

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

FORM 8-K/A  
(Amendment No. 1)

CURRENT REPORT

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

Date of Report (Date of earliest event reported): May 29, 2025

SAFE AND GREEN DEVELOPMENT CORPORATION  
(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction  
of Incorporation)

001-41581

(Commission File Number)

87-1375590

(I.R.S. Employer  
Identification Number)

100 Biscayne Blvd, #1201  
Miami, FL 33132

(Address of Principal Executive Offices, Zip Code)

(Former name or former address, if changed since last report.)

Registrant's telephone number, including area code: 646-240-4235

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value \$0.001	SGD	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

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

### **Explanatory Note**

On February 25, 2025, Safe and Green Development Corporation (the “Company” or “SGD”) entered into a definitive Membership Interest Purchase Agreement (the “Purchase Agreement”) with Resource Group US Holdings LLC (“Resource Group”), a Florida limited liability company, and its equityholders. On June 2, 2025, pursuant to an amendment to the Purchase Agreement (the “Amendment”), the Company consummated the acquisition of all of the issued and outstanding membership interests of Resource Group, with Resource Group continuing as the surviving company and becoming a wholly owned subsidiary of the Company (the “Acquisition”).

On June 4, 2025, the Company filed with the Securities and Exchange Commission a Current Report on Form 8-K (the “Original Form 8-K”) to report the consummation of the Acquisition. Among other things, this Amendment No. 1 to the Original Form 8-K amends and supplements Item 9.01 of the Original Form 8-K to provide the financial statements and pro forma financial information required under Items 9.01(a) and (b) of Form 8-K, which were excluded from the Original Form 8-K in reliance on the instructions to such items.

## Item 9.01. Financial Statements and Exhibits

### (a) Financial Statements of Businesses Acquired

- (i) The audited balance sheets of Resource Group US Holdings LLC as of December 31, 2024 and 2023, and the related statements of operations, changes in member's deficit, and cash flows for the years then ended, are included as Exhibit 99.3 to this Report and are incorporated by reference herein.

### (b) Pro Forma Financial Information

- (i) The unaudited pro forma combined balance sheet of Safe and Green Development Corporation as of March 31, 2025, December 31, 2024 and December 2023, and the unaudited pro forma combined statements of operations for the three months ended March 31, 2025 and 2024 and the years ended December 31, 2024 and 2023, giving effect to the Acquisition as if it had occurred on January 1, 2023, are included as Exhibit 99.4 to this Report and are incorporated by reference herein.

### (c) Exhibits

The following exhibits are filed with this Current Report on Form 8-K:

Exhibit Number	Exhibit Description
3.1+	<a href="#">Amendment No. 1 to the Amended and Restated Bylaws</a>
4.1+	<a href="#">Certificate of Designations of Series A Convertible Preferred Stock</a>
10.1+	<a href="#">Amendment to Membership Interest Purchase Agreement</a>
10.2+	<a href="#">Form of Promissory Note</a>
10.3+	<a href="#">Note issued to James Burnham</a>
99.1++	<a href="#">Press Release dated June 3, 2025</a>
99.2+	<a href="#">Pro Forma Balance Sheet</a>
99.3	<a href="#">Audited Financial Statements of Resource Group US Holdings LLC for the years ended December 31, 2024 and 2023</a>
99.4	<a href="#">Unaudited Pro Forma Combined Financial Information of Safe and Green Development Corporation</a>
99.5	<a href="#">Unaudited Financial Statements of Resource Group US Holdings LLC for the three months ended March 31, 2025 and March 31, 2024</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

+ Previously filed

++ Previously furnished

## SIGNATURES

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

### SAFE AND GREEN DEVELOPMENT CORPORATION

Dated: August 12, 2025

By: /s/ Nicolai Brune

Name: Nicolai Brune

Title: Chief Financial Officer

## RESOURCE GROUP US HOLDINGS LLC AND SUBSIDIARIES

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To the Board of Directors and  
Members of Resource Group US Holdings LLC

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Resource Group US Holdings LLC. (the Company) as of December 31, 2024 and 2023, and the related consolidated statements of operations, changes in members' deficit, and cash flows for each of the years in the two-year period ended December 31, 2024, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

### **Going Concern**

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has yet to achieve profitable operations, has negative cash flows from operating activities, and is dependent upon future issuances of equity or other financings to fund ongoing operations all of which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matters**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Revenue Recognition*

As discussed in Note 2 to the financial statements, the Company recognizes revenue upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Determining when a performance obligation has been satisfied involves significant judgment, due to the company's practice of invoicing current year revenues after year end, which has the potential to create cut-off issues with billed and unbilled revenue.

To evaluate the appropriateness and accuracy of the assessment by management, we evaluated management's assessment in relationship to proper cut-off of revenue recognition.

/s/ M&K CPAS, PLLC

We have served as the Company's auditor since 2025.

The Woodlands, TX

August 12, 2025

**RESOURCE GROUP US HOLDINGS LLC AND SUBSIDIARIES**  
**Consolidated Balance Sheets**

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
<b>Assets</b>		
Current assets:		
Cash	\$ 403,043	\$ 765,277
Accounts receivable, net	1,490,995	1,539,330
Inventory	738,297	282,509
Prepaid expenses and other current assets	59,560	330,635
Current Assets	<u>2,691,895</u>	<u>2,917,751</u>
Property and equipment, net	6,296,723	6,364,945
Intangible assets, net	13,889	41,667
Due from affiliates	-	293,772
Right-of-use assets	<u>348,575</u>	<u>394,378</u>
<b>Total Assets</b>	<u><u>\$ 9,351,082</u></u>	<u><u>\$ 10,012,513</u></u>
<b>Liabilities and Member's Deficit</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,912,508	\$ 1,755,254
Due to affiliates	2,502,241	926,000
Notes payable, current	5,494,786	4,139,566
Notes payable – related party, current	4,992,266	4,992,266
Operating lease liabilities, current	50,536	36,878
Finance lease liabilities, current	<u>202,886</u>	<u>209,540</u>
Total Current Liabilities	16,155,223	12,059,504
Notes payable, net of current portion	4,110,484	4,859,663
Operating lease liabilities, net of current portion	305,502	362,848
Finance lease liabilities, net of current portion	<u>1,166,248</u>	<u>646,006</u>
Total Liabilities	21,737,457	17,928,021
<b>Member's Deficit:</b>		
Common Class A Units (9,536,000 units authorized, issued and outstanding as of December 31, 2024 and 2023)	342,732	337,332
Preferred Class A-1 Units (6,485,962 units authorized, issued and outstanding as of December 31, 2024 and 2023)	6,485,962	6,485,962
Preferred Class A-2 Units (10,510,000 authorized, issued and outstanding as of December 31, 2024 and 2023)	10,510,000	10,510,000
Preferred Class A-3 Units (1,325,000 units authorized, issued and outstanding as of December 31, 2024 and 2023)	1,629,928	1,629,928
Accumulated Deficit	<u>(31,354,997)</u>	<u>(26,878,730)</u>
Total Member's Deficit:	<u>(12,386,375)</u>	<u>(7,915,508)</u>
<b>Total Liabilities and Member's Deficit</b>	<u><u>\$ 9,351,082</u></u>	<u><u>\$ 10,012,513</u></u>

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

**RESOURCE GROUP US HOLDINGS LLC AND SUBSIDIARIES**  
**Consolidated Statements of Operations**

	<i>For the Year Ended December 31,</i>	
	<b>2024</b>	<b>2023</b>
<b>Revenue:</b>	\$ 18,154,944	\$ 16,418,032
<b>Costs of revenue</b>	<u>12,524,997</u>	<u>13,107,638</u>
<b>Gross profit</b>	<u>5,629,947</u>	<u>3,310,394</u>
<b>General and administrative expenses</b>	7,945,899	6,722,364
<b>Operating loss</b>	(2,315,952)	(3,411,970)
<b>Other expense:</b>		
Interest expense	<u>(2,160,315)</u>	<u>(1,540,025)</u>
<b>Net loss</b>	<u>\$ (4,476,267)</u>	<u>\$ (4,951,995)</u>

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



**RESOURCE GROUP US HOLDINGS LLC AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Members' Deficit**

	<i>Common Class A Units (9,536,000 shares outstanding)</i>	<i>Preferred Class A-1 Units (6,485,962 shares outstanding)</i>	<i>Preferred Class A-2 Units (10,510,000 shares outstanding)</i>	<i>Preferred Class A-3 Units (1,325,000 shares outstanding)</i>	<i>Accumulated Deficit</i>	<i>Total</i>
<b>Balance at January 1, 2023</b>	\$ 36,035	\$ -	\$ -	\$ -	\$ (11,416,735)	\$ (11,380,700)
Conversion of notes payable – related party	-	6,485,962	-	1,629,928	-	8,115,890
Conversion of notes payable and deemed distribution	-	-	10,510,000	-	(10,510,000)	-
Member contributions	301,297	-	-	-	-	301,297
Net loss	-	-	-	-	(4,951,995)	(4,951,995)
<b>Balance at December 31, 2023</b>	<u>\$ 337,332</u>	<u>\$ 6,485,962</u>	<u>\$ 10,510,000</u>	<u>\$ 1,629,928</u>	<u>\$ (26,878,730)</u>	<u>\$ (7,915,508)</u>
	<i>Common Class A Units (9,536,000 shares outstanding)</i>	<i>Preferred Class A-1 Units (6,485,962 shares outstanding)</i>	<i>Preferred Class A-2 Units (10,510,000 shares outstanding)</i>	<i>Preferred Class A-3 Units (1,325,000 shares outstanding)</i>	<i>Accumulated Deficit</i>	<i>Total</i>
<b>Balance at January 1, 2024</b>	\$ 337,332	\$ 6,485,962	\$ 10,510,000	\$ 1,629,928	\$ (26,878,730)	\$ (7,915,508)
Member contributions	5,400	-	-	-	-	5,400
Net loss	-	-	-	-	(4,476,267)	(4,476,267)
<b>Balance at December 31, 2024</b>	<u>\$ 342,732</u>	<u>\$ 6,485,962</u>	<u>\$ 10,510,000</u>	<u>\$ 1,629,928</u>	<u>\$ (31,354,997)</u>	<u>\$ (12,386,375)</u>

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

**RESOURCE GROUP US HOLDINGS LLC AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**

	<i>For the Year Ended December 31, 2024</i>	<i>For the Year Ended December 31, 2023</i>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (4,476,267)	\$ (4,951,995)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	1,708,893	1,489,329
Amortization of debt discount	360,013	328,884
Amortization of right-of-use asset	45,803	15,211
Amortization of intangible assets	27,778	40,277
Loss on disposal of property and equipment	-	22,500
Bad debt expense	219,402	30,321
Professional fees recorded as debt	-	425,773
Non-cash interest expense recorded to debt	100,000	-
Changes in operating assets and liabilities:		
Accounts receivable	(171,067)	(390,909)
Inventory	(455,788)	(131,545)
Prepaid assets and other current assets	271,075	163,984
Accounts payable and accrued expenses	1,157,254	432,669
Operating lease liabilities	(43,688)	(9,863)
Net cash provided by (used in) operating activities	<u>(1,256,592)</u>	<u>(2,535,364)</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(120,965)	(546,595)
Net cash used in investing activities	<u>(120,965)</u>	<u>(546,595)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from notes payable	1,000,000	5,746,146
Proceeds from notes payable – related party	-	4,960,517
Principal payments on notes payable	(125,001)	(6,699,693)
Payments on finance leases	(254,112)	(181,176)
Payments on equipment leases	(1,480,977)	(615,511)
Net borrowings from affiliates	1,870,013	286,722
Repayments to affiliates	-	(424,917)
Member contributions	5,400	301,297
Net cash provided by financing activities	<u>1,015,323</u>	<u>3,373,385</u>
<b>Net change in cash</b>	<u>(362,234)</u>	<u>291,426</u>
<b>Cash – beginning of year</b>	<u>765,277</u>	<u>473,851</u>
<b>Cash – end of year</b>	<u>\$ 403,043</u>	<u>\$ 765,277</u>
<b>Cash paid for:</b>		
Interest	\$ 901,759	\$ 861,320
<b>Supplemental disclosure of non-cash activities:</b>		
Conversion of notes payable – related party and accrued interest to member’s deficit	\$ -	\$ 8,115,890
Conversion of notes payable to member’s deficit	\$ -	\$ 10,510,000
Initial value of right of use assets and finance lease liabilities	\$ 767,700	\$ 685,888
Note payable issued for intangible asset	\$ -	\$ 10,510,000
Deemed distribution on note payable issued for intangible asset	\$ -	\$ 10,510,000
Initial value of right of use assets and operating lease liabilities	\$ -	\$ 242,765
Accounts payable settled with notes payable	\$ -	\$ 54,356
Borrowing on equipment leases	\$ 752,006	\$ 428,446

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

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

*For the Years Ended December 31, 2024 and 2023*

**1. Description of Business**

Resource Group US Holdings LLC (the “Company”) is a limited liability company formed in Florida. The Company holds a 100% ownership interest in Resource Group US LLC (“Resource”), Zimmer Equipment Inc. (“ZEI”) and ETS Realty 1, LLC (“ETS”).

The Company is a next-generation, full-service organic recycling and compost technology company specializing in transforming targeted organic green waste materials into engineered, environmentally friendly soil and mulch products. In addition, the Company offers year-round collection and disposal services through high-capacity grapple trucks, open-top walking floor trailers, and variable-sized containers serving green waste generators, landscaping companies, golf courses, communities, and municipalities. The Company works to streamline operations by internalizing transportation services, reducing over-the-road mileage, lowering disposal costs, and maximizing efficiency.

The Company is governed by an operating agreement (“Operating Agreement”) and shall continue in existence until it is dissolved in accordance with the provisions of such agreement. The Company primarily operates in the state of Florida.

Going Concern

The Company has incurred net losses since inception and has a net equity deficiency, which raises substantial doubt about its ability to continue as a going concern. The Company has historically funded its operations through various debt financing. The above conditions raise substantial doubt about the Company’s ability to continue as a going concern.

**2. Summary of Significant Accounting Policies**

**Basis of presentation and principals of consolidation** — The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Resource, ZEI and ETS.

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

**Accounting estimates** — The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results could differ from those estimates.

**Revenue recognition** – The Company determines, at contract inception, whether it will transfer control of a promised good or service over time or at a point in time, regardless of the length of contract or other factors. The recognition of revenue aligns with the timing of when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To achieve this core principle, the Company applies the following five steps in accordance with its revenue policy:

- (1) *Identify the contract with a customer*
- (2) *Identify the performance obligations in the contract*
- (3) *Determine the transaction price*

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

*For the Years Ended December 31, 2024 and 2023*

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

(4) *Allocate the transaction price to performance obligations in the contract*

(5) *Recognize revenue as performance obligations are satisfied*

The Company recognizes revenue from the sale of materials (compost, soil and mulch) as well as the collection and disposal services of waste, which at times, is produced into saleable materials.

The sale of materials is recognized at the point in time when control of the product transfers to the customer, which typically occurs upon delivery or customer pickup at the Company's facility. Revenue from the sale of materials amounted to \$2,458,449 and \$1,946,016 for the years ended December 31, 2024 and 2023, respectively. Revenue from collection and disposal services is recognized over time as the service is rendered, which is typically within the same day. In connection with these contracts, the Company at times receives non-cash consideration as partial consideration for services provided. The Company retains any materials which can be cleansed and sold. Revenue from collection and disposal services amounted to \$15,696,495 and \$14,472,016 for the years ended December 31, 2024 and 2023, respectively.

**Cash and cash equivalents** — The Company considers cash and cash equivalents to include all short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less upon acquisition.

**Accounts receivable and allowance for credit losses** – Accounts receivable are receivables generated from sales to customers. Amounts included in accounts receivable are deemed to be collectible within the Company's operating cycle. The Company recognizes accounts receivable at invoiced amounts.

The Company adopted ASC 326, Current Expected Credit Losses, on January 1, 2023, which requires the measurement and recognition of expected credit losses using a current expected credit loss model. The allowance for credit losses on expected future uncollectible accounts receivable is estimated considering forecasts of future economic conditions in addition to information about past events and current conditions.

The allowance for credit losses reflects the Company's best estimate of expected losses inherent in the accounts receivable balances. Management provides an allowance for credit losses based on the Company's historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have been exhausted and the prospects for recovery are remote. Recoveries are recognized when they are received. Actual collection losses may differ from the Company's estimates and could be material to its consolidated financial position, results of operations, and cash flows. As of December 31, 2024 and 2023, the Company's allowance for credit losses amounted to \$117,137 and \$105,537, respectively.

**Inventory** – Inventory consists of dirt, sand, mulch and compost. The Company's inventory is valued at the lower of cost (first-in, first-out method) or net realizable value, and consists of all finished goods. As of December 31, 2024 and 2023 there was inventory of \$738,297 and \$282,509, respectively.

**Property, plant and equipment** — Property, plant and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated lives of each asset. Repairs and maintenance are charged to expense when incurred.

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

*For the Years Ended December 31, 2024 and 2023*

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

**Intangible assets** — Intangible assets consist of \$100,000 of a non-compete agreement that are being amortized over 3 years. Amortization expense for the years ending December 31, 2024 and 2023 was \$20,778 and \$40,277, respectively. The accumulated amortization as of December 31, 2024 and 2023 was \$86,111 and \$58,333, respectively. Remaining amortization expense is \$13,889 which is to be amortized during the year ending December 31, 2025.

**Income taxes** — The Company is a limited liability company, treated as a partnership under the Internal Revenue Code (IRC) and for Florida purposes. As a result, all profits and losses are reflected in the respective members' tax return. Accordingly, the accompanying consolidated financial statements do not include any provision for federal and state income taxes.

The Company evaluates uncertain income tax positions taken or expected to be taken in a tax return for recognition in its consolidated financial statements. The Company was not required to recognize any amounts from uncertain tax positions for the years ended December 31, 2024 and 2023. The Company's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof, as well as other factors. Generally, federal, state and local authorities may examine the Company's tax returns for three years from the date of filing.

**Business Combinations** — The Company accounts for business acquisitions using the acquisition method of accounting in accordance with ASC 805 "Business Combinations", which requires recognition and measurement of all identifiable assets acquired and liabilities assumed at their fair value as of the date control is obtained. The Company determines the fair value of assets acquired and liabilities assumed based upon its best estimates of the acquisition-date fair value of assets acquired and liabilities assumed in the acquisition. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired. Subsequent adjustments to fair value of any contingent consideration are recorded to the Company's consolidated statements of operations. Costs that the Company incurs to complete the business combination are charged to general and administrative expenses as they are incurred.

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

**Concentrations of credit risk** — Financial instruments, that potentially subject the Company to concentration of credit risk, consist principally of cash and cash equivalents. The Company places its cash with high credit quality institutions. At times, such amounts may be in excess of the FDIC insurance limits. The Company has not experienced any losses in such account and believes that it is not exposed to any significant credit risk on the account.

**Accounting Standards Recently Adopted** - On November 27, 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07 Segment Reporting (Topic 280):

Improvements to Reportable Segment Disclosures. Among other new disclosure requirements, ASU 2023-07 requires companies to disclose significant segment expenses that are regularly provided to the chief operating decision maker. ASU 2023-07 is effective for annual periods beginning on January 1, 2024 and interim periods beginning on January 1, 2025. ASU 2023-07 must be applied retrospectively to all prior periods presented in the consolidated financial statements. The Company adopted ASU 2023-07 during the year ended December 31, 2024.

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

*For the Years Ended December 31, 2024 and 2023*

**3. Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and amortization and depreciated using the straight-line method over their useful lives. At December 31, 2024 and 2023 the Company's property and equipment, net consisted of the following:

	<b>2024</b>	<b>2023</b>	<b>Estimated Life</b>
Equipment	\$ 4,908,098	\$ 3,654,455	5 – 10 years
Land improvements	321,922	288,443	7 – 20 years
Vehicles and trailers	5,651,095	5,297,544	5 – 7 years
Less: accumulated depreciation	(4,584,392)	(2,875,497)	
Property and equipment, net	<u>\$ 6,296,723</u>	<u>\$ 6,364,945</u>	

Included in property and equipment is \$1,325,137 and \$917,323 of finance lease right of use assets as of December 31, 2024 and 2023, respectively.

Depreciation expense for the year ended December 31, 2024 and 2023 amounted to \$1,708,893 and \$1,489,329, respectively, of which \$309,886 and \$156,093 related to finance leases.

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

*For the Years Ended December 31, 2024 and 2023*

**4. Notes Payable & Notes Payable – Related Party**

As of December 31, 2024 and 2023, notes payable consisted of the following:

	2024	2023
Gail Baird Foundation – Mortgage note payable with an original principal amount of \$2,500,000 dated October 23, 2023 with a maturity date of April 21, 2025 and interest rate of 14% per annum. Guaranteed by a member of the Company, collateralized by land held by the Company and the entire principal balance due upon maturity. The Company recognized a discount of \$350,000 on such note, of which amortization of debt discount of \$284,016 and \$65,984 has been recognized during the years ending December 31, 2024 and 2023, respectively.	\$ 2,500,000	\$ 2,500,000
CA Funding – Note payable with an original principal amount of \$4,097,990 dated March 1, 2022 with a maturity date of September 1, 2022 and an interest rate of 12% per annum. Such note was paid off with the MCS note as described below.	-	-
Star Capital Group – Note payable with an original principal amount of \$28,355 dated December 19, 2023 with a maturity date of January 1, 2025, interest rate of 15% per annum, secured by underlying equipment and monthly payments of principal and interest.	2,526	28,355
CCG Loan1 – Note payable with an original principal amount of \$389,469 dated July 12, 2022 with a maturity date of April 12, 2026, interest rate of 10.89% per annum, secured by underlying equipment and monthly payments of principal and interest.	145,365	241,159
CCG Loan2 – Note payable with an original principal amount of \$507,935 dated August 26, 2022 with a maturity date of May 26, 2026, interest rate of 11.18% per annum, secured by underlying equipment and monthly payments of principal and interest.	201,049	324,708
CCG Loan3 – Note payable with an original principal amount of \$428,446 dated October 13, 2023 with a maturity date of August 13, 2027, interest rate of 12.4% per annum, secured by underlying equipment and monthly payments of principal and interest.	302,507	392,211
John Deere Equipment – Note payable with an original principal amount of \$91,778 dated March 4, 2022 with a maturity date of March 4, 2026, no interest and monthly principal payments.	26,768	53,537
Garrington – Note payable with an original principal amount of \$2,601,704 dated November 16, 2022 with a maturity date of May 14, 2023, interest rate of 14% per annum. Such note was paid off with the Loeb note as described below.	-	-
Loeb – Note payable with an original principal amount of \$3,196,215 dated September 7, 2023 with a maturity date of September 7, 2026, interest rate of 15.5% per annum during 2023 and 14.5% per annum during 2024, secured by underlying equipment and monthly payments of principal and interest with \$1,796,979 due upon maturity. \$2,601,704 of the proceeds were used to pay off the Garrington note as described above.	2,778,763	3,196,215
MCS (related party) – Note payable with an original principal amount of \$4,960,517 dated January 31, 2023 with a maturity date of January 1, 2025, interest rate of 12.5% per annum, with the entire principal amount due upon maturity. \$4,097,990 of the proceeds were used to pay off the CA Funding note as described above, along with \$866,088 amounts that were due from related parties and accrued interest	4,960,517	4,960,517
Index Loan (related party) – Notes payable with an original principal amount of \$4,500,000 dated July 14, 2021 with a maturity date of April 8, 2023 and interest rate of 11.5% per annum. Principal balance due upon maturity and convertible into preferred units of the Company. During the year ended December 31, 2023, \$6,826,473 was converted into preferred units of the Company.	-	-
Index Loan2 (related party) – Note payable dated November 8, 2022 due on demand and interest rate of 11.5% per annum. Convertible into preferred units of the Company.	31,749	31,749
Microtec – Note payable with an original principal amount of \$10,510,000 dated July 5, 2023 with a maturity date of July 5, 2026, interest rate of 9% per annum, with the principal and accrued interest due upon maturity. Convertible into preferred units of the Company. During the year ended December 31, 2023, \$10,510,000 was converted into preferred units of the Company.	-	-
ZEI Seller Loan – Note payable with an original principal amount of \$750,000 dated March 21, 2022 with a maturity date of April 30, 2025 and interest rate of 7% per annum and entire principal balance due upon maturity.	500,000	750,000
Moorback 6600 STA – Note payable with an original principal amount of \$312,350 dated January 31, 2024 with a maturity date of February 28, 2029, interest rate of 12.89% per annum, secured by underlying equipment and monthly payments of principal and interest.	275,634	-
Blending Line STA – Note payable with an original principal amount of \$94,605 dated February 1, 2024 with a maturity date of March 5, 2029, interest rate of 12.89% per annum, secured by underlying equipment and monthly payments of principal and interest.	83,484	-
Dollinger Bridge – Note payable with an original principal amount of \$600,000 dated July 25, 2024 with a maturity date of October 23, 2024, interest rate of 14% per annum, with the entire principal amount due upon maturity. Subsequent to December 31, 2024, the note was extended to December 31, 2025.	600,000	-
911 Grapple Truck – Note payable with an original principal amount of \$305,985 dated September 1, 2024 with a maturity date of August 30, 2029, interest rate of 7.74% per annum, secured by underlying equipment and monthly payments of principal and interest.	293,326	-
Ford T350 – Note payable with an original principal amount of \$39,066 dated October 1, 2024 with a maturity date of September 30, 2029, interest rate of 9% per annum, secured by underlying equipment and monthly payments of principal and interest.	37,812	-
BMO Note payable – Note payable with an original principal amount of \$861,485 dated August 22, 2022 with a maturity date of September 30, 2028, interest rate of 6.35% per annum, secured by underlying equipment and monthly payments of principal and interest.	574,461	706,751
Huntington Note Payable – Note payable with an original amount of \$317,571 dated December 23, 2022 with a maturity date of December 31, 2028, interest rate of 7.29% per annum, secured by underlying equipment and monthly payments of principal and interest.	226,677	277,547
Xerox Copier Note Payable – Note payable with an original amount of \$10,423 dated July 1, 2020 with a maturity date of September 30, 2025, interest rate of 4% per annum, secured by underlying equipment and monthly payments of principal and interest	1,626	10,423
PNC Equipment Finance – Note payable with an original amount of \$158,429 dated December 27, 2022 with a maturity date of January 31, 2029, interest rate of 8% per annum, secured by underlying equipment and monthly payments of principal and interest.	115,779	138,842
SMFL Note Payable – Note payable with an original amount of \$357,260 dated December 27, 2022 with a maturity date of January 31, 2029, no interest, secured by underlying equipment and monthly payments of principal and interest.	233,211	283,340
Verdant – Note payable with an original amount of \$496,993 dated September 18, 2022 with a maturity date of October 16, 2027, interest rate of 6.67% per annum, secured by underlying equipment and monthly payments of principal and interest	255,282	380,156

MCA-CFG Merchant Solutions – Cash advance agreement dated October 4, 2024 with a maturity date of May 11, 2025 and weekly estimated payments of \$15,682. The Company recognized a discount of \$76,001 on such note, of which amortization of debt discount of \$284,016 has been recognized during the year ending December 31, 2024			565,000	-
Total			14,711,536	14,275,510
Less: debt discount			(114,000)	(284,015)
Total Debt			14,597,536	13,991,495
Less: current maturities, net			(10,487,052)	(9,131,832)
Long-term debt, net			\$ 4,110,484	\$ 4,859,663



**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

*For the Years Ended December 31, 2024 and 2023*

**4. Notes Payable & Notes Payable – Related Party (cont.)**

Scheduled maturities of the Company's notes payable is as follows for the years ending December 31,:

2025	\$ 10,601,052
2026	3,030,949
2027	556,890
2028	455,313
2029	67,332
	<u>\$ 14,711,536</u>

For the years ended December 31, 2024 and 2023, the Company recognized amortization of debt discount of \$360,013 and \$328,884, respectively. For the years ended December 31, 2024 and 2023, the Company recognized interest expense of \$1,753,414 and \$1,454,262, respectively.

**5. Leases**

The Company leases office space non-cancellable operating lease agreements. The leases have remaining lease terms ranging from approximately five year to six years. Such leases have been recognized as operating leases.

Supplemental balance sheet information related to leases is as follows:

<b>Balance Sheet Location</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>Operating Leases</b>		
Right-of-use assets	\$ 348,575	\$ 394,378
<b>Current liabilities</b>		
Lease liability, current maturities	50,536	36,878
<b>Non-current liabilities</b>		
Lease liability, net of current maturities	305,502	362,848
Total operating lease liabilities	<u>\$ 356,038</u>	<u>\$ 399,726</u>
<b>Weighted Average Remaining Lease Term</b>		
Operating leases	5.38 years	
<b>Weighted Average Discount Rate</b>		
Operating leases	8%	

The Company leases various equipment under non-cancellable operating lease agreements. The leases have remaining lease terms ranging from approximately one year to six years. Such leases have been recognized as operating leases.

Supplemental balance sheet information related to leases is as follows:

<b>Balance Sheet Location</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>Finance Leases</b>		
Right-of-use assets (included in property and equipment)	\$ 2,110,471	\$ 1,392,769
<b>Current liabilities</b>		
Lease liability, current maturities	202,886	209,540
<b>Non-current liabilities</b>		
Lease liability, net of current maturities	1,166,248	646,006
Total finance lease liabilities	<u>\$ 1,369,134</u>	<u>\$ 855,546</u>
<b>Weighted Average Remaining Lease Term</b>		
Finance leases	3.42 years	
<b>Weighted Average Discount Rate</b>		
Finance leases	8%	

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

*For the Years Ended December 31, 2024 and 2023*

**5. Leases (cont.)**

As the leases do not provide an implicit rate, the Company used an incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments, which is reflective of the specific term of the leases and economic environment of each geographic region.

Anticipated future lease costs, which are based in part on certain assumptions to approximate minimum annual rental commitments under non-cancellable leases, are as follows:

Year Ending December 31:	Operating
2025	\$ 410,539
2026	374,871
2027	374,240
2028	376,015
2029	372,469
Thereafter	361,188
Total lease payments	2,269,322
Less: Imputed interest	(544,150)
Present value of lease liabilities	<u>\$ 1,725,172</u>

**6. Member's Deficit**

As of December 31, 2024, 9,536,000 Class A Units, 6,485,962 Class A-1 Preferred Units, 10,510,000 Class A-2 Units and 1,325,000 Class A-3 Preferred Units were held by the members of the Company. Each preferred member shall be entitled to receive, subject to the Operating Agreement, annual non-liquidating cash distributions in an amount equal to 11.5% of such preferred member's aggregate original purchase price with respect to the preferred units. Such preferred return shall accrue and is payable in cash upon: (i) any merger or consolidation of the Company with any other entity in which the Company is not the surviving entity, (ii) the sale of substantially all the assets of the Company, (iii) a change in control, and (iv) any voluntary or involuntary liquidation, dissolution, or winding up of the Company. Under the Operating Agreement, the managers of the Company may make distributions of available cash to the members as follows: first, to the preferred members holding Class A-1 Preferred Units proportionately in accordance with their respective accrued but unpaid preferred return, then second, to the preferred members holding Class A-1 Preferred Units proportionately in accordance with their original purchase price, then third, to the preferred members holding Class A-2 and A-3 Preferred Units, proportionately, in accordance with their respective accrued but unpaid preferred return, then fourth, to the preferred members holding Class A-2 and A-3 Preferred Units in accordance with their original purchase price, then fifth, to the Class A members proportionally in accordance with their unpaid Class A return, and thereafter to the members proportionately in accordance with their percentage interests.

During the year ended December 31, 2023, \$5,547,473 and \$10,510,000 of notes payable, along with \$1,289,417 of accrued interest and \$1,279,000 of due to affiliates, were converted into 6,485,962 Class A-1, 1,325,000 Class A-3 and 10,510,000 Class A-2 preferred units of the Company. The amount of \$10,510,000 was not recorded due to the Company originally receiving a license from a related party as disclosed in Note 7, and essentially treated as a deemed distribution to the member of the Company. No gains or losses were recorded on such transactions as the conversions were done within the terms of the original agreements.

During the year ended December 31, 2024, one of the members contributed \$5,400 in additional equity and this was considered as part of the Class A Units already owned by the member.

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

*For the Years Ended December 31, 2024 and 2023*

**7. Related Party Transactions**

As of December 31, 2024 and 2023, the Company had \$2,502,241 and \$926,000 due to related parties. These amounts resulted from advances from members of the Company and are non-interest bearing and due on demand. As of December 31, 2023, the Company had \$293,772 due from a related party, which was non-interest bearing and due on demand.

During the year ended December 31, 2023, the Company issued a note payable in the amount of \$10,510,000 to an affiliate which was majority owned by members of the Company, for the right to a sublicense of milling technology. Additionally, during the year ended December 31, 2023, such amount was converted to equity. No value has been recorded for such sublicense, because it was transferred from a related party with no initial cost basis.

During the year ended December 31, 2023, \$424,917 of original amounts owed to related parties and accrued interest was paid off in connection with the issuance of the MCS note payable as described in Note 4.

As disclosed in Note 4, the Company has a note payable from a related party (MCS) in the amount of \$4,960,517 as of December 31, 2024 and 2023.

**8. Commitments and Contingencies**

At times the Company may be subject to certain claims and lawsuits arising in the normal course of business. The Company will assess liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that the Company will incur a loss and the amount of the loss can be reasonably estimated, the Company will record a liability in our consolidated financial statements. These legal accruals may be increased or decreased to reflect any relevant developments on a quarterly basis. Where a loss is not probable or the amount of the loss is not estimable, the Company will not record an accrual, consistent with applicable accounting guidance. The Company is not currently involved in any legal proceedings.

**9. Segment Reporting**

The Company's Chief Operating Decision Maker ("CODM") as defined under GAAP, who is the Company's Manager, has determined that the Company is currently organized its operations into two segments: Resource and ZEI. These segments reflect the way our executive team evaluates the Company's business performance and manages its operations. The CODM used the below financial information to assess financial performance and allocate resources. Information for the Company's segments, is provided in the following table:

	<u>Resource</u>	<u>ZEI</u>	<u>Consolidated</u>
<b>Year Ended December 31, 2024</b>			
Revenue	\$ 4,186,347	\$ 13,968,597	\$ 18,154,944
Cost of revenue			
Purchases	475,225	481	475,706
Outside labor and payroll	602,014	8,129,495	8,731,509
Fuel	736,479	506,590	1,243,069
Other cost of revenue	392,030	1,682,683	2,074,713
Total cost of revenue	<u>2,205,748</u>	<u>10,319,249</u>	<u>12,524,997</u>
General and administrative expenses:			
Payroll and related expenses	1,532,976	1,460,261	2,993,237
Professional fees and consulting	1,168,302	-	1,168,302
Other operating expenses	2,792,261	992,099	3,784,360
Total general and administrative expenses	<u>5,493,539</u>	<u>2,452,360</u>	<u>7,945,899</u>
Operating (loss) income	<u>(3,512,940)</u>	<u>1,196,988</u>	<u>(2,315,952)</u>
Interest expense	(1,641,366)	(518,949)	(2,160,315)
Net (loss) income	<u>\$ (5,154,306)</u>	<u>\$ 678,039</u>	<u>\$ (4,476,267)</u>
Total assets	<u>\$ 5,247,587</u>	<u>\$ 4,103,495</u>	<u>\$ 9,351,082</u>

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

*For the Years Ended December 31, 2024 and 2023*

**9. Segment Reporting (cont.)**

	<u>Resource</u>	<u>ZEI</u>	<u>Consolidated</u>
<b>Year Ended December 31, 2023</b>			
Revenue	\$ 2,943,748	\$ 13,474,284	\$ 16,418,032
Cost of revenue			
Purchases	792,911	996	793,907
Outside labor and payroll	707,877	8,473,394	9,181,271
Fuel	773,064	512,490	1,285,554
Other cost of revenue	279,569	1,567,337	1,846,906
Total cost of revenue	<u>2,553,421</u>	<u>10,554,217</u>	<u>13,107,638</u>
General and administrative expenses:			
Payroll and related expenses	1,302,758	1,372,301	2,675,059
Professional fees and consulting	1,671,693	-	1,671,693
Other operating expenses	1,577,540	798,072	2,375,612
Total general and administrative expenses	<u>4,551,991</u>	<u>2,170,373</u>	<u>6,722,364</u>
Operating (loss) income	<u>(4,161,664)</u>	<u>749,694</u>	<u>(3,411,970)</u>
Interest expense	<u>(1,340,826)</u>	<u>(199,199)</u>	<u>(1,540,025)</u>
Net (loss) income	<u>\$ (5,502,490)</u>	<u>\$ 550,495</u>	<u>\$ (4,951,995)</u>
Total assets	<u>\$ 4,085,524</u>	<u>\$ 5,926,989</u>	<u>\$ 10,012,513</u>

**10. Subsequent Events**

In February 2025, the Company entered into a Membership Interest Purchase Agreement (the “Membership Interest Purchase Agreement”) with Safe and Green Development Corporation (“SG DevCorp”) and the Company’s members (“Equityholders”) whereas SG DevCorp will acquire 100% of the membership interests of the Company.

On June 2, 2025, the Company and SG DevCorp entered into an Amendment (the “Amendment”) to the Membership Interest Purchase Agreement, dated February 25, 2025, (the “Purchase Agreement”). The Amendment alters the consideration to be paid by SG DevCorp to the Equityholders in connection with the purchase of 100% of the membership interests of the Company. Pursuant to the Amendment, the purchase price for the membership interests of the Company was amended to be comprised of (i) \$480,000 in principal amount of unsecured 6% promissory notes due on the first anniversary of the closing, (ii) the issuance of shares of the Company’s restricted common stock (the “Closing Shares”) equal to 19.99% of SG DevCorp’s outstanding shares of common stock on the date the Purchase Agreement was executed; and (iii) 1,500,000 shares of a newly designated series of non-voting Series A Convertible Preferred Stock (the “Series A Preferred Stock”) (which, subject to the approval of SG DevCorp’s stockholders and The Nasdaq Stock Market (“Nasdaq”) not objecting to the conversion and SG DevCorp continuing to meet and being eligible to meet the Nasdaq continued listing requirements after conversion), would be convertible into 9,000,000 restricted shares of SG DevCorp’s common stock). The Amendment also provides that, subject to shareholder approval, SG DevCorp will issue an aggregate of 41,182 additional shares of SG DevCorp’s common stock to the Equityholders upon the approval of such issuance by SG DevCorp’s stockholders and provided that the Company continues to meet and is eligible to meet the Nasdaq continued listing requirements.

## SAFE AND GREEN DEVELOPMENT CORPORATION AND SUBSIDIARIES

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## Description of the Business Combination

On February 25, 2025, Safe and Green Development Corporation (the “Company” or “SGD”) entered into a definitive Membership Interest Purchase Agreement (the “Purchase Agreement”) with Resource Group US Holdings LLC (“Resource Group”), a Florida limited liability company, and its equityholders. On June 2, 2025, pursuant to an amendment to the Purchase Agreement (the “Amendment”), the Company consummated the acquisition of all of the issued and outstanding membership interests of Resource Group, with Resource Group continuing as the surviving company and becoming a wholly owned subsidiary of the Company (the “Acquisition”).

On June 2, 2025, Safe and Green Development Corporation (the “Company”) entered into an Amendment (the “Amendment”) to Membership Interest Purchase Agreement, dated February 25, 2025, (the “Purchase Agreement”) with Resource Group US Holdings LLC, a Florida limited liability company (“Resource Group”), and the members of Resource Group (the “Equityholders”). The Amendment alters the consideration to be paid by the Company to the Equityholders in connection with the purchase of 100% of the membership interests of Resource Group. Pursuant to the Amendment, the purchase price for the membership interests of Resource Group was amended to be comprised of (i) \$480,000 in principal amount of unsecured 6% promissory notes due on the first anniversary of the closing, (ii) the issuance of shares of the Company’s restricted common stock (the “Closing Shares”) equal to 19.99% of the Company’s outstanding shares of common stock on the date the Purchase Agreement was executed; and (iii) 1,500,000 shares of a newly designated series of non-voting Series A Convertible Preferred Stock (the “Series A Preferred Stock”) (which, subject to the approval of the Company’s stockholders and The Nasdaq Stock Market (“Nasdaq”) not objecting to the conversion and the Company continuing to meet and being eligible to meet the Nasdaq continued listing requirements after conversion), would be convertible into 9,000,000 restricted shares of the Company’s common stock). The Amendment also provides that, subject to shareholder approval, the Company will issue an aggregate of 41,182 additional shares of Company common stock to the Equityholders upon the approval of such issuance by the Company’s stockholders at the Company’s stockholders’ meeting and provided that the Company continues to meet and is eligible to meet the Nasdaq continued listing requirements.

Safe and Green Development Corporation is considered to be the accounting acquirer, as further discussed in “Note 1 — Basis of Presentation” of this unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial statements are presented for informational purposes only, in accordance with Article 11 of Regulation S-X and are not intended to represent or to be indicative of the income or financial position that the Company would have reported had the Merger been completed as of the dates set forth in the unaudited pro forma condensed combined financial statements due to various factors. The unaudited pro forma condensed combined statement of financial position does not purport to represent the future financial position of the Company and the unaudited pro forma condensed combined statements of operations do not purport to represent the future results of operations of the Company.

The unaudited pro forma condensed balance sheet and statement of operations for the three months ended March 31, 2025 and 2024 combines the historical condensed statement of operations of the Company the year ended December 31, 2023 and the historical balance sheet and statement of operations of Resource Group US, LLC for the same periods on a pro forma basis as if the Merger had been consummated on January 1, 2023. The unaudited pro forma condensed balance sheet and statement of operations for the year ended December 31, 2024 combines the historical condensed statement of operations of the Company the year ended December 31, 2024 and the historical balance sheet and statement of operations of Resource Group US, LLC for the same periods on a pro forma basis as if the Merger had been consummated on January 1, 2024. The unaudited pro forma condensed balance sheet and statement of operations for the year ended December 31, 2023 combines the historical condensed statement of operations of the Company the year ended December 31, 2023 and the historical balance sheet and statement of operations of Resource Group US, LLC for the same periods on a pro forma basis as if the Merger had been consummated on January 1, 2023.

The unaudited pro forma condensed combined financial information does not give effect to any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Merger.

The unaudited pro forma condensed combined financial information is presented to illustrate the estimated effects of the Merger, and should be read in conjunction with the following:

- The audited financial statements of the Company included in its annual report, on Form 10-K, for the year ended December 31, 2023, filed with the Commission on March 31, 2024.
- The audited financial statements of the Company included in its annual report, on Form 10-K, for the year ended December 31, 2024, filed with the Commission on March 31, 2025.
- The unaudited financial statements of the Company included in its quarterly report, on Form 10-Q, for the three months ended March 31, 2025, filed with the Commission on May 15, 2025.
- The unaudited financial statements of the Company included in its quarterly report, on Form 10-Q, for the three months ended March 31, 2025, filed with the Commission on May 15, 2024.
- The audited financial statements of Resource Group US, LLC as of for the year ended December 31, 2024 and December 31, 2023 included in this Form 8-K/A.
- The unaudited financial statements of Resource Group US, LLC as of for the three months ended March 31, 2025 and March 31, 2024 included in this Form 8-K/A.
- The sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Company’s annual report, on Form 10-K, for the year ended December 31, 2024, and for the year ended December 31, 2023 with the Commission on March 31, 2025, March 31, 2024.

**SAFE AND GREEN DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**ProForma Balance Sheets as of March 31, 2025 (Unaudited)**

	<i><b>Safe and Green Development Corporation</b></i>	<i><b>Resource Group US, LLC</b></i>	<i><b>Adjustments</b></i>	<i><b>Combined March 31, 2025</b></i>
<b>Assets</b>				
Current assets:				
Cash	\$ 17,540	\$ 361,139	\$ -	\$ 378,679
Accounts receivable, net	-	1,402,611	-	1,402,611
Inventory	-	923,928	-	923,928
Prepaid expenses and other current assets	248,811	47,863	-	296,674
Notes receivable	5,460,672	-	-	5,460,672
Current Assets	5,727,023	2,735,541	-	8,462,564
Assets held for sale	4,400,361	-	-	4,400,361
Land	1,058,680	-	-	1,058,680
Property and equipment, net	5,680	5,861,455	-	5,867,135
Project development costs and other non-current assets	96,239	-	-	96,239
Equity-based investments	795,596	-	-	795,596
Intangible assets, net	1,022,197	-	-	1,022,197
Right-of-use assets	-	331,192	-	331,192
Goodwill	-	-	22,699,970 <sup>1</sup>	22,699,970
<b>Total Assets</b>	<b>\$ 13,105,776</b>	<b>\$ 8,928,188</b>	<b>\$ 22,699,970</b>	<b>\$ 44,733,934</b>
<b>Liabilities and Stockholder's Equity (Deficit)</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,824,031	\$ 3,228,809	\$ -	\$ 5,052,840
Due to affiliates	-	2,575,720	-	2,575,720
Notes payable, current	8,690,048	5,857,990	-	14,548,038
Notes payable – related party, current	-	4,992,266	480,000 <sup>2</sup>	5,472,266
Deferred gain on sale	1,475,000	-	-	1,475,000
Operating lease liabilities, current	-	53,887	-	53,887
Finance lease liabilities, current	-	187,158	-	187,158
Total Current Liabilities	11,989,079	16,895,830	480,000	29,364,909
Notes payable, net of current portion	815,569	3,738,278	-	4,553,847
Operating lease liabilities, net of current portion	-	297,519	-	297,519
Finance lease liabilities, net of current portion	-	1,124,349	-	1,124,349
Total Liabilities	12,804,648	22,055,976	480,000	35,340,624
<b>Stockholder's Equity (Deficit):</b>				
Common stock	2,255	-	377 <sup>3</sup>	2,632
Preferred stock	-	-	1,500 <sup>4</sup>	1,500
Additional paid-in capital	18,352,993	-	9,090,305 <sup>5</sup>	27,443,298
Accumulated deficiency	(18,219,015)	-	-	(18,219,015)
Members deficit	-	(13,127,788)	13,127,788 <sup>6</sup>	-
Noncontrolling	164,895	-	-	164,895
Total Stockholder's Equity (Deficit)	301,128	(13,127,788)	22,219,970	9,393,310
<b>Total Liabilities and Stockholder's Equity (Deficit)</b>	<b>\$ 13,105,776</b>	<b>\$ 8,928,188</b>	<b>\$ 22,699,970</b>	<b>\$ 44,733,934</b>

**SAFE AND GREEN DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**ProForma Balance Sheets as of December 31, 2024 (Unaudited)**

	<i><b>Safe and Green Development Corporation</b></i>	<i><b>Resource Group US, LLC</b></i>	<i><b>Adjustments</b></i>	<i><b>Combined December 31, 2024</b></i>
<b>Assets</b>				
Current assets:				
Cash	\$ 296,202	\$ 403,043	\$ -	\$ 699,245
Accounts receivable, net	-	1,490,995	-	1,490,995
Inventory	-	738,297	-	738,297
Prepaid expenses and other current assets	547,296	59,560	-	606,856
Notes receivable	960,672	-	-	960,672
Current Assets	<u>1,804,170</u>	<u>2,691,895</u>	<u>-</u>	<u>4,496,065</u>
Assets held for sale	4,400,361	-	-	4,400,361
Land	1,225,347	-	-	1,225,347
Property and equipment, net	546,756	6,296,723	-	6,843,479
Project development costs and other non-current assets	96,239	-	-	96,329
Equity-based investments	3,642,607	-	-	3,642,607
Intangible assets, net	1,038,312	13,889	-	1,052,201
Right-of-use assets	-	348,575	-	348,575
Goodwill	-	-	21,958,557 <sup>1</sup>	21,958,557
<b>Total Assets</b>	<u><u>12,753,792</u></u>	<u><u>\$ 9,351,082</u></u>	<u><u>\$ 21,958,557</u></u>	<u><u>\$ 44,063,431</u></u>
<b>Liabilities and Stockholder's Equity (Deficit)</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,301,276	\$ 2,912,508	\$ -	\$ 4,213,784
Due to affiliates	399,660	2,502,241	-	2,901,901
Notes payable, current	8,699,721	5,494,786	-	14,194,507
Notes payable – related party, current	-	4,992,266	480,000 <sup>2</sup>	5,472,266
Operating lease liabilities, current	-	50,536	-	50,536
Finance lease liabilities, current	-	202,886	-	202,886
Total Current Liabilities	<u>10,400,657</u>	<u>16,155,223</u>	<u>480,000</u>	<u>27,035,880</u>
Notes payable, net of current portion	1,499,957	4,110,484	-	5,610,441
Operating lease liabilities, net of current portion	-	305,502	-	305,502
Finance lease liabilities, net of current portion	-	1,166,248	-	1,166,248
Total Liabilities	<u>11,900,614</u>	<u>21,737,457</u>	<u>480,000</u>	<u>34,118,071</u>
<b>Stockholder's Equity (Deficit):</b>				
Common stock	1,487	-	377 <sup>3</sup>	1,864
Preferred stock	-	-	1,500 <sup>4</sup>	1,500
Additional paid-in capital	16,659,151	-	9,090,305 <sup>5</sup>	25,749,456
Accumulated deficiency	(16,039,022)	-	-	(16,039,022)
Members deficit	-	(12,386,375)	12,386,375 <sup>6</sup>	-
Noncontrolling	231,562	-	-	231,562
Total Stockholder's Equity (Deficit)	<u>853,178</u>	<u>(12,386,375)</u>	<u>21,478,557</u>	<u>9,945,360</u>
<b>Total Liabilities and Stockholder's Equity (Deficit)</b>	<u><u>\$ 12,753,792</u></u>	<u><u>\$ 9,351,082</u></u>	<u><u>\$ 21,958,557</u></u>	<u><u>\$ 44,063,431</u></u>



**SAFE AND GREEN DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**ProForma Balance Sheets December 31, 2023 (Unaudited)**

	<i>Safe and Green Development Corporation</i>	<i>Resource Group US, LLC</i>	<i>Adjustments</i>	<i>Combined December 31, 2023</i>
<b>Assets</b>				
Current assets:				
Cash	\$ 3,236	\$ 765,277	\$ -	\$ 768,513
Accounts receivable, net	-	1,539,330	-	1,539,330
Inventory	-	282,509	-	282,509
Prepaid expenses and other current assets	231,989	330,635	-	562,624
Notes receivable	-	-	-	-
Current Assets	<u>235,225</u>	<u>2,917,751</u>	<u>-</u>	<u>3,152,976</u>
Assets held for sale	4,400,361	-	-	4,400,361
Land	1,190,655	-	-	1,190,655
Property and equipment, net	3,569	6,364,945	-	6,368,514
Project development costs and other non-current assets	65,339	-	-	65,339
Equity-based investments	3,642,607	-	-	3,642,607
Intangible assets, net	22,210	41,667	-	63,877
Due from affiliates	-	293,772	-	293,772
Right-of-use assets	-	394,378	-	394,378
Goodwill	-	-	17,487,690 <sup>7</sup>	17,487,690
<b>Total Assets</b>	<u>9,559,966</u>	<u>\$ 10,012,513</u>	<u>\$ 17,487,690</u>	<u>\$ 37,060,169</u>
<b>Liabilities and Stockholder's Equity (Deficit)</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 601,292	\$ 1,755,254	\$ -	\$ 2,356,546
Due to affiliates	260,000	926,000	-	1,186,000
Notes payable, current	6,810,897	4,139,566	-	10,950,463
Notes payable – related party, current	-	4,992,266	480,000 <sup>2</sup>	5,472,266
Operating lease liabilities, current	-	36,878	-	36,878
Finance lease liabilities, current	-	209,540	-	209,540
Total Current Liabilities	<u>7,672,189</u>	<u>12,059,504</u>	<u>480,000</u>	<u>20,211,693</u>
Notes payable, net of current portion	-	4,859,663	-	4,859,663
Operating lease liabilities, net of current portion	-	362,848	-	362,848
Finance lease liabilities, net of current portion	-	646,006	-	646,006
Total Liabilities	<u>7,672,189</u>	<u>17,928,021</u>	<u>480,000</u>	<u>26,080,210</u>
Stockholder's Equity (Deficit)				
Common stock	510	-	377 <sup>3</sup>	887
Preferred stock	-	-	1,500 <sup>4</sup>	1,500
Additional paid-in capital	9,017,814	-	9,090,305 <sup>5</sup>	18,108,119
Accumulated deficiency	(7,130,547)	-	-	(7,130,547)
Members deficit	-	(7,915,508)	7,915,508 <sup>8</sup>	-
Noncontrolling	-	-	-	-
Total Stockholder's Equity (Deficit)	<u>1,887,777</u>	<u>(7,915,508)</u>	<u>17,007,690</u>	<u>10,979,959</u>
<b>Total Liabilities and Stockholder's Equity (Deficit)</b>	<u>\$ 9,559,966</u>	<u>\$ 10,012,513</u>	<u>\$ 17,487,690</u>	<u>\$ 37,060,169</u>

**SAFE AND GREEN DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**ProForma Statements of Operations For the Three Months Ended March 31, 2025 (Unaudited)**

	Safe and Green Development Corporation	Resource Group US, LLC	Adjustments	Combined March 31, 2025
<b>Revenue:</b>	\$ 18,170	\$ 5,278,563	\$ -	\$ 5,296,733
<b>Costs of revenue</b>	<u>11,800</u>	<u>3,225,633</u>	<u>-</u>	<u>3,237,433</u>
<b>Gross profit</b>	<u>6,370</u>	<u>2,052,930</u>	<u>-</u>	<u>2,059,300</u>
<b>General and administrative expenses</b>	1,270,232	2,135,408	-	3,405,640
<b>Operating loss</b>	(1,263,862)	(82,478)	-	(1,346,340)
<b>Other expense:</b>				
Interest expense	(954,648)	(756,697)	-	(1,711,345)
Interest income	23,688	-	-	23,688
Gain on settlement of debt		97,498	-	97,498
Other income	<u>14,829</u>	<u>-</u>	<u>-</u>	<u>14,829</u>
<b>Net loss</b>	<u>\$ (2,179,993)</u>	<u>\$ (741,677)</u>	<u>\$ -</u>	<u>\$ (2,921,670)</u>

**SAFE AND GREEN DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**ProForma Statements of Operations For the Three Months Ended March 31, 2024 (Unaudited)**

	Safe and Green Development Corporation	Resource Group US, LLC	Adjustments	Combined March 31, 2024
<b>Revenue:</b>	\$ 49,816	\$ 4,091,988	\$ -	\$ 4,141,804
<b>Costs of revenue</b>	-	3,354,307	-	3,354,307
<b>Gross profit</b>	49,816	737,681	-	787,497
<b>General and administrative expenses</b>	2,551,491	1,919,506	-	4,470,997
<b>Operating loss</b>	(2,501,675)	(1,181,825)	-	(3,683,500)
<b>Other expense:</b>				
Interest expense	(565,996)	(470,726)	-	(1,036,722)
<b>Net loss</b>	\$ (3,067,671)	\$ (1,652,551)	\$ -	\$ (4,720,222)

**SAFE AND GREEN DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**ProForma Statements of Operations For the Year Ended December 31, 2024 (Unaudited)**

	<b>Safe and Green Development Corporation</b>	<b>Resource Group US, LLC</b>	<b>Adjustments</b>	<b>Combined December 31, 2024</b>
<b>Revenue:</b>	\$ 207,552	\$ 18,154,944	\$ -	\$ 18,362,496
<b>Costs of revenue</b>	<u>182,656</u>	<u>12,524,997</u>	-	<u>12,707,653</u>
<b>Gross profit</b>	<u>24,896</u>	<u>5,629,947</u>	-	<u>5,654,843</u>
<b>General and administrative expenses</b>	6,583,802	7,945,899	-	14,529,701
<b>Operating loss</b>	(6,558,906)	(2,315,952)	-	(8,874,858)
<b>Other expense:</b>				
Interest expense	(3,474,344)	(2,160,315)	-	(5,634,659)
Gain on sale	1,067,540	-	-	1,067,540
Interest income	12,107	-	-	12,107
Other income	<u>45,128</u>	<u>-</u>	<u>-</u>	<u>45,128</u>
<b>Net loss</b>	<u>\$ (8,908,475)</u>	<u>\$ (4,476,267)</u>	<u>\$ -</u>	<u>\$ (13,384,742)</u>

**SAFE AND GREEN DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**ProForma Statements of Operations For the Year Ended December 31, 2023 (Unaudited)**

	<b>Safe and Green Development Corporation</b>	<b>Resource Group US, LLC</b>	<b>Adjustments</b>	<b>Combined December 31, 2023</b>
<b>Revenue:</b>	\$ -	\$ 16,418,032	\$ -	\$ 16,418,032
<b>Costs of revenue</b>	<u>-</u>	<u>13,107,638</u>	<u>-</u>	<u>13,107,638</u>
<b>Gross profit</b>	<u>-</u>	<u>3,310,394</u>	<u>-</u>	<u>3,310,394</u>
<b>General and administrative expenses</b>	3,023,448	6,722,364	-	9,745,812
<b>Operating loss</b>	(3,023,448)	(3,411,970)	-	(6,435,418)
<b>Other expense:</b>				
Interest expense	(1,178,311)	(1,540,025)	-	(2,718,336)
Gain on sale	-	-	-	-
Interest income	-	-	-	-
Other income	<u>1,218</u>	<u>-</u>	<u>-</u>	<u>1,218</u>
<b>Net loss</b>	<u>\$ (4,200,541)</u>	<u>\$ (4,951,995)</u>	<u>\$ -</u>	<u>\$ (9,152,536)</u>

## NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

### Note 1. Basis of Presentation

In accordance with ASC 805 - Business Combination, the Company will be considered as the acquirer for financial reporting purposes. Accordingly, for accounting purposes, the Company will record the assets and, identifiable intangibles acquired and liabilities assumed in the Merger at their fair values at the date of acquisition. Any remaining purchase price not allocated to these items will be recorded as goodwill.

The unaudited pro forma condensed combined balance sheet and statement of operations as of March 31, 2025 combines the historical unaudited condensed balance sheet and statement of operations of the Company as of March 31, 2025 and the historical unaudited balance sheet and statement of operations of Resource Group US, LLC as of March 31, 2025 on a pro forma basis as if the Merger had been consummated on March 31, 2025. The unaudited pro forma condensed balance sheet and statement of operations for the year ended December 31, 2024 combines the historical condensed statement of operations of the Company the year ended December 31, 2024 and the historical balance sheet and statement of operations of Resource Group US, LLC for the same periods on a pro forma basis as if the Merger had been consummated on January 1, 2024. The unaudited pro forma condensed balance sheet and statement of operations for the year ended December 31, 2023 combines the historical condensed statement of operations of the Company the year ended December 31, 2023 and the historical balance sheet and statement of operations of Resource Group US, LLC for the same periods on a pro forma basis as if the Merger had been consummated on January 1, 2023.

The pro forma adjustments reflecting the consummation of the Merger and related transactions are based on certain currently available information and certain assumptions and methodologies that the Company believes are reasonable under the circumstances. The unaudited condensed pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments, and it is possible the differences may be material. The Company believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Merger and related transactions based on information available to management at the time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information does not give effect to any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Merger. The unaudited pro forma condensed combined financial information is not necessarily indicative of what the actual results of operations and financial position would have been had the Merger and related transactions taken place on the dates indicated, nor are they indicative of the future consolidated results of operations or financial position of the Company. They should be read in conjunction with the historical financial statements and notes thereto of the Company and Medix.

## **Note 2. Accounting Policies**

In connection with the consummation of the Merger, management is performing a comprehensive review of the two entities' accounting policies. As a result of the review, management may identify differences between the accounting policies of the two entities which, when conformed, could have a material impact on the financial statements of the Company. Based on its initial analysis, management did not identify any differences that would have a material impact on the unaudited pro forma condensed combined financial information. As a result, the unaudited pro forma condensed combined financial information does not assume any differences in accounting policies.

## **Note 3. Adjustments to Unaudited Pro Forma Condensed Combined Financial Statements**

The adjustments included in the unaudited pro forma condensed combined balance sheet as of March 31, 2025 and December 31, 2024 and 2023 are as follows:

1. Reflects the preliminary purchase price allocation and elimination of the historical member's deficit for the year ended December 2024;
2. Represents the \$480,000 of unsecured 6% promissory notes issued to the Equityholder's of Resource Group US, LLC in connection with the Membership Interest Purchase Agreement;
3. Reflects the issuance of 376,818 shares of the Company's common stock in connection with the Membership Interest Purchase Agreement;
4. Reflects the issuance of 1,500,000 shares of Series A Preferred Stock (which, subject to the approval of the Company's stockholders, would be convertible into 9,000,000 restricted shares of the Company's common stock);
5. Represents the issuance of: (i) 376,818 shares of the Company's common stock in connection with the Membership Interest Purchase Agreement valued at the closing price of the Company's common stock on June 2<sup>nd</sup>, 2025 of \$1.20 (ii) the issuance of 1,500,000 shares of Series A Preferred Stock converted into 9,000,000 shares of the Company's restricted common stock valued at a 20% discount to the closing price of the Company's common stock on June 2<sup>nd</sup>, 2025 of \$1.20
6. Reflects the elimination of historical member's deficit for the year ended December 31 2024.
7. Reflects the preliminary purchase price allocation and elimination of the historical member's deficit for the year ended December 31, 2023;
8. Reflects the elimination of historical member's deficit for the year ended December 31 2023.

## RESOURCE GROUP US HOLDINGS LLC AND SUBSIDIARIES

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**RESOURCE GROUP US HOLDINGS LLC AND SUBSIDIARIES**  
**Consolidated Balance Sheets (unaudited)**

	<i><b>March 31, 2025</b></i>	<i><b>December 31, 2024</b></i>
<b>Assets</b>		
Current assets:		
Cash	\$ 361,139	\$ 403,043
Accounts receivable, net	1,402,611	1,490,995
Inventory	923,928	738,297
Prepaid expenses and other current assets	47,863	59,560
Current Assets	<u>2,735,541</u>	<u>2,691,895</u>
Property and equipment, net	5,861,455	6,296,723
Intangible assets, net	-	13,889
Right-of-use assets	<u>331,192</u>	<u>348,575</u>
<b>Total Assets</b>	<u><u>\$ 8,928,188</u></u>	<u><u>\$ 9,351,082</u></u>
<b>Liabilities and Member's Deficit</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,228,809	\$ 2,912,508
Due to affiliates	2,575,720	2,502,241
Notes payable, current	5,857,990	5,494,786
Notes payable – related party, current	4,992,266	4,992,266
Operating lease liabilities, current	53,887	50,536
Finance lease liabilities, current	187,158	202,886
Total Current Liabilities	<u>16,895,830</u>	<u>16,155,223</u>
Notes payable, net of current portion	3,728,278	4,110,484
Operating lease liabilities, net of current portion	297,519	305,502
Finance lease liabilities, net of current portion	<u>1,124,349</u>	<u>1,166,248</u>
Total Liabilities	<u>22,055,976</u>	<u>21,737,457</u>
<b>Member's Deficit:</b>		
Common Class A Units (9,536,000 units authorized, issued and outstanding as of March 31, 2025 and December 31, 2024)	342,996	342,732
Common Class B Units (475,000 units authorized, issued and outstanding as of March 31, 2025 and 0 units issued and outstanding as of December 31, 2024)	-	-
Preferred Class A-1 Units (6,485,962 units authorized, issued and outstanding as of March 31, 2025 and December 31, 2024)	6,485,962	6,485,962
Preferred Class A-2 Units (10,510,000 authorized, 0 issued and outstanding as of March 31, 2025 and 10,510,000 issued and outstanding as of December 31, 2024)	-	10,510,000
Preferred Class A-3 Units (1,325,000 units authorized, issued and outstanding as of March 31, 2025 and December 31, 2024)	1,629,928	1,629,928
Accumulated Deficit	<u>(21,586,674)</u>	<u>(31,354,997)</u>
Total Member's Deficit:	<u>(13,127,788)</u>	<u>(12,386,375)</u>
<b>Total Liabilities and Member's Deficit</b>	<u><u>\$ 8,928,188</u></u>	<u><u>\$ 9,351,082</u></u>

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

**RESOURCE GROUP US HOLDINGS LLC AND SUBSIDIARIES**  
**Consolidated Statements of Operations (unaudited)**

	<i>For the Three Months Ended March 31,</i>	
	<b>2025</b>	<b>2024</b>
<b>Revenue:</b>	\$ 5,278,563	\$ 4,091,988
<b>Costs of revenue</b>	<u>3,225,633</u>	<u>3,354,307</u>
<b>Gross profit</b>	<u>2,052,930</u>	<u>737,681</u>
<b>General and administrative expenses</b>	2,135,408	1,919,506
<b>Operating income (loss)</b>	(82,478)	(1,181,825)
<b>Other income (expense):</b>		
Interest expense	(756,697)	(470,726)
Gain on settlement of debt	<u>97,498</u>	<u></u>
<b>Net loss</b>	<u>\$ (741,677)</u>	<u>\$ (1,652,551)</u>

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

**RESOURCE GROUP US HOLDINGS LLC AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Members' Deficit (unaudited)**  
*For the Period Ended*  
**March 31, 2025 and March 31, 2024**

	<i>Common Class A Units (9,536,000 shares outstanding)</i>	<i>Preferred Class A-1 Units (6,485,962 shares outstanding)</i>	<i>Preferred Class A-2 Units (10,510,000 shares outstanding)</i>	<i>Preferred Class A-3 Units (1,325,000 shares outstanding)</i>	<i>Accumulated Deficit</i>	<i>Total</i>
<b>Balance at January 1, 2024</b>	<u>\$ 337,332</u>	<u>\$ 6,485,962</u>	<u>\$ 10,510,000</u>	<u>\$ 1,629,928</u>	<u>\$ (26,878,730)</u>	<u>\$ (7,915,508)</u>
<b>Member contributions</b>	5,400					5,400
<b>Net loss</b>	-	-	-	-	(1,652,551)	(1,652,551)
<b>Balance at March 31, 2024</b>	<u>\$ 342,732</u>	<u>\$ 6,485,962</u>	<u>\$ 10,510,000</u>	<u>\$ 1,629,928</u>	<u>\$ (28,531,281)</u>	<u>\$ (9,562,659)</u>

	<i>Common Class A Units (9,536,000 shares outstanding)</i>	<i>Common Class B Units (475,000 shares outstanding)</i>	<i>Preferred Class A-1 Units (6,485,962 shares outstanding)</i>	<i>Preferred Class A-2 Units (10,510,000 shares outstanding)</i>	<i>Preferred Class A-3 Units (1,325,000 shares outstanding)</i>	<i>Accumulated Deficit</i>	<i>Total</i>
<b>Balance at January 1, 2025</b>	<u>\$ 342,732</u>	<u>\$ -</u>	<u>\$ 6,485,962</u>	<u>\$ 10,510,000</u>	<u>\$ 1,629,928</u>	<u>\$ (31,354,997)</u>	<u>\$ (12,386,375)</u>
<b>Member contributions</b>	264	-	-	-	-	-	264
<b>Conversion Units Relinquished</b>	-	-	-	(10,510,000)		10,510,000	-
<b>Net loss</b>	-	-	-	-	-	(741,677)	(741,677)
<b>Balance at March 31, 2025</b>	<u>\$ 342,996</u>	<u>\$ -</u>	<u>\$ 6,485,962</u>	<u>\$ -</u>	<u>\$ 1,629,928</u>	<u>\$ (21,586,674)</u>	<u>\$ (13,127,788)</u>

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

**RESOURCE GROUP US HOLDINGS LLC AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows (unaudited)**

	<i>For the Three Months Ended March 31, 2025</i>	<i>For the Three Months Ended March 31, 2024</i>
	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (741,677)	\$ (1,652,551)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	439,333	377,221
Amortization of debt discount	260,345	138,183
Amortization of right-of-use asset	17,383	12,228
Amortization of intangible assets	13,889	8,334
Bad debt expense	-	5,343
Gain on settlement of debt	(97,498)	-
Changes in operating assets and liabilities:		
Accounts receivable	88,384	42,703
Inventory	(185,631)	-
Prepaid assets and other current assets	11,697	264,229
Accounts payable and accrued expenses	316,301	585,568
Operating lease liabilities	(4,632)	(3,422)
Net cash provided by (used in) operating activities	<u>117,894</u>	<u>(222,164)</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(4,065)	(131,716)
Net cash used in investing activities	<u>(4,065)</u>	<u>(131,716)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from notes payable	1,296,500	-
Principal payments on notes payable	(1,128,810)	-
Payments on finance leases	(57,627)	(36,019)
Payments on equipment leases	(339,539)	(304,005)
Net borrowings from affiliates	73,479	340,267
Member contributions	264	5,400
Net cash provided by financing activities	<u>(155,733)</u>	<u>5,643</u>
<b>Net change in cash</b>	<u>(41,904)</u>	<u>(348,237)</u>
<b>Cash – beginning of year</b>	<u>403,043</u>	<u>765,277</u>
<b>Cash – end of year</b>	<u>\$ 361,139</u>	<u>\$ 417,040</u>
<b>Cash paid for:</b>		
Interest	\$ 267,278	\$ 176,141
<b>Supplemental disclosure of non-cash activities:</b>		
Borrowing on equipment leases	\$ -	\$ 406,956
Preferred stock relinquishment	\$ 10,510,000	\$ -

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

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements (Unaudited)**

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

**1. Description of Business**

Resource Group US Holdings LLC (the “Company”) is a limited liability company formed in Florida. The Company holds a 100% ownership interest in Resource Group US LLC (“Resource”), Zimmer Equipment Inc. (“ZEI”) and ETS Realty 1, LLC (“ETS”).

The Company is a next-generation, full-service organic recycling and compost technology company specializing in transforming targeted organic green waste materials into engineered, environmentally friendly soil and mulch products. In addition, the Company offers year-round collection and disposal services through high-capacity grapple trucks, open-top walking floor trailers, and variable-sized containers serving green waste generators, landscaping companies, golf courses, communities, and municipalities. The Company works to streamline operations by internalizing transportation services, reducing over-the-road mileage, lowering disposal costs, and maximizing efficiency.

The Company is governed by an operating agreement (“Operating Agreement”) and shall continue in existence until it is dissolved in accordance with the provisions of such agreement. The Company primarily operates in the state of Florida.

Going Concern

The Company has incurred net losses since inception and has a net equity deficiency, which raises substantial doubt about its ability to continue as a going concern. The Company has historically funded its operations through various debt financing. The above conditions raise substantial doubt about the Company’s ability to continue as a going concern.

**2. Summary of Significant Accounting Policies**

**Basis of presentation and principals of consolidation** — The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Resource, ZEI and ETS.

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

**Accounting estimates** — The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results could differ from those estimates.

**Revenue recognition** — The Company determines, at contract inception, whether it will transfer control of a promised good or service over time or at a point in time, regardless of the length of contract or other factors. The recognition of revenue aligns with the timing of when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To achieve this core principle, the Company applies the following five steps in accordance with its revenue policy:

- (1) *Identify the contract with a customer*
- (2) *Identify the performance obligations in the contract*
- (3) *Determine the transaction price*
- (4) *Allocate the transaction price to performance obligations in the contract*
- (5) *Recognize revenue as performance obligations are satisfied*

The Company recognizes revenue from the sale of materials (compost, soil and mulch) as well as the collection and disposal services of waste, which at times, is produced into saleable materials.

The sale of materials is recognized at the point in time when control of the product transfers to the customer, which typically occurs upon delivery or customer pickup at the Company’s facility. Revenue from the sale of materials amounted to \$490,142 and \$343,862 for the period ended March 31, 2025 and 2024, respectively. Revenue from collection and disposal services is recognized over time as the service is rendered, which is typically within the same day. In connection with these contracts, the Company at times receives non-cash consideration as partial consideration for services provided. The Company retains any materials which can be cleansed and sold. Revenue from collection and disposal services amounted to \$4,700,068 and \$3,649,450 for the period ended March 31, 2025, and 2024, respectively. There is also a small amount of income related to renting trailers. This accounts for \$88,353 and \$98,676 for the period ended March 31, 2025 and 2024, respectively.

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

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

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

**Cash and cash equivalents** — The Company considers cash and cash equivalents to include all short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less upon acquisition.

**Accounts receivable and allowance for credit losses** — Accounts receivable are receivables generated from sales to customers. Amounts included in accounts receivable are deemed to be collectible within the Company's operating cycle. The Company recognizes accounts receivable at invoiced amounts.

The Company adopted ASC 326, Current Expected Credit Losses, on January 1, 2023, which requires the measurement and recognition of expected credit losses using a current expected credit loss model. The allowance for credit losses on expected future uncollectible accounts receivable is estimated considering forecasts of future economic conditions in addition to information about past events and current conditions.

The allowance for credit losses reflects the Company's best estimate of expected losses inherent in the accounts receivable balances. Management provides an allowance for credit losses based on the Company's historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have been exhausted and the prospects for recovery are remote. Recoveries are recognized when they are received. Actual collection losses may differ from the Company's estimates and could be material to its consolidated financial position, results of operations, and cash flows. As of March 31, 2025 and December 31, 2024, the Company's allowance for credit losses amounted to \$117,137.

**Inventory** — Inventory consists of dirt, sand, mulch and compost. The Company's inventory is valued at the lower of cost (first-in, first-out method) or net realizable value, and consists of all finished goods. As of March 31, 2025 and December 31, 2024 there was inventory of \$923,928 and \$738,297, respectively.

**Property, plant and equipment** — Property, plant and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated lives of each asset. Repairs and maintenance are charged to expenses when incurred.

**Intangible assets** — Intangible assets consist of \$100,000 of a non-compete agreement that are being amortized over 3 years. Amortization expense for the three months ended March 31, 2025 and 2024 was \$13,889 and \$8,333, respectively. The accumulated amortization as of March 31, 2025 and December 31, 2024 was \$100,000 and \$86,111, respectively. Remaining amortization expense is \$0.

**Income taxes** — The Company is a limited liability company, treated as a partnership under the Internal Revenue Code (IRC) and for Florida purposes. As a result, all profits and losses are reflected in the respective members' tax return. Accordingly, the accompanying consolidated financial statements do not include any provision for federal and state income taxes.

The Company evaluates uncertain income tax positions taken or expected to be taken in a tax return for recognition in its consolidated financial statements. The Company was not required to recognize any amounts from uncertain tax positions for the period ended March 31, 2025 and 2024. The Company's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof, as well as other factors. Generally, federal, state and local authorities may examine the Company's tax returns for three years from the date of filing.

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

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

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

**Business Combinations** — The Company accounts for business acquisitions using the acquisition method of accounting in accordance with ASC 805 “Business Combinations”, which requires recognition and measurement of all identifiable assets acquired and liabilities assumed at their fair value as of the date control is obtained. The Company determines the fair value of assets acquired and liabilities assumed based upon its best estimates of the acquisition-date fair value of assets acquired and liabilities assumed in the acquisition. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired. Subsequent adjustments to fair value of any contingent consideration are recorded to the Company’s consolidated statements of operations. Costs that the Company incurs to complete the business combination are charged to general and administrative expenses as they are incurred.

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

**Concentrations of credit risk** — Financial instruments, that potentially subject the Company to concentration of credit risk, consist principally of cash and cash equivalents. The Company places its cash with high credit quality institutions. At times, such amounts may be in excess of the FDIC insurance limits. The Company has not experienced any losses in such account and believes that it is not exposed to any significant credit risk on the account.

**Accounting Standards Recently Adopted** - On November 27, 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-07 Segment Reporting (Topic 280):

Improvements to Reportable Segment Disclosures. Among other new disclosure requirements, ASU 2023-07 requires companies to disclose significant segment expenses that are regularly provided to the chief operating decision maker. ASU 2023-07 is effective for annual periods beginning on January 1, 2024 and interim periods beginning on January 1, 2025. ASU 2023-07 must be applied retrospectively to all prior periods presented in the consolidated financial statements. The Company adopted ASU 2023-07 during the year ended December 31, 2024.

**3. Property and Equipment**

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>Estimated Life</b>
Equipment	\$ 4,912,163	\$ 4,908,098	5 – 10 years
Land improvements	321,922	321,922	7 – 20 years
Vehicles and trailers	5,651,095	5,651,095	5 – 7 years
Less: accumulated depreciation	(5,023,725)	(4,584,392)	
Property and equipment, net	<u>\$ 5,861,455</u>	<u>\$ 6,296,723</u>	

Included in property and equipment is \$1,252,739 and \$1,325,137 of finance lease right of use assets as of March 31, 2025, and December 31, 2024, respectively.

Depreciation expense for the period ended March 31, 2025 and 2024 amounted to \$439,333 and \$377,221, respectively, of which \$72,398 and \$61,478 related to finance leases.

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

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

**4. Notes Payable & Notes Payable – Related Party**

As of March 31, 2025 and December 31, 2024, notes payable consisted of the following:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Gail Baird Foundation – Mortgage note payable with an original principal amount of \$2,500,000 dated October 23, 2023 with a maturity date of April 21, 2025 and interest rate of 14% per annum. Guaranteed by a member of the Company, collateralized by land held by the Company and the entire principal balance due upon maturity. The Company recognized a discount of \$350,000 on such note, of which amortization of debt discount of \$0 and \$138,183 has been recognized during the periods ending March 31, 2025 and 2024, respectively.	\$ 2,500,000	\$ 2,500,000
Star Capital Group – Note payable with an original principal amount of \$28,355 dated March 19, 2023 with a maturity date of January 1, 2025, interest rate of 15% per annum, secured by underlying equipment and monthly payments of principal and interest.	-	2,526
CCG Loan1 – Note payable with an original principal amount of \$389,469 dated July 12, 2022 with a maturity date of April 12, 2026, interest rate of 10.89% per annum, secured by underlying equipment and monthly payments of principal and interest.	119,665	145,365
CCG Loan2 – Note payable with an original principal amount of \$507,935 dated August 26, 2022 with a maturity date of May 26, 2026, interest rate of 11.18% per annum, secured by underlying equipment and monthly payments of principal and interest.	167,806	201,049
CCG Loan3 – Note payable with an original principal amount of \$428,446 dated October 13, 2023 with a maturity date of August 13, 2027, interest rate of 12.4% per annum, secured by underlying equipment and monthly payments of principal and interest.	278,124	302,507
John Deere Equipment – Note payable with an original principal amount of \$91,778 dated March 4, 2022 with a maturity date of March 4, 2026, no interest and monthly principal payments.	21,032	26,768
Loeb – Note payable with an original principal amount of \$3,196,215 dated September 7, 2023 with a maturity date of September 7, 2026, interest rate of 15.5% per annum during 2023 and 14.5% per annum during 2024, secured by underlying equipment and monthly payments of principal and interest with \$1,796,979 due upon maturity. \$2,601,704 of the proceeds were used to pay off the Garrington note as described above.	2,652,803	2,778,763
MCS (related party) – Note payable with an original principal amount of \$4,960,517 dated January 31, 2023 with a maturity date of January 1, 2025, interest rate of 12.5% per annum, with the entire principal amount due upon maturity. \$4,097,990 of the proceeds were used to pay off the CA Funding note as described above, along with \$866,088 amounts that were due from related parties and accrued interest	4,960,517	4,960,517
Index Loan2 (related party) – Note payable dated November 8, 2022 due on demand and interest rate of 11.5% per annum. Convertible into preferred units of the Company.	31,749	31,749
ZEI Seller Loan – Note payable with an original principal amount of \$750,000 dated March 21, 2022 with a maturity date of April 30, 2025 and interest rate of 7% per annum and entire principal balance due upon maturity.	250,000	500,000
Moorback 6600 STA – Note payable with an original principal amount of \$312,350 dated January 31, 2024 with a maturity date of February 28, 2029, interest rate of 12.89% per annum, secured by underlying equipment and monthly payments of principal and interest.	262,590	275,634
Blending Line STA – Note payable with an original principal amount of \$94,605 dated February 1, 2024 with a maturity date of March 5, 2029, interest rate of 12.89% per annum, secured by underlying equipment and monthly payments of principal and interest.	79,533	83,484
Dollinger Bridge – Note payable with an original principal amount of \$600,000 dated July 25, 2024 with a maturity date of October 23, 2024, interest rate of 14% per annum, with the entire principal amount due upon maturity. Subsequent to March 31, 2024, the note was extended to March 31, 2025.	600,000	600,000
911 Grapple Truck – Note payable with an original principal amount of \$305,985 dated September 1, 2024 with a maturity date of August 30, 2029, interest rate of 7.74% per annum, secured by underlying equipment and monthly payments of principal and interest.	276,062	293,326
Ford T350 – Note payable with an original principal amount of \$39,066 dated October 1, 2024 with a maturity date of September 30, 2029, interest rate of 9% per annum, secured by underlying equipment and monthly payments of principal and interest.	35,250	37,812
BMO Note payable – Note payable with an original principal amount of \$861,485 dated August 22, 2022 with a maturity date of September 30, 2028, interest rate of 6.35% per annum, secured by underlying equipment and monthly payments of principal and interest.	540,056	574,461
Huntington Note Payable – Note payable with an original amount of \$317,571 dated March 23, 2022 with a maturity date of March 31, 2028, interest rate of 7.29% per annum, secured by underlying equipment and monthly payments of principal and interest.	218,489	226,677
Xerox Copier Note Payable – Note payable with an original amount of \$10,423 dated July 1, 2020 with a maturity date of September 30, 2025, interest rate of 4% per annum, secured by underlying equipment and monthly payments of principal and interest	1,626	1,626
PNC Equipment Finance – Note payable with an original amount of \$158,429 dated March 27, 2022 with a maturity date of January 31, 2029, interest rate of 8% per annum, secured by underlying equipment and monthly payments of principal and interest.	109,721	115,779
SMFL Note Payable – Note payable with an original amount of \$357,260 dated March 27, 2022 with a maturity date of January 31, 2029, no interest, secured by underlying equipment and monthly payments of principal and interest.	218,325	233,211
Verdant – Note payable with an original amount of \$496,993 dated September 18, 2022 with a maturity date of October 16, 2027, interest rate of 6.67% per annum, secured by underlying equipment and monthly payments of principal and interest	233,651	255,282
MCA-CFG Merchant Solutions – Cash advance agreement dated October 4, 2024 with a maturity date of May 11, 2025 and weekly estimated payments of \$15,682. The Company recognized a discount of \$76,001 on such note, of which amortization of debt discount of \$16,498 has been recognized during the period ending March 31, 2025	-	565,000
MCA-CFG Merchant Solutions – Cash advance agreement dated January 30, 2025 with a maturity date of December 15, 2025 and weekly estimated payments of \$14,914.	596,538	-
MCA-CFG Merchant Solutions3 – Cash advance agreement dated March 21, 2025 with a maturity date of January 23, 2026 and weekly estimated payments of \$18,818.	828,000	-
<b>Total</b>	<b>14,981,537</b>	<b>14,711,536</b>
Less: debt discount	(393,003)	(114,000)
<b>Total Debt</b>	<b>14,588,534</b>	<b>14,597,536</b>



Less: current maturities, net	<u>(10,850,256)</u>	<u>(10,487,052)</u>
Long-term debt, net	<u>\$ 3,738,278</u>	<u>\$ 4,110,484</u>

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

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

**4. Note Payable & Notes Payable – Related Party (cont.)**

Scheduled maturities of the Company's notes payable is as follows for the period ending March 31, 2025

2025	\$ 10,469,547
2026	3,041,855
2027	556,892
2028	459,444
2029	60,796
	<u>\$ 14,588,534</u>

For the periods ended March 31, 2025 and 2024, the Company recognized amortization of debt discount of \$260,345 and \$138,183, respectively. For the periods ended March 31, 2025 and March 31, 2024, the Company recognized interest expense of \$756,697 and \$472,091, respectively. During period ended March 31, 2025 the MCA-CFG Merchant Solutions debt was settled. The note contained a provision for a discount if paid off early and therefore, the company recognized a gain in the amount of \$97,498.

**5. Leases**

The Company leases office space with non-cancellable operating lease agreements. The leases have remaining lease terms ranging from approximately five years to six years. Such leases have been recognized as operating leases.

Supplemental balance sheet information related to leases is as follows:

<b>Balance Sheet Location</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>
<b>Operating Leases</b>		
Right-of-use assets	\$ 331,192	\$ 348,575
<b>Current liabilities</b>		
Lease liability, current maturities	53,887	50,536
<b>Non-current liabilities</b>		
Lease liability, net of current maturities	297,519	305,502
Total operating lease liabilities	<u>\$ 351,406</u>	<u>\$ 356,038</u>
<b>Weighted Average Remaining Lease Term</b>		
Operating leases	5.13 years	
<b>Weighted Average Discount Rate</b>		
Operating leases	8%	

The Company leases various equipment under non-cancellable operating lease agreements. The leases have remaining lease terms ranging from approximately one year to six years. Such leases have been recognized as operating leases.

Supplemental balance sheet information related to leases is as follows:

<b>Balance Sheet Location</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>
<b>Finance Leases</b>		
Right-of-use assets (included in property and equipment)	\$ 1,252,739	\$ 1,325,137
<b>Current liabilities</b>		
Lease liability, current maturities	187,158	202,886
<b>Non-current liabilities</b>		
Lease liability, net of current maturities	1,124,349	1,166,248
Total finance lease liabilities	<u>\$ 1,311,507</u>	<u>\$ 1,369,134</u>
<b>Weighted Average Remaining Lease Term</b>		
Finance leases	4.22 years	
<b>Weighted Average Discount Rate</b>		
Finance leases	8%	

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

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

**5. Leases (cont.)**

As the leases do not provide an implicit rate, the Company used an incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments, which is reflective of the specific term of the leases and economic environment of each geographic region.

Anticipated future lease costs, which are based in part on certain assumptions to approximate minimum annual rental commitments under non-cancellable leases, are as follows:

<b>Year Ending December 31:</b>	<b>Operating</b>
2025	\$ 303,988
2026	374,871
2027	374,240
2028	376,015
2029	372,469
Thereafter	364,965
Total lease payments	2,166,548
Less: Imputed interest	(503,635)
Present value of lease liabilities	<u>\$ 1,662,913</u>

**6. Member's Deficit**

As of March 31, 2025, 9,536,000 Class A Units, 6,485,962 Class A-1 Preferred Units, 0 Class A-2 Units, 475,000 Class B Units and 1,325,000 Class A-3 Preferred Units were held by the members of the Company. Each preferred member shall be entitled to receive, subject to the Operating Agreement, annual non-liquidating cash distributions in an amount equal to 11.5% of such preferred member's aggregate original purchase price with respect to the preferred units. Such preferred return shall accrue and is payable in cash upon: (i) any merger or consolidation of the Company with any other entity in which the Company is not the surviving entity, (ii) the sale of substantially all the assets of the Company, (iii) a change in control, and (iv) any voluntary or involuntary liquidation, dissolution, or winding up of the Company. Under the Operating Agreement, the managers of the Company may make distributions of available cash to the members as follows: first, to the preferred members holding Class A-1 Preferred Units proportionately in accordance with their respective accrued but unpaid preferred return, then second, to the preferred members holding Class A-1 Preferred Units proportionately in accordance with their original purchase price, then third, to the preferred members holding Class A-2 and A-3 Preferred Units, proportionately, in accordance with their respective accrued but unpaid preferred return, then fourth, to the preferred members holding Class A-2 and A-3 Preferred Units in accordance with their original purchase price, then fifth, to the Class A members proportionally in accordance with their unpaid Class A return, and thereafter to the members proportionately in accordance with their percentage interests.

As of December 31, 2024, the Company had 10,510,000 Class A-2 Units outstanding. During the three months ended March 31, 2025, the Company and its Class A-2 Unit holder entered into a Unit Relinquishment and Release Agreement (the "Release") whereas the unit holder relinquished all of it 10,510,000 Class A-2 Units which were outstanding.

During the three months ended March 31, 2025, the Company issued 475,000 Class B Units of the Company. These units were issued to members for grants issued in prior periods.

**7. Related Party Transactions**

As of March 31, 2025 and December 31, 2024, the Company had \$2,575,720 and \$2,502,241, respectively, due to related parties. These amounts resulted from advances from members of the Company and are non-interest bearing and due on demand.

As disclosed in Note 4, the Company has a note payable from a related party (MCS) in the amount of \$4,960,517 as of March 31, 2025 and December 31, 2024. The company also has a note payable from a related party (Index) in the amount of \$31,749 as of March 31, 2025 and December 31, 2024.

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

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

**8. Commitments and Contingencies**

At times the Company may be subject to certain claims and lawsuits arising in the normal course of business. The Company will assess liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that the Company will incur a loss and the amount of the loss can be reasonably estimated, the Company will record a liability in our consolidated financial statements. These legal accruals may be increased or decreased to reflect any relevant developments on a quarterly basis. Where a loss is not probable or the amount of the loss is not estimable, the Company will not record an accrual, consistent with applicable accounting guidance. The Company is not currently involved in any legal proceedings.

**9. Segment Reporting**

The Company's Chief Operating Decision Maker ("CODM") as defined under GAAP, who is the Company's Manager, has determined that the Company is currently organized its operations into two segments: Resource and ZEI. These segments reflect the way our executive team evaluates the Company's business performance and manages its operations. The CODM used the below financial information to assess financial performance and allocate resources. Information for the Company's segments is provided in the following table:

	<u>Resource</u>	<u>ZEI</u>	<u>Consolidated</u>
<b>Period Ended March 31, 2025</b>			
Revenue	\$ 1,991,570	\$ 3,286,993	\$ 5,278,563
Cost of revenue			
Purchases	142,468	-	142,468
Outside labor and payroll	168,880	2,004,829	2,173,709
Fuel	209,574	139,470	349,044
Other cost of revenue	114,390	446,022	560,412
Total cost of revenue	<u>635,312</u>	<u>2,590,321</u>	<u>3,225,633</u>
General and administrative expenses:			
Payroll and related expenses	338,524	362,231	700,755
Professional fees and consulting	468,368	12,000	480,368
Other operating expenses	680,491	273,794	954,285
Total general and administrative expenses	<u>1,487,383</u>	<u>648,025</u>	<u>2,135,408</u>
Operating (loss) income	<u>(131,125)</u>	<u>48,647</u>	<u>(82,478)</u>
Interest expense	<u>(640,340)</u>	<u>(116,357)</u>	<u>(756,697)</u>
Gain on settlement of debt	-	97,498	97,498
Net (loss) income	<u>\$ (771,465)</u>	<u>\$ (29,788)</u>	<u>\$ (741,677)</u>
Total assets	<u>\$ 5,066,749</u>	<u>\$ 3,861,439</u>	<u>\$ 8,928,188</u>

**Resource Group US Holdings LLC and Subsidiaries**  
**Notes to Financial Statements**

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

**9. Segment Reporting (cont.)**

	<b>Resource</b>	<b>ZEI</b>	<b>Consolidated</b>
<b>Period Ended March 31, 2024</b>			
Revenue	\$ 727,703	\$ 3,364,285	\$ 4,091,988
Cost of revenue			
Purchases	127,883	-	127,883
Outside labor and payroll	208,077	1,978,184	2,186,261
Fuel	199,592	174,039	373,631
Other cost of revenue	127,648	538,884	666,532
Total cost of revenue	663,200	2,691,107	3,354,307
General and administrative expenses:			
Payroll and related expenses	402,085	396,253	798,338
Professional fees and consulting	61,406	-	61,406
Other operating expenses	871,963	187,799	1,059,762
Total general and administrative expenses	1,335,454	584,052	1,919,506
Operating (loss) income	(1,270,951)	89,126	(1,181,825)
Interest expense	(369,150)	(101,576)	(470,726)
Net (loss) income	\$ (1,640,101)	\$ (12,450)	\$ (1,652,551)
Total assets	\$ 4,014,558	\$ 5,184,560	\$ 9,199,118

**10. Subsequent Events**

In February 2025, the Company entered into a Membership Interest Purchase Agreement (the “Membership Interest Purchase Agreement”) with Safe and Green Development Corporation (“SG DevCorp”) and the Company’s members (“Equityholders”) whereas SG DevCorp will acquire 100% of the membership interests of the Company.

On June 2, 2025, the Company and Safe and Green Development Corporation (“SG DevCorp”) entered into an Amendment (the “Amendment”) to the Membership Interest Purchase Agreement, dated February 25, 2025, (the “Purchase Agreement”). The Amendment alters the consideration to be paid by SG DevCorp to the Company’s members (“Equityholders”) in connection with the purchase of 100% of the membership interests of the Company. Pursuant to the Amendment, the purchase price for the membership interests of the Company was amended to be comprised of (i) \$480,000 in principal amount of unsecured 6% promissory notes due on the first anniversary of the closing, (ii) the issuance of shares of the Company’s restricted common stock (the “Closing Shares”) equal to 19.99% of SG DevCorp’s outstanding shares of common stock on the date the Purchase Agreement was executed; and (iii) 1,500,000 shares of a newly designated series of non-voting Series A Convertible Preferred Stock (the “Series A Preferred Stock”) (which, subject to the approval of SG DevCorp’s stockholders and The Nasdaq Stock Market (“Nasdaq”) not objecting to the conversion and SG DevCorp continuing to meet and being eligible to meet the Nasdaq continued listing requirements after conversion), would be convertible into 9,000,000 restricted shares of SG DevCorp’s common stock). The Amendment also provides that, subject to shareholder approval, SG DevCorp will issue an aggregate of 41,182 additional shares of SG DevCorp’s common stock to the Equityholders upon the approval of such issuance by SG DevCorp’s stockholders and provided that the Company continues to meet and is eligible to meet the Nasdaq continued listing requirements.