substantial** revenue from our development activities for many years. We have not yet developed any of the properties that we have acquired. We do not expect to derive significant revenue from the sale of the properties we develop for several years. The long- term sustainability of our **real estate development** operations as well as future growth **in this sector** depends in part upon our ability to acquire land parcels suitable for residential projects at reasonable prices. The long- term sustainability of our **real estate development** operations, as well as future growth **in this sector**, depends in large part on the price at which we are able to obtain suitable land parcels for development or homebuilding operations. Our ability to acquire land parcels for various residential projects may be adversely affected by changes in the general availability of land parcels, the willingness of land sellers to sell land parcels at reasonable prices, competition for available land parcels, availability of financing to acquire land parcels, zoning, regulations that limit housing density, the ability to obtain building permits, environmental requirements and other market conditions and regulatory requirements. If suitable lots or land at reasonable prices become less available, the number of units we may be able to build and sell could be reduced, and the cost of land could be increased substantially, which could adversely impact us. As competition for suitable land increases, the cost of undeveloped lots and the cost of developing owned land could also rise and the availability of suitable land at acceptable prices may decline, which could adversely impact us. The availability of suitable land assets could also affect the success of our land acquisition strategy, which may impact our ability to maintain or increase the number of our active communities, as well as to sustain and grow our revenues and margins, and achieve or maintain profitability. Additionally, developing undeveloped land is capital intensive and time consuming and we may develop land based upon forecasts and assumptions that prove to be inaccurate, resulting in projects that are not economically viable. We operate in a highly competitive market for investment opportunities, and we may be unable to identify and complete acquisitions of real property assets. The housing industry is highly competitive, and we face competition from many sources, including from other housing communities both in the immediate vicinity and the geographic market where our properties are and will be located. Furthermore, housing communities we invest in compete, or will compete, with numerous housing alternatives in attracting residents, including owner occupied single and multifamily homes available to rent or purchase. Increased competition may prevent us from acquiring attractive land parcels or make such acquisitions more expensive, hinder our market share expansion, or lead to pricing pressures that may adversely impact our margins and revenues.

Competitors may independently develop land and construct housing units that are superior or substantially similar to our products and because they are or may be significantly larger, have a longer operating history, and have greater resources or lower cost of capital than us, may be able to compete more effectively in one or more of the markets in which we operate or plan to operate. We will also compete with public and private funds, commercial and investment banks, commercial financing companies and public and private REITs to make certain of the investments that we plan to make. Many of such competitors are substantially larger and have considerably greater financial, technical and marketing resources than us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, allowing them to pay higher consideration, consider a wider variety of investments and establish more effective relationships than us. These competitive conditions could adversely affect our ability to make investments. Moreover, our ability to close transactions will be subject to our ability to access financing within stipulated contractual time frames, and there is no assurance that we will have access to such financing on terms that are favorable to us, if at all.

Our compost business and AI platforms will be subject to competition. The market for upcycling, composting, and related logistics technologies is highly competitive and rapidly evolving, driven by increasing regulatory pressure, expanding sustainability mandates, and a growing demand for environmentally conscious supply chain solutions. Resource Group operates in a landscape populated by both established waste management firms and emerging clean technology companies offering composting, upcycling, and organic waste processing systems, many of whom have greater financial resources than we do. The artificial intelligence and prop-tech software markets are highly competitive and rapidly evolving. We face competition from a range of companies, including major technology firms offering enterprise-grade AI platforms, as well as niche startups developing specialized tools for conversational AI, customer automation, and real estate technology many of whom have greater financial resources than we do.

Our property portfolio has a high concentration of properties located in certain states. To date, our properties are located in Georgia, Texas and Oklahoma. Certain of our properties are located in areas that may experience catastrophic weather and other natural events from time to time, including hurricanes or other severe weather, flooding fires, snow or ice storms, windstorms or earthquakes. These adverse weather and natural events could cause substantial damages or losses to our properties which could exceed our insurance coverage. In the event of a loss in excess of insured limits, we could lose our capital invested in the affected property, as well as anticipated future revenue from that property. We could also continue to be obligated to repay any mortgage indebtedness or other obligations related to the property. Any such loss could materially and adversely affect our business and our financial condition and results of operations.

In addition, Resource Group has only performed services in the State of Florida and its business will be subject to catastrophic weather and other natural events from time to time.

To the extent that significant changes in the climate occur, we may experience extreme weather and changes in precipitation and temperature and rising sea levels, all of which may result in physical damage to or a decrease in demand for properties located in these areas or affected by these conditions. Should the impact of climate change be material in nature, including destruction of our properties, or occur for lengthy periods of time, our financial condition or results of operations may be adversely affected. In addition, changes in federal and state legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties or to protect them from the consequence of climate change. There can be no assurance that the properties in our development pipeline will be completed in accordance with the anticipated timing or cost. The development of the projects in our pipeline is subject to numerous risks, many of which are outside of our control, including:

- inability to obtain entitlements;
- inability to obtain financing on acceptable terms;
- default by any of the contractors we engage to construct our projects;
- site accidents; and
- failure to secure tenants or residents in the anticipated time frame, on acceptable terms, or at all.

We can provide no assurances that we will complete any of the projects in our development pipeline on the anticipated schedule or within the budget, or that, once completed, these properties will achieve the results that we expect. If the development of these projects is not completed in accordance with our anticipated timing or cost, or the properties fail to achieve the financial results we expect, it could have a material adverse effect on our business, financial condition, results of operations and cash flows and ability to repay our debt, including project-related debt. Our insurance coverage on our properties may be inadequate to cover any losses we may incur and our insurance costs may increase. We maintain insurance on our properties. However, there are certain types of losses, generally of a catastrophic nature, such as floods or acts of war or terrorism that may be uninsurable or not economical to insure. Further, insurance companies often increase premiums, require higher deductibles, reduce limits, restrict coverage, and refuse to insure certain types of risks, which may result in increased costs or adversely affect our business. We use our discretion when determining amounts, coverage limits and deductibles, for insurance, based on retaining an acceptable level of risk at a reasonable cost. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of our lost investment. In addition, we may become liable for injuries and accidents at our properties that are underinsured. A significant uninsured loss or increase in insurance costs could materially and adversely affect our business, liquidity, financial condition and results of operations.

~~We may not be able to secure sufficient modular units to complete our developments. We intend to construct many of our planned developments using modules built by SG Holdings' subsidiary, SG Echo. Our ability to complete our modular developments will be limited to the available capacity of the SG Echo facilities or the facilities of alternative suppliers. If we are unable to secure sufficient modular units to complete our developments using modules built by SG Echo or alternative suppliers, our business, prospects, financial condition, results of operations, and cash flows would be materially and adversely affected and the value of your investment in our company may be materially adversely affected.~~

Our operating results may be negatively affected by potential development and construction delays and resultant increased costs and risks. We have acquired properties upon which we will construct improvements. In connection with our development activities, we are subject to uncertainties associated with re-zoning for development, environmental concerns of governmental entities or community groups and our contractor's or partner's ability to build in conformity with plans, specifications, budgeted costs, and timetables. Performance also may be affected or delayed by

conditions beyond our control. We may incur additional risks when we make periodic progress payments or other advances to builders before they complete construction. If a builder or development partner fails to perform, we may resort to legal action to rescind the purchase or the construction contract or to compel performance, but there can be no assurance any legal action would be successful. These and other factors can result in increased costs of a project or loss of our investment. In addition, we will be subject to normal lease-up risks relating to newly constructed projects. We also must rely on rental income and expense projections and estimates of the fair market value of property upon completion of construction when agreeing upon a price at the time we acquire the property. If our projections are inaccurate, we may pay too much for a property, and our return on our investment could suffer. 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. Our ability to identify and develop relationships with qualified suppliers who can satisfy our standards for quality and our need to access products and supplies in a timely and efficient manner will be a significant challenge. We may be required to replace a supplier if their products do not meet our quality or safety standards. In addition, our suppliers could discontinue selling products at any time for reasons that may or may not be in our control or the suppliers' control. Our operating results and inventory levels could suffer if we are unable to promptly replace a supplier who is unwilling or unable to satisfy our requirements with a supplier providing similar products. Our suppliers' ability to deliver products may also be affected by financing constraints caused by credit market conditions, which could negatively impact our revenue and costs, at least until alternate sources of supply are arranged. The construction of manufacturing facilities involves significant risks. We have limited experience constructing manufacturing facilities and doing so is a complex and lengthy undertaking that requires sophisticated, multi-disciplinary planning and precise execution. The construction of manufacturing facilities is subject to a number of risks. In particular, the construction costs may materially exceed budgeted amounts, which could adversely affect our results of operations and financial condition. For example, we may suffer construction delays or cost overruns as a result of a variety of factors, such as labor and material shortages, defects in materials and workmanship, adverse weather conditions, transportation constraints, construction change orders, site changes, labor issues and other unforeseen difficulties, any of which could delay or prevent the completion of our planned facilities. While our goal is to negotiate contracts with engineering, procurement and construction firms that minimize risk, any delays or cost overruns we encounter may result in the renegotiation of our construction contracts, which could increase our costs. In addition, the construction of manufacturing facilities may be subject to the receipt of approvals and permits from various regulatory agencies. Such agencies may not approve the projects in a timely manner or may impose restrictions or conditions on a production facility that could potentially prevent construction from proceeding, lengthen its expected completion schedule and / or increase its anticipated cost. If construction costs are higher than we anticipate, we may be unable to achieve our expected investment return, which could adversely affect our business and results of operations. Discovery of previously undetected environmentally hazardous conditions may adversely affect our business. We are subject to various federal, state and local laws and regulations that (a) regulate certain activities and operations that may have environmental or health and safety effects, such as the management, generation, release or disposal of regulated materials, substances or wastes, (b) impose liability for the costs of cleaning up, and damages to natural resources from, past spills, waste disposals on and off-site, or other releases of hazardous materials or regulated substances, and (c) regulate workplace safety. Compliance with these laws and regulations could increase our operational costs. Violation of these laws may subject us to significant fines, penalties or disposal costs, which could negatively impact our results of operations, financial position and cash flows. Under various federal, state and local environmental laws, a current or previous owner or operator of currently or formerly owned, leased or operated real property may be liable for the cost of removal or remediation of hazardous or toxic substances on, under or in such property. The costs of removal or remediation could be substantial. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Accordingly, we may incur significant costs to defend against claims of liability, to comply with environmental regulatory requirements, to remediate any contaminated property, or to pay personal injury claims. Moreover, environmental laws also may impose liens on property or other restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures or prevent us or our lessees from operating such properties. Compliance with new or more stringent laws or regulations or stricter interpretation of existing laws may require us to incur material expenditures. Future laws, ordinances or regulations or the discovery of currently unknown conditions or non-compliances may impose material liability under environmental laws. New lines of business or new products and services may subject us to additional risks. From time to time, we may implement or acquire new lines of business, including those outside of the real estate development industry **such as the business to be acquired from Resource Holdings**. There are risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed or are evolving. In developing and marketing new lines of business and new products and services, we may invest significant time and resources. In addition, new business ventures may require different strategic management competencies and risk considerations compared to those of our existing management team. External factors, such as regulatory compliance obligations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service. Failure to successfully manage these risks in the development and implementation of new lines of business or new products or services could have an adverse effect on our business, results of operations, and financial condition. The **acquisition** **acquisitions** of Majestic World Holdings, MyVonnia, and Resource Group (the "MWH Acquired Businesses") may not **experience result in the anticipated strategic benefits of the that we anticipated prior to consummating such acquisition Acquisitions**. The **acquisition-acquisitions** of MWH is the **Acquired Businesses are** expected to provide certain strategic benefits to **both all** parties that would not be realized if **MWH was such acquisitions were not completed** **acquired by us**. Specifically, we believe the **MWH Acquired Businesses** should provide certain strategic benefits which would enable us to

bring value to our stockholders. ~~However, we do not expect to derive profit from the MWH's operations for several years.~~ The market price of our common stock however may decline as a result of the ~~acquisition acquisitions~~ if ~~we do the combined company does~~ not achieve the perceived benefits of the ~~acquisition acquisitions~~ as rapidly or to the extent anticipated by us or investors, financial analysts, or industry analysts. There can be no assurance that these anticipated benefits of the ~~acquisition acquisitions~~ will materialize or that if they materialize will result in increased stockholder value or revenue stream to the combined company. We may be unable to successfully integrate the ~~MWH-Acquired businesses-Businesses~~ with our current management and structure. Our failure to successfully complete the integration of ~~MWH-Acquired Businesses~~ could have an adverse effect on our prospects, business activities, cash flow, financial condition, results of operations and stock price. Integration challenges may include the following: • assimilating ~~MWH-the Acquired Businesses~~'s technology and retaining personnel; • estimating the capital, personnel and equipment required for ~~MWH-the Acquired Businesses~~ based on the historical experience of management with the businesses they are familiar with; and • minimizing potential adverse effects on existing business relationships. Legislative, regulatory, accounting or tax rules, and any changes to them or actions brought to enforce them, could adversely affect us. We are subject to a wide range of legislative, regulatory, accounting and tax rules. The costs and efforts of compliance with these laws, or of defending against actions brought to enforce them, could adversely affect us. In addition, if there are changes to the laws, regulations or administrative decisions and actions that affect us, we may have to incur significant expenses in order to comply, or we may have to restrict or change our operations. We have invested, and expect to continue to invest, in real property assets which are subject to laws and regulations relating to the protection of the environment and human health and safety. These laws and regulations generally govern wastewater discharges, noise levels, air emissions, the operation and removal of underground and above- ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials and the remediation of contamination associated with disposals. Environmental laws and regulations may impose joint and several liabilities on tenants, owners or operators for the costs to investigate and remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. This liability could be substantial. In addition, the presence of hazardous substances, or the failure to properly remediate these substances, could adversely affect our ability to sell, rent or pledge an affected property as collateral for future borrowings. We intend to take commercially reasonable steps when we can to protect ourselves from the risks of environmental law liability; however, we may not obtain independent third- party environmental assessments for every property we acquire. In addition, any such assessments that we do obtain may not reveal all environmental liabilities, or whether a prior owner of a property created a material environmental condition not known to us. In addition, there are various local, state and federal fire, health, safety and similar regulations with which we may be required to comply, and that may subject us to liability in the form of fines or damages. In all events, the existing condition of land when we buy it, operations in the vicinity of our properties or activities of unrelated third parties could all affect our properties in ways that lead to costs being imposed on us. Any material expenditures, fines, damages or forced changes to our business or strategy resulting from any of the above could adversely affect our financial condition and results of operations. If we were deemed to be an investment company under the Investment Company Act of 1940, as amended (the "1940 Act") as a result of our ownership of minority interests in limited liability companies, applicable restrictions could make it impractical for us to continue our business as contemplated and could have an adverse effect on our business. Under Sections 3 (a) (1) (A) and (C) of the 1940 Act, a company generally will be deemed to be an "investment company" for purposes of the 1940 Act if: (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (ii) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40 % of the value of its total assets (exclusive of U. S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an "investment company," as such term is defined in either of those sections of the 1940 Act as a result of our ownership of minority interests in Norman Berry II Owners LLC and JDI-Cumberland Inlet LLC and our plans to potentially make other minority investments, and we intend to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, we would be required to register as an investment company under the 1940 Act and incur significant registration and compliance costs. Additionally, the 1940 Act requires that a number of structural safeguards, such as an independent board of directors and a separate investment adviser whose contract must be approved by a majority of the company's stockholders, be put in place within such companies. The 1940 Act also imposes significant disclosure and reporting requirements beyond those found in the Securities Act and the Exchange Act. Likewise, the 1940 Act contains its own anti- fraud provisions and private remedies, and it strictly limits investments made by one investment company in another to prevent pyramiding of investment companies, leading to consolidated investment companies acting in the interest of other investment companies rather than in the interest of securities holders. The labeling of the Company as an investment company could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business and prospects. Compliance with the 1940 Act is prohibitively expensive for small companies, in our estimation, and even if it meant divestiture of assets, we would intend to avoid being classified as an investment company. Our business, results of operations, cash flows and financial condition are greatly affected by the performance of the real estate industry. The U. S. real estate industry is highly cyclical and is affected by global, national and local economic conditions, general employment and income levels, availability of financing, interest rates, and consumer confidence and spending. Other factors impacting real estate businesses include over- building, changes in traffic patterns, changes in demographic conditions, changes in tenant and buyer preferences and changes in government requirements, including tax law changes. These factors are outside of our control and may have a material adverse effect on our business, profits and the timing and amounts of our cash flows. ~~Our~~ ~~The real estate~~ 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. Our business can be substantially affected by adverse changes in general economic or business conditions that are outside of our

control, including changes in short- term and long- term interest rates; employment levels and job and personal income growth; housing demand from population growth, household formation and other demographic changes, among other factors; availability and pricing of mortgage financing for homebuyers; consumer confidence generally and the confidence of potential homebuyers in particular; consumer spending; financial system and credit market stability; private party and government mortgage loan programs (including changes in FHA, USDA, VA, Fannie Mae and Freddie Mac conforming mortgage loan limits, credit risk / mortgage loan insurance premiums and / or other fees, down payment requirements and underwriting standards), and federal and state regulation, oversight and legal action regarding lending, appraisal, foreclosure and short sale practices; federal and state personal income tax rates and provisions, including provisions for the deduction of mortgage loan interest payments, real estate taxes and other expenses; supply of and prices for available new or resale multifamily units; interest of financial institutions or other businesses in purchases; and real estate taxes. Adverse changes in these conditions may affect our business nationally or may be more prevalent or concentrated in particular submarkets in which we operate. Inclement weather, natural disasters (such as earthquakes, hurricanes, tornadoes, floods, prolonged periods of precipitation, droughts, and fires), other calamities and other environmental conditions can delay the delivery of our units and / or increase our costs. Civil unrest or acts of terrorism can also have a negative effect on our business. If the housing industry experiences a significant or sustained downturn, it would materially adversely affect our business and results of operations in future years. The potential difficulties described above can cause demand and prices for our units to fall or cause us to take longer and incur more costs to develop the land and build our units. We may not be able to recover these increased costs by raising prices because of market conditions. Fluctuations in real estate values may require us to write- down the book value of our real estate assets. The housing and land development industries are subject to significant variability and fluctuations in real estate values. As a result, we may be required to write- down the book value of our real estate assets in accordance with generally accepted accounting principles in the United States of America (“ GAAP ”), and some of those write- downs could be material. Any material write- downs of assets could have a material adverse effect on our business, prospects, liquidity, financial condition, and results of operations. In addition, valuations of real estate properties do not necessarily represent the price at which a willing buyer would purchase such property; therefore, there can be no assurance that we would realize the values underlying estimated valuations of our properties if we were to sell such properties. We may be required to take write- downs or write- offs, restructuring, and impairment or other charges that could have a significant negative effect on our financial condition, results of operations, and our stock price, which could cause you to lose some or all of your investment. Factors outside of our business and outside of our control may arise. As a result of these factors, we may be forced to write down or write off assets, restructure operations, or incur impairment or other charges that could result in losses. Further, unexpected risks may arise, and previously known risks may materialize in a manner not consistent with our risk analysis. Even though these charges may be non- cash items and not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us or our securities. Accordingly, our securities could suffer a reduction in value. Inflation could adversely affect our business and financial results. Inflation could adversely affect our business and financial results by increasing the costs of land, raw materials and labor needed to operate our business. If our markets have an oversupply of housing, relative to demand, we may be unable to offset any such increases in costs with corresponding higher sales prices for our units or buildings. Inflation may also accompany higher interest rates, which could adversely impact potential customers’ ability to obtain financing on favorable terms, thereby further decreasing demand. If we are unable to raise the prices of our units or buildings to offset the increasing costs of our operations, our margins could decrease. Furthermore, if we need to lower the price of our units to meet demand, the value of our land inventory may decrease. Inflation may also raise our costs of capital and decrease our purchasing power, making it more difficult to maintain sufficient funds to operate our business. 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 have and may continue to fund development projects through the use of joint ventures. Joint ventures involve risks including, but not limited to, the possibility that the other joint venture partners may possess the ability to take or force action contrary to our interests or withhold consent contrary to our requests, have business goals which are or become inconsistent with ours, or default on their financial obligations to the joint venture, which may require us to fulfill the joint venture’ s financial obligations as a legal or practical matter. We and our joint venture partners may each have the right to initiate a buy- sell arrangement, which could cause us to sell our interest, or acquire a joint venture partner’ s interest, at a time when we otherwise would not have entered into such a transaction. In addition, a sale or transfer by us to a third party of our interests in the joint venture may be subject to consent rights or rights of first refusal in favor of our partners which would restrict our ability to dispose of our interest in the joint venture. Each joint venture agreement is individually negotiated, and our ability to operate, finance, or dispose of a joint venture project in our sole discretion is limited to varying degrees depending on the terms of the applicable joint venture agreement. Risks associated with our land and lot inventories could adversely affect our business or financial results. Risks inherent in controlling, purchasing, holding, and developing land are substantial. The risks inherent in purchasing and developing land parcels increase as consumer demand for housing decreases and the holding period increases. As a result, we may buy and develop land parcels on which housing units cannot be profitably built and sold. In certain circumstances, a grant of entitlements or development agreement with respect to a particular parcel of land may include restrictions on the transfer of such entitlements to a buyer of such land, which could negatively impact the price of such entitled land by restricting our ability to sell it for its full entitled value. In addition, inventory carrying costs can be significant and can result in reduced margins or losses in a poorly performing community or market. The time and investment required for development may adversely impact our business. In the event of significant changes in economic or market conditions, we may have to sell units or buildings at significantly lower margins or at a loss, if we are able to sell them at all. Additionally, deteriorating market conditions could cause us to record significant inventory impairment charges. The recording of a significant inventory impairment could negatively affect our reported earnings per share and negatively impact the market perception of our business. Our quarterly

results may fluctuate. We could experience fluctuations in our quarterly operating results due to a number of factors, including variations in the returns on our current and future investments, the interest rates payable on any outstanding debt, the level of our expenses, the levels and timing of the recognition of our realized and unrealized gains and losses, the seasonal nature of travel if the community is a vacation destination, the degree to which we encounter competition in our markets and other business, market and general economic conditions. Consequently, our results of operations for any current or historical period should not be relied upon as being indicative of performance in any future period. We may not be able to sell our real property assets when we desire. Investments in real property are relatively illiquid compared to other investments. Accordingly, we may not be able to sell real property assets when we desire or at prices acceptable to us. This could substantially reduce the funds available for satisfying our obligations, including any debt obligations. Access to financing sources may not be available on favorable terms, or at all, which could adversely affect our ability to maximize our returns. Our access to third- party sources of financing will depend, in part, on: ● general market conditions; ● the market' s perception of our growth potential; ● with respect to acquisition and / or development financing, the market' s perception of the value of the land parcels to be acquired and / or developed; ● our current debt levels; ● our current and expected future earnings; ● our cash flow; and ● the market price per share of our Common Stock. The global credit and equity markets and the overall economy can be extremely volatile, which could have a number of adverse effects on our operations and capital requirements. For the past decade, the domestic financial markets have experienced a high degree of volatility, uncertainty and, during certain periods, tightening of liquidity in both the high yield debt and equity capital markets, resulting in certain periods where new capital has been both more difficult and more expensive to access. If we are unable to access the credit markets, we could be required to defer or eliminate important business strategies and growth opportunities in the future. In addition, if there is volatility and weakness in the capital and credit markets, potential lenders may be unwilling or unable to provide us with financing that is attractive to us or may increase collateral requirements or may charge us prohibitively high fees in order to obtain financing. Consequently, our ability to access the credit market in order to attract financing on reasonable terms may be adversely affected. Investment returns on our assets and our ability to make acquisitions could be adversely affected by our inability to secure additional financing on reasonable terms, if at all. Depending on market conditions at the relevant time, we may have to rely more heavily on additional equity financings or on less efficient forms of debt financing that require a larger portion of our cash flow from operations, thereby reducing funds available for our operations, future business opportunities and other purposes. We may not have access to such equity or debt capital on favorable terms at the desired times, or at all. **In order for us to access capital from the sale of the debentures or shares pursuant to our equity line of credit we need to meet certain conditions and we may not be able to meet the conditions.** If we were to default in our obligation to repay the loan we received from BCV S & G DevCorp, which loan is secured by **±100,000 Treasury 999,999 of SG Holdings' shares Shares of our Common Stock**, it could disrupt or adversely affect our business and our stock price could decline. To date, we have received \$ 1,750,000 as a secured loan from BCV S & G DevCorp, a Luxembourg- based specialized investment fund, and have entered into a loan agreement with BCV S & G DevCorp to receive up to \$ **23,000,000** as a secured loan. The loan matures on December 1, **2024-2025** and is secured by **±100,000 Treasury 999,999 of SG Holdings' shares Shares of our Common Stock**. ~~The loan agreement, as amended, provides that if our shares of Common Stock were not listed on The Nasdaq Stock Market before September 30, 2023 or if following such listing the total market value of the pledged shares falls below twice the face value of the loan, the loan will be further secured by our St. Mary' s industrial site. Following the listing, the total market value of the pledged shares has fallen below twice the face value of the loan and we and BCV S & G DevCorp are in discussions regarding alternatives, if any.~~ If we were to default in our obligation to repay the loan when due it could disrupt or adversely affect our business and our stock price could decline if the lender were to seek to sell the pledged shares. The outbreak of any highly infectious or contagious diseases, such as COVID- 19, could materially and adversely impact our performance, financial condition, results of operations and cash flows. Throughout 2021 and to date, the COVID- 19 pandemic has severely impacted global economic activity and caused significant volatility and negative pressure in financial markets. The outbreak of any highly infectious or contagious diseases could have material and adverse effects on our performance, financial condition, results of operations and cash flows due to, among other factors: ● a complete or partial closure of, or other operational issues at, one or more of our properties resulting from government actions; ● difficulty accessing equity and debt capital on attractive terms, or at all, and a severe disruption and instability in the global financial markets ● difficulty obtaining capital necessary to fund business operations; ● delays in construction at our properties may adversely impact our ability to commence operations and generate revenues from projects, including: ● construction moratoriums by local, state or federal government authorities; ● delays by applicable governmental authorities in providing the necessary authorizations to commence construction; ● reductions in construction team sizes to effectuate social distancing and other requirements; ● infection by one or more members of a construction team necessitating a partial or full shutdown of construction; and ● manufacturing and supply chain disruptions for materials sourced from other geographies which may be experiencing shutdowns and shipping delays. The extent to which COVID- 19 or a future pandemic impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence. Changes in general economic conditions, geopolitical conditions, domestic and foreign trade policies, monetary policies and other factors beyond our control may adversely impact our business and operating results. The uncertain financial markets, disruptions in supply chains, mobility restraints, and changing priorities as well as volatile asset values also affect our business operations and our ability to enter into collaborations and joint ventures. A number of other economic and geopolitical factors both in the U. S. and abroad, could ultimately have material adverse effects on our business, financial condition, results of operations or cash flows, including the following: ● effects of significant changes in economic, monetary and fiscal policies in the U. S. and abroad including currency fluctuations, inflationary pressures and significant income tax changes; ● the war in the Middle East; ● supply chain disruptions; ● a global or regional economic slowdown; ● changes in government policies and regulations affecting the Company; ● postponement of spending, in response to tighter credit, financial market volatility and other factors;

and ● rapid material escalation of the cost of regulatory compliance and litigation. In connection with the Separation we agreed to indemnify SG Holdings for certain liabilities. If we are required to pay under these indemnities to SG Holdings, our financial results could be negatively impacted. In addition, the SG Holdings indemnities may not be sufficient to hold us harmless from the full amount of liabilities for which SG Holdings will be allocated responsibility, and SG Holdings may not be able to satisfy its indemnification obligations in the future. Pursuant to the separation and distribution agreement and certain other agreements between SG Holdings and us, each party agreed to indemnify the other for certain liabilities. Third parties could also seek to hold us responsible for any of the liabilities that SG Holdings has agreed to retain. Any amounts we are required to pay pursuant to these indemnification obligations and other liabilities could require us to divert cash that would otherwise have been used in furtherance of our operating business. Further, the indemnities from SG Holdings for our benefit may not be sufficient to protect us against the full amount of such liabilities, and SG Holdings may not be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from SG Holdings any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could negatively affect our business, results of operations and financial condition. ~~The terms we received in our agreements with SG Holdings and its subsidiaries involve potential conflicts of interest and could be less beneficial than the terms we may have otherwise received from unaffiliated third parties. The agreements we entered into with SG Holdings in connection with the Separation were prepared in the context of the Separation while we were still a wholly owned subsidiary of SG Holdings. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. For example, the allocation of assets, liabilities, rights, indemnification and other obligations between SG Holdings and us under the separation and distribution agreement may have been different if agreed to by two unaffiliated parties. Pursuant to the shared services agreement we entered into with SG Holdings, SG Holdings agreed to provide to us certain services or functions that the companies historically have shared. In consideration for such services, we agreed to pay fees to SG Holdings for the services provided. The personnel performing services under the shared services agreement will be employees and/or independent contractors of SG Holdings and will not be under our direction or control. As such, conflicts of interest may arise in connection with the performance of the services by SG Holdings personnel and the allocation of priority to the services requested by us. In addition, we and related entities have entered into and may continue to enter into transactions with SG Holdings and its subsidiaries. For example, JDI-Cumberland Inlet, LLC, a company in which we hold a 10% non-dilutable interest, is obligated to hire SG Echo with respect to each phase of the construction of the project buildings for the Cumberland Inlet Project so long as SG Echo is offering its services at a price that is within five percent of all arms-length bona fide bids from reputable, unaffiliated builders. As a result, JDI-Cumberland could end up paying to SG Echo five percent more than it would have paid for these construction services if it hired an unaffiliated builder. See "Part III, Item 13. Certain Relationships and Related Transactions, and Director Independence."~~ We are increasingly dependent on information technology, and our systems and infrastructure face certain risks, including cybersecurity and data leakage risks. Significant disruptions to our information technology systems or breaches of information security could adversely affect our business especially the business of MWH, including the Xene Platform, **and MyVonia**. In the ordinary course of business, we collect, store and transmit large amounts of confidential information, and it is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information. The size and complexity of our information technology systems, and those of our third-party vendors with whom we contract, make such systems potentially vulnerable to service interruptions and security breaches from inadvertent or intentional actions by our employees, partners or vendors, from attacks by malicious third parties, or from intentional or accidental physical damage to our systems infrastructure maintained by us or by third parties. Maintaining the secrecy of this confidential, proprietary, or trade secret information is important to our competitive business position. While we have taken steps to protect such information and invested in information technology, there can be no assurance that our efforts will prevent service interruptions or security breaches in our systems or the unauthorized or inadvertent wrongful use or disclosure of confidential information that could adversely affect our business operations or result in the loss, dissemination, or misuse of critical or sensitive information. A breach of our security measures or the accidental loss, inadvertent disclosure, unapproved dissemination, misappropriation or misuse of trade secrets, proprietary information, or other confidential information, whether as a result of theft, hacking, fraud, trickery or other forms of deception, or for any other reason, could enable others to produce competing products, use our proprietary technology or information, or adversely affect our business or financial condition. Further, any such interruption, security breach, loss or disclosure of confidential information, could result in financial, legal, business, and reputational harm to us and could have a material adverse effect on our business, financial position, results of operations or cash flow. Risks Related to Our Common Stock Our failure to meet the continued listing requirements of the Nasdaq Capital Market could result in a delisting 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. **Some 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 directors-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 ~~and~~ an ~~officers may~~ 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 actual~~ 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 October 22, 2024, we received a notice from the Listing Qualifications Department (the " Staff ") of The Nasdaq Stock Market LLC notifying the Company that the Staff had determined that ~~or for potential conflicts~~ 10 consecutive business days, from October 8, 2024 to October 21, 2024, the closing bid price ~~of interest~~ our common stock had been at \$ 1. 00 per share or greater. Accordingly, the Staff had determined that we regained compliance with Nasdaq Listing Rule 5550 (a) (2) and indicated that the matter is now closed. If Nasdaq delists our securities from trading on its exchange at some future date, we could face significant material adverse consequences, including: • a limited availability of market quotations for our securities; • reduced liquidity with respect to our securities; • a determination that our common stock is a " penny stock " which will require brokers trading in our ordinary shares to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for our ordinary shares; • a limited amount of news and analyst coverage for our company; and • a decreased ability to issue additional securities or obtain additional financing in the future. 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 continue 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 ~~because~~ 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 there was a material weakness in our internal controls 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. Since June 30, 2024 we have identified weaknesses in internal controls. 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. 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. As a result of being a public company, we are obligated to develop and maintain proper and effective internal control over financial reporting in order to comply with Section 404 of the Sarbanes- Oxley Act. We may not complete our analysis of our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in us and, as a result, the value of our Common Stock. As a result of becoming a public company we are subject to SEC reporting and other regulatory requirements. We have incurred and will continue to incur expenses and diversion of our management' s time in its efforts to comply with Section 404 of the Sarbanes- Oxley Act regarding internal controls over financial reporting. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in ~~their equity ownership in SG Holdings~~ implementation could cause us to fail to meet ~~or~~ our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes- Oxley Act, or the subsequent testing by our independent registered public accounting firm when, and if, required, may reveal deficiencies

in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to our financial statements or identify their other positions areas for further attention or improvement. If we are unable to assert that our internal controls over financial reporting are effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our Common Stock to decline, and we may be subject to investigation or sanctions by the SEC. We identified a material weakness in our internal control over financial reporting and determined that our disclosure controls and procedures were ineffective as directors of our Board June 30, 2024 and continue to be ineffective as the SG Holdings board. Because of December 31, 2024. On January 29, 2025, we entered into a mutual release and discharge agreement (their-- the current or former positions " Mutual Release ") with SG Holdings , some of our directors pursuant to we have forgiven and released executive officers may own shares of SG Holdings from its obligations common stock, and the individual holdings may be significant for some of these individuals compared to us under their total assets. This ownership may create, or may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications 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 SG Holdings (which amounts had been written off our balance sheet as of December 31, 2023) in exchange for SG Holdings forgiving \$ 394 or us. For example, 329 potential conflicts of interest--- inter- company debt owed to could arise in connection with the resolution of any dispute that may arise between SG Holdings and by us regarding the terms of the agreements governing the Separation and for the relationship thereafter between the companies. In addition, our Chief Executive Officer also serves on the Board of SG Holdings transferring 276 , 425 shares (our Executive Chairman is the " Shares ") Chairman and Chief Executive Officer of our Common Stock owned by SG Holdings to us, and one of our Board members is a member of the Board of SG Holdings . Accordingly, has agreed to return there-- the Shares to us may be possible conflicts of interest if we should enter into transactions with within 48 hours. We currently plan to hold the Shares in our treasury. As a result of this agreement, SG Holdings as well as with respect to allocation of time. Approximately 44. 3 % of our Common Stock is owned by no longer a single stockholder of , SG Holdings, and it may therefore be able to substantially control our ours management and affairs. SG Holdings currently beneficially owns approximately 44. 3 % of our outstanding Common Stock based on our outstanding number of shares of Common Stock as of March 29, 2024. Therefore, SG Holdings could influence matters requiring the approval of stockholders, including the election of the Board of Directors and the approval of significant transactions. Such concentration of ownership may have the effect of delaying, preventing or deterring a change in control of the Company, could deprive stockholders of an opportunity to receive a premium for their Common Stock as part of a sale of the Company and might ultimately affect the market price of our Common Stock. Furthermore, SG Holdings could agree to sell or otherwise transfer its interest in our Company. The interests of SG Holdings may not always coincide with our interests or the interests of other stockholders. We incur significant costs as a result of operating as a public company and our management devotes substantial time to new compliance initiatives. As a public company, we have incurred and will continue to incur significant legal, accounting and other expenses that we did not incur as a private company. We are subject to the reporting requirements of the Exchange Act, the other rules and regulations of the SEC, and the rules and regulations of Nasdaq. Compliance with the various reporting and other requirements applicable to public companies requires considerable time and attention of management. For example, the Sarbanes- Oxley Act and the rules of the SEC and national securities exchanges have imposed various requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls. Our management and other personnel are devoting and will continue to need to devote a substantial amount of time to these compliance initiatives. These rules and regulations will continue to increase our legal and financial compliance costs and will make some activities more time- consuming and costly. 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 do not expect to pay cash dividends on our Common Stock. Any future dividend payments are within the absolute discretion of our Board of Directors and will depend on, among other things, our results of operations, working capital requirements, capital expenditure requirements, financial condition, level of indebtedness, contractual restrictions with respect to payment of dividends, business opportunities, anticipated cash needs, provisions of applicable law and other factors that our Board of Directors may deem relevant. We cannot be certain that an active trading market for our Common Stock will develop or be sustained and our stock price may fluctuate significantly. We cannot guarantee that we can sustain an active trading market for our Common Stock, nor can we predict the prices at which shares of our Common Stock may trade. Until the market has fully evaluated our business as a standalone entity, the prices at which shares of our Common Stock trade may fluctuate more significantly than might otherwise be typical, even with other market conditions, including general volatility, held constant. The market price of our Common Stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including: • actual or anticipated fluctuations in our operating results; • changes in earnings estimated by securities analysts or our ability to meet those estimates; • the operating and stock price performance of comparable companies; • changes to the regulatory and legal environment under which we operate; and • domestic and worldwide economic conditions. 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. The trading market for our securities will depend in part on the research and reports that securities or industry analysts publish about us or our business. If only a limited number of securities or industry analysts commence coverage of our Company, the trading price for our securities would likely be negatively impacted. In the event securities or industry analysts initiate coverage, if one or more of the analysts who covers us downgrades our stock or publishes unfavorable research about our business, our stock price may decline. If one or more of these analysts ceases coverage of our Company or fails to publish reports on us regularly, demand for our securities could decrease, which might cause our stock price and trading volume to decline . As a result of being a public company, we are obligated to develop and maintain proper and effective internal control over financial reporting in

order to comply with Section 404 of the Sarbanes–Oxley Act. We may not complete our analysis of our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in us and, as a result, the value of our Common Stock. As a result of becoming a public company we are subject to SEC reporting and other regulatory requirements. We have incurred and will continue to incur expenses and diversion of our management’s time in its efforts to comply with Section 404 of the Sarbanes–Oxley Act regarding internal controls over financial reporting. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes–Oxley Act, or the subsequent testing by our independent registered public accounting firm when, and if, required, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to our financial statements or identify other areas for further attention or improvement. If we are unable to assert that our internal controls over financial reporting are effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our Common Stock to decline, and we may be subject to investigation or sanctions by the SEC. We are an emerging growth company and a smaller reporting company within the meaning of the Securities Act, and we are taking advantage of certain exemptions from disclosure requirements available to emerging growth companies or smaller reporting companies, this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies. We are an “emerging growth company,” as defined in Section 2 (a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and are taking advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes–Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Further, Section 102 (b) (1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a registration statement under the Securities Act declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies, but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company, which is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period, difficult or impossible because of the potential differences in accounting standards used. We will remain an emerging growth company until the earlier of: (1) 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. References herein to “emerging growth company” have the meaning associated with it in the JOBS Act. Additionally, we are a “smaller reporting company” as defined in Item 10 (f) (1) of Regulation S–K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of any fiscal year for so long as either (1) the market value of our shares of Common Stock held by non-affiliates did not equal or exceed \$ 250 million as of the prior June 30, or (2) our annual revenues did not equal or exceed \$ 100 million during such completed fiscal year and the market value of our shares of Common Stock held by non-affiliates did not equal or exceed \$ 700 million as of the prior December 31. Because we are subject to the above listed reduced reporting requirements, investors may not be able to compare us to other companies, this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies. Your percentage ownership in us may be diluted by future issuances. We expect that significant additional capital will be needed in the future to continue our planned operations. To the extent we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. Pursuant to **the Safe and Green Development Corporation 2023 Incentive Compensation Plan** (our “2023 Plan”), our management may grant equity awards to our employees, directors and consultants. We may sell Common Stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time, any of which may result in material dilution to our existing stockholders. New investors could also be issued securities with rights superior to those of our existing stockholders. Such future equity issuances will have a dilutive effect on the number of SG DevCo shares outstanding, and therefore on our earnings per share, which could adversely affect the market price of our Common Stock. **In addition, if we issue additional convertible debentures and the debentures are converted into share of common stock, stockholders will experience additional dilution**. We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Common Stock, which could depress the price of our Common Stock. Our amended and restated certificate of incorporation authorizes us to issue one or more series of preferred stock. Our Board of Directors has the authority to determine the preferences, limitations and relative rights of the shares of preferred stock

and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our Common Stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our Common Stock at a premium to the market price, and materially adversely affect the market price and the voting and other rights of the holders of our Common Stock. Provisions in our corporate charter documents and under Delaware law could make an acquisition of our company, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our management. Provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may discourage, delay or prevent a merger, acquisition or other change in control of our company that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our Common Stock, thereby depressing the market price of our Common Stock. In addition, because our Board of Directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our management by making it more difficult for stockholders to replace members of our Board of Directors. Among other things, these provisions provide: ● our Board of Directors is divided into three classes, one class of which is elected each year by our stockholders with the directors in each class to serve for a three- year term; ● the authorized number of directors can be changed only by resolution of our Board of Directors; ● directors may be removed by stockholders only for cause; ● our amended and restated bylaws may be amended or repealed by our Board of Directors or by the affirmative vote of sixty- six and two- thirds percent (66 2 / 3 %) of our stockholders; ● stockholders may not call special meetings of the stockholders or fill vacancies on the Board of Directors; ● our Board of Directors will be authorized to issue, without stockholder approval, preferred stock, the rights of which will be determined at the discretion of the Board of Directors and that, if issued, could operate as a “ poison pill ” to dilute the stock ownership of a potential hostile acquirer to prevent an acquisition that our Board of Directors does not approve; ● our stockholders do not have cumulative voting rights, and therefore our stockholders holding a majority of the shares of Common Stock outstanding will be able to elect all of our directors; and ● our stockholders must comply with advance notice provisions to bring business before or nominate directors for election at a stockholder meeting. Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns in excess of 15 % of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15 % of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for certain types of state actions that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees. Our amended and restated certificate of incorporation provides that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the exclusive forum for (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (iii) any action arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or bylaws (as either may be amended from time to time), or (iv) any action asserting a claim governed by the internal affairs doctrine. The exclusive forum provision does not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. These exclusive- forum provisions may limit a stockholder’ s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, employees, control persons, underwriters, or agents, which may discourage lawsuits against us and our directors, employees, control persons, underwriters, or agents. Additionally, a court could determine that the exclusive forum provision is unenforceable, and our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. If a court were to find these provisions of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, or results of operations.

Item 1B—Risks Related to Resource Group, its Business and its Acquisition Disruptions in the supply chain for key inputs could adversely affect our operations Our operations rely heavily on a consistent and cost- effective supply of organic feedstocks and amendments such as yard waste, food scraps, biosolids, wood chips, and bulking agents, many of which are subject to seasonal availability, local collection programs, and third- party contracts. Unresolved Any disruption to this supply chain — caused by extreme weather events, transportation bottlenecks, labor shortages, or geopolitical instability — could constrain production, increase costs, and impact our ability to meet contractual obligations or serve growing markets. Compliance with environmental regulations is costly and subject to change The engineered soils and composting industry is subject to complex environmental regulations at the federal, state, and local levels, governing areas such as permitting, emissions, stormwater runoff, leachate control, and zoning. Maintaining compliance with these laws requires ongoing investments in monitoring, equipment, and Staff staff Comments training, and changes in regulations — such as stricter air or water standards — could increase operating costs or limit expansion . Failure to comply with such regulations could result in fines, permit revocation, or reputational harm. this Environmental liabilities from contamination or hazardous substances may expose us to financial risk The presence of persistent environmental contaminants such as PFAS chemicals or heavy metals in feedstocks or end products presents

significant liability risks. These substances, even in trace amounts, may lead to regulatory enforcement, litigation, or cleanup costs if found in compost products, surrounding soil, or water. As environmental scrutiny increases, particularly around “ forever chemicals, ” we may face escalating compliance costs, legal exposure, and reputational damage from contamination claims. Product quality issues or contamination could result in liability and damage customer relationships. We must ensure the safety and quality of our engineered soil and compost products, which are subject to standards related to maturity, nutrient content, pathogens, metals, and physical contaminants. Failure to detect or prevent contamination — such as persistent herbicides, pathogens, or foreign objects — could result in crop damage, product recalls, liability claims, or a loss of customer trust. A significant quality incident could also lead to reputational harm and reduced demand for our products. Fluctuations in market demand and economic conditions could negatively impact revenue. Demand for compost and engineered soils can vary based on broader economic cycles, and customer budgets in sectors such as landscaping, agriculture, and construction. Economic downturns or slowdowns in real estate and infrastructure investment may lead to decreased product sales. Additionally, market shifts or temporary demand spikes — such as those seen during the COVID- 19 pandemic — pose forecasting challenges that can result in overcapacity or missed opportunities. We face intense competition and pressure from alternative products. The composting and engineered soils industry is fragmented and competitive, with numerous private companies, municipalities, and vertically integrated waste management firms offering similar products. We also face competition from synthetic fertilizers, topsoil, and emerging soil technologies. Price sensitivity in the market and the commoditized nature of many products limit our pricing flexibility and may require significant investments in innovation and customer service to maintain or grow market share. Operational hazards at processing sites pose safety and business continuity risks. Our facilities involve risks associated with high- temperature microbial decomposition, heavy machinery, and exposure to bioaerosols. Operational hazards such as fires, equipment failure, and occupational injuries can disrupt production, endanger employees, and expose us to regulatory enforcement or lawsuits. Proper training, maintenance, and safety protocols are essential to prevent incidents that could affect worker safety or lead to costly shutdowns or remediation. Odor, noise, and other nuisance issues may lead to community opposition or litigation. Composting operations generate odors and, to a lesser extent, dust, noise, and truck traffic, which can affect neighboring communities. Despite efforts to manage these impacts, we may face nuisance complaints, lawsuits, or regulatory action if our operations are perceived as detrimental to public welfare. Community resistance to composting sites can also hinder our ability to expand or renew permits, particularly in urban or suburban locations. Dependence on government policies and incentives could affect long- term viability. Our industry benefits from supportive government policies, including landfill bans, organics diversion mandates, and infrastructure grants. Changes in these policies — such as reduced funding, weak enforcement, or political opposition — could limit feedstock availability, restrict product markets, or curtail expansion opportunities. The success of our operations partly depends on the continuation and effective implementation of these public programs. Logistical challenges could disrupt supply chains and limit our market reach. The collection, transport, and distribution of organic materials and finished compost products require efficient logistics coordination. Challenges such as rising fuel costs, trucking shortages, weather disruptions, and regulatory constraints on vehicle access can hinder material flows, increase costs, or delay delivery. Because many of our products are bulky and have a limited shelf life, our profitability depends on cost- effective and reliable transportation and logistics systems. If the proposed acquisition of Resource Group is not consummated, our strategic growth plans and anticipated benefits may not be realized. We have entered into a definitive agreement to acquire Resource Group, a company operating in the engineered soils and composting industry; however, there is no guarantee that the transaction will be completed as contemplated or at all. The successful consummation of the acquisition is subject to a number of conditions, including regulatory approvals, completion of due diligence, finalization of transaction documentation, and the absence of any material adverse developments affecting either party. Any failure to satisfy these conditions or unexpected delays could prevent the closing of the transaction. If the acquisition of Resource Group is not completed, we may forgo strategic benefits such as market entry into the engineered soils sector, expansion of our customer base, and operational synergies. Additionally, we may incur substantial transaction- related expenses without realizing any return on investment and lose momentum in our broader growth strategy. Even if the transaction is ultimately consummated, there is no assurance that the integration of Resource Group’ s operations will proceed as expected or result in the anticipated financial or strategic advantages. Failure to complete or successfully integrate the proposed acquisition could have a material adverse effect on our business, results of operations, and future growth prospects. Even if the proposed acquisition of Resource Group is successfully consummated, we may not realize the anticipated strategic benefits of the transaction. The acquisition of Resource Group is expected to provide certain strategic benefits to our company that would not otherwise be realized. Specifically, we believe the acquisition should provide certain strategic benefit, such as market entry into the engineered soils sector, expansion of our customer base, and operational synergies. The market price of our common stock however may decline as a result of the acquisition if we do not achieve the perceived benefits of the acquisition as rapidly or to the extent anticipated by us or investors, financial analysts, or industry analysts. There can be no assurance that these anticipated benefits of the acquisition will materialize or that if they materialize will result in increased stockholder value or revenue stream to our company. Our stockholders will experience dilution as a result of the acquisition of Resource Group, and they may not realize a benefit from the acquisition commensurate with the ownership dilution they will experience in connection therewith. In connection with our acquisition of Resource Group, we will pay to the members of Resource Group consideration including shares of our restricted common stock and a note convertible into shares of our restricted common stock. The issuance of the shares as consideration and upon the conversion of the convertible note will have the effect of diluting the ownership interests of our existing stockholders. If

we are unable to realize the full strategic and financial benefits currently anticipated from the acquisition of Resource Group, our stockholders will may experience substantial dilution of their ownership interests in our company without receiving any commensurate benefit, or only receiving part of the commensurate benefit to the extent we are able to realize only part of the strategic and financial benefits currently anticipated from the acquisition. In order to realize the intended benefits of acquiring Resource Group, we will have to devote significant resources to Resource Group' s business, and we may be unable to successfully integrate the businesses with our current management and structure. Our failure to successfully complete the integration of Resource Group could have an adverse effect on our prospects, business activities, cash flow, financial condition, results of operations and stock price. Integration challenges may include the following: • assimilating Resource Group' s technology and retaining personnel; • estimating the capital, personnel and equipment required for Resource Group based on the historical experience of management with the businesses they are familiar with; and • minimizing potential adverse effects on existing business relationships.