REFINITIV

DELTA REPORT

10-Q

UNITED HOMES GROUP, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2373
CHANGES	281
DELETIONS	1105
ADDITIONS	987

REFINITIV

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

FORM 10-Q

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

For the quarterly period ended September 30, 2023 March 31, 2024

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___ to ___
Commission File Number: 001-39936

United Homes Group, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**85-3460766**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

917 Chapin Road
Chapin, South Carolina 29036
(Address of principal executive offices)

(844) 766-4663
(Registrant's telephone number)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Class A Common Shares, par value $0.0001 per share	UHG	The Nasdaq Stock Market LLC
Warrants, each whole warrant exercisable for one Class A Common Share, each at an exercise price of $11.50 per share	UHGWW	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer	o	Accelerated filer	o x
Non-accelerated filer	x o	Smaller reporting company	x
		Emerging growth company	x

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. o

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

As of November 13, 2023 May 6, 2024, 11,382,296 11,397,589 Class A Common Shares, par value $0.0001 per share, and 36,973,877 36,973,876 Class B Common Shares, par value $0.0001 per share, were issued and outstanding.

Table of Contents

FORM 10-Q

UNITED HOMES GROUP, INC.

TABLE OF CONTENTS

Table of Contents

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q, other than historical facts, may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We intend for all *such forward-looking statements to be covered by the applicable safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act and Section 21E of the Exchange Act, as applicable. Such statements include, in particular, statements about our plans, strategies, and prospects and are subject to certain risks and uncertainties, including known and unknown risks, which could cause actual results to differ materially from those projected or anticipated. Therefore, such statements are not intended to be a guarantee of our performance in future periods. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as "may," "will," "should," "could," "would," "expect," "intend," "plan," "anticipate," "estimate," "believe," "seek," "continue," or other similar words. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this report is filed with the Securities and Exchange Commission. We cannot guarantee the accuracy of any such forward-looking statements contained in this Form 10-Q, and we do not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. For further information regarding risks and uncertainties associated with our business, and important factors that could cause our actual results to vary materially from those expressed or implied in such forward-looking statements, please refer to the factors listed and described in this report and in our other Securities and Exchange Commission ("SEC") filings.*

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

UNITED HOMES GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023 (UNAUDITED) AND DECEMBER 31, 2022 (Unaudited)

		September 30, 2023	December 31, 2022		
March 31, 2024				**March 31, 2024**	**December 31, 2023**
ASSETS	**ASSETS**				
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	$ 81,243,705	$ 12,238,835		
Accounts receivable, net	Accounts receivable, net	1,917,322	1,976,334		
Inventories:	Inventories:				
Homes under construction and finished homes	Homes under construction and finished homes	108,821,016	163,997,487		
Developed lots		23,725,065	16,205,448		
Homes under construction and finished homes					
Homes under construction and finished homes					
Developed lots and land under development					
Real estate inventory not owned					
Due from related party	Due from related party	77,333	1,437,235		
Related party note receivable	Related party note receivable	628,832	—		
Income tax receivable		4,742,415	—		
Lot purchase agreement deposits					
Lot purchase agreement deposits					

Lot purchase agreement deposits	Lot purchase agreement deposits	24,605,584	3,804,436
Investment in joint venture	Investment in joint venture	1,116,491	186,086
Property and equipment, net	Property and equipment, net	643,354	1,385,698
Operating right-of-use assets	Operating right-of-use assets	719,595	1,001,277
Deferred tax asset			
Prepaid expenses and other assets	Prepaid expenses and other assets	8,582,333	6,112,044
Goodwill			
Total Assets	**Total Assets**	**$ 256,823,045**	**$ 208,344,880**
LIABILITIES AND STOCKHOLDERS' EQUITY	**LIABILITIES AND STOCKHOLDERS' EQUITY**		
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	$ 27,313,718	$ 22,077,240
Homebuilding debt and other affiliate debt	Homebuilding debt and other affiliate debt	62,196,208	120,797,006
Liabilities from real estate inventory not owned			
Operating lease liabilities			
Operating lease liabilities			
Operating lease liabilities	Operating lease liabilities	723,269	1,001,277
Other accrued expenses and liabilities	Other accrued expenses and liabilities	4,947,404	5,465,321
Deferred tax liability		798,276	—
Income tax payable			
Derivative liabilities			
Derivative liabilities			
Derivative liabilities	Derivative liabilities	58,541,934	—
Convertible note payable	Convertible note payable	67,574,708	—
Total Liabilities	**Total Liabilities**	**222,095,517**	**149,340,844**
Commitments and contingencies (Note 12)	*Commitments and contingencies (Note 12)*		

Commitments and contingencies (Note 12)

Commitments and contingencies (Note 12)

Class A common stock, $0.0001 par value; 350,000,000 shares authorized; 11,382,296 and 373,473 shares issued and outstanding on September 30, 2023, and December 31, 2022, respectively. (1)		1,137	37
Class B common stock, $0.0001 par value; 60,000,000 shares authorized; 36,973,877 shares issued and outstanding on September 30, 2023, and December 31, 2022, respectively. (1)		3,697	3,697
Preferred Stock, $0.0001 par value; 40,000,000 shares authorized; none issued or outstanding.	Preferred Stock, $0.0001 par value; 40,000,000 shares authorized; none issued or outstanding.	—	—
Additional paid-in capital (1)		1,783,014	1,422,630
Retained Earnings (1)		32,939,680	57,577,672
Total Stockholders' equity (1)		**34,727,528**	**59,004,036**

Preferred Stock, $0.0001 par value; 40,000,000 shares authorized; none issued or outstanding.

Preferred Stock, $0.0001 par value; 40,000,000 shares authorized; none issued or outstanding.

Class A common stock, $0.0001 par value; 350,000,000 shares authorized; 11,397,589 and 11,382,282 shares issued and outstanding on March 31, 2024, and December 31, 2023, respectively.

Class B common stock, $0.0001 par value; 60,000,000 shares authorized; 36,973,876 shares issued and outstanding on March 31, 2024, and December 31, 2023, respectively.

Additional paid-in capital

Accumulated deficit			
Total Stockholders' equity			
Total Liabilities and Stockholders' equity	**Total Liabilities and Stockholders' equity**	**$ 256,823,045**	**$ 208,344,880**

The accompanying unaudited Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.

Table of Contents

UNITED HOMES GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2024	**2023**
Revenue, net of sales discounts	$ 100,838,245	$ 94,826,702
Cost of sales	84,744,198	78,048,929
Gross profit	**16,094,047**	**16,777,773**
Selling, general and administrative expense	17,054,499	16,687,401
Net (loss) income from operations	**(960,452)**	**90,372**
Other (expense) income, net	(1,962,845)	202,715
Equity in net earnings from investment in joint venture	318,299	245,808
Change in fair value of derivative liabilities	26,379,710	(207,064,488)
Income (loss) before taxes	**23,774,712**	**(206,525,593)**
Income tax benefit	(1,163,512)	(2,021,265)
Net income (loss)	**$ 24,938,224**	**$ (204,504,328)**
Basic and diluted earnings (loss) per share		
Basic	$ 0.52	$ (5.44)
Diluted	$ 0.44	$ (5.44)
Basic and diluted weighted-average number of shares (1)		
Basic	48,362,589	37,575,074
Diluted	63,111,404	37,575,074

(1) Retroactively restated as of December 31, 2022 for the three months ended March 31, 2023 for the Reverse Recapitalization as a result of the Business Combination as described in Notes 1 and 2. Note 1.

The accompanying notes unaudited Notes to the condensed consolidated financial statements Condensed Consolidated Financial Statements are an integral part of these statements.

UNITED HOMES GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue, net of sales discounts	$ 87,728,091	$ 111,046,233	$ 304,646,422	$ 361,951,774
Cost of sales	70,317,796	82,107,334	246,540,874	264,730,624
Gross profit	**17,410,295**	**28,938,899**	**58,105,548**	**97,221,150**
Selling, general and administrative expense	13,629,713	13,266,455	46,652,432	38,892,250
Net income from operations	**3,780,582**	**15,672,444**	**11,453,116**	**58,328,900**
Other (expense) income, net	(1,199,140)	49,513	(3,291,755)	312,991
Equity in net earnings (losses) from investment in joint venture	293,923	(49,000)	930,405	(49,000)
Change in fair value of derivative liabilities	149,703,161	—	184,981,652	—
Income before taxes	**152,578,526**	**15,672,957**	**194,073,418**	**58,592,891**
Income tax expense	(1,735,839)	—	(2,372,300)	—
Net income	**$ 150,842,687**	**$ 15,672,957**	**$ 191,701,118**	**$ 58,592,891**
Basic and diluted earnings per share				
Basic	$ 3.12	$ 0.42	$ 4.29	$ 1.68
Diluted	$ 2.35	$ 0.40	$ 3.61	$ 1.66
Basic and diluted weighted-average number of shares (1)				
Basic	48,356,057	37,347,350	44,723,915	34,884,887
Diluted	64,806,024	38,709,652	54,155,557	35,371,321

(1) Retroactively restated for the three and nine months ended September 30, 2022 for the Reverse Recapitalization as a resultTable of the Business Combination as described in Notes 1 and 2.Contents

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements.

UNITED HOMES GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY(1)

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (UNAUDITED) (Unaudited)

	Common stock								
	Class A		Class B						
	Shares	Amount	Shares	Amount	Additional paid-in capital	Retained earnings	Shareholders' and other affiliates' net investment	Net Due To and Due From Shareholders and Other Affiliates	Total Stockholders' Equity
Balance as of December 31, 2021 as originally reported	—	$ —	—	$ —	$ —	$ —	$ 83,586,722	$ (17,028,310)	$ 66,558,412
Retroactive application of recapitalization	373,473	37	36,973,877	3,697	—	66,554,678	(83,586,722)	17,028,310	—
Adjusted balance as of December 31, 2021	373,473	37	36,973,877	3,697	—	66,554,678	—	—	66,558,412
Distributions and net transfer to shareholders and other affiliates	—	—	—	—	—	(20,766,162)	—	—	(20,766,162)
Stock-based compensation expense	—	—	—	—	1,268,222	—	—	—	1,268,222
Net Income	—	—	—	—	—	17,017,928	—	—	17,017,928
Balance as of March 31, 2022	373,473	37	36,973,877	3,697	1,268,222	62,806,444	—	—	64,078,400
Distributions and net transfer to shareholders and other affiliates	—	—	—	—	—	(24,415,179)	—	—	(24,415,179)
Stock-based compensation expense	—	—	—	—	53,288	—	—	—	53,288
Net Income	—	—	—	—	—	25,902,006	—	—	25,902,006
Balance as of June 30, 2022	373,473	37	36,973,877	3,697	1,321,510	64,293,271	—	—	65,618,515

	Class A Shares		Class A Amount	Class B Shares		Class B Amount		Additional paid-in capital		Retained Earnings (Accumulated Deficit)						Total Stockholders' Equity
Distribution and net transfer to shareholders and other affiliates	—		—	—		—		—		(29,630,624)		—		—		(29,630,624)
Stock-based compensation	—		—	—		—		51,116		—		—		—		51,116
Net income	—		—	—		—		—		15,672,957		—		—		15,672,957
Balance, September 30, 2022	**373,473**	**$**	**37**	**36,973,877**	**$**	**3,697**	**$**	**1,372,626**	**$**	**50,335,604**	**$**	**—**	**$**	**—**	**$**	**51,711,964**

	Common stock												
	Class A			Class B									
	Shares		Amount	Shares		Amount		Additional paid-in capital		Retained Earnings (Accumulated Deficit)		Total Stockholders' Equity
Balance as of December 31, 2023	**11,382,282**	**$**	**1,138**	**36,973,876**	**$**	**3,697**	**$**	**2,794,493**	**$**	**(33,981,864)**	**$**	**(31,182,536)**
Exercise of employee stock options	1,307		—	—		—		6,427		—		6,427
Stock-based compensation expense	—		—	—		—		1,509,965		—		1,509,965
Issuance of shares related to restricted stock units	14,000		1	—		—		(1)		—		—
Net income	—		—	—		—		—		24,938,224		24,938,224
Balance as of March 31, 2024	**11,397,589**	**$**	**1,139**	**36,973,876**	**$**	**3,697**	**$**	**4,310,884**	**$**	**(9,043,640)**	**$**	**(4,727,920)**

		Common stock										
		Class A			Class B			Additional paid-in capital		Retained Earnings (Accumulated Deficit)		Total Stockholders' Equity
		Shares		Amount	Shares		Amount					
Balance as of December 31, 2022		**373,473**	**$**	**37**	**36,973,877**	**$**	**3,697**	**$**	**1,422,630**	**$**	**57,577,672**	**$ 59,004,036**

	Common stock	Common stock	Additional paid-in capital	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
	Class A				
	Shares				
	Shares				
	Shares				
Balance as of December 31, 2022(1)					
Balance as of December 31, 2022(1)					
Balance as of December 31, 2022(1)					

		Class A Shares	Class A Amount	Class B Shares	Class B Amount	Additional paid-in capital	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
Distributions and net transfer to shareholders and other affiliates	Distributions and net transfer to shareholders and other affiliates	—	—	—	—	—	(4,193,093)	(4,193,093)
Stock-based compensation expense	Stock-based compensation expense	—	—	—	—	51,079	—	51,079
Forfeiture of private placement warrants	Forfeiture of private placement warrants	—	—	—	—	890,001	—	890,001

Issuance of common stock upon the reverse recapitalization, net of transaction costs	Issuance of common stock upon the reverse recapitalization, net of transaction costs	8,492,537	849	—	—	17,869,735	—	17,870,584
Issuance of common stock related to PIPE Investment	Issuance of common stock related to PIPE Investment	1,333,963	133	—	—	9,501,782	—	9,501,915
Issuance of common stock related to lock-up agreement	Issuance of common stock related to lock-up agreement	421,100	42	—	—	4,194	—	4,236
Recognition of derivative liability related to earnout	Recognition of derivative liability related to earnout	—	—	—	—	(242,211,404)	—	(242,211,404)
Recognition of derivative liability related equity incentive plan	Recognition of derivative liability related equity incentive plan	—	—	—	—	(1,189,685)	—	(1,189,685)
Earnout stock-based compensation expense for UHG employee options	Earnout stock-based compensation expense for UHG employee options	—	—	—	—	4,448,077	—	4,448,077
Transaction costs related to reverse recapitalization	Transaction costs related to reverse recapitalization	—	—	—	—	(2,932,426)	—	(2,932,426)
Net Loss		—	—	—	—	—	(204,504,328)	(204,504,328)
Reclassification of negative APIC		—	—	—	—	212,146,017	(212,146,017)	—
Reclassification of negative APIC related to the reverse recapitalization								
Net loss								
Balance as of March 31, 2023	**Balance as of March 31, 2023**	**10,621,073**	**1,061**	**36,973,877**	**3,697**	**—**	**(363,265,766)**	**(363,261,008)**
Stock-based compensation expense		—	—	—	—	410,530	—	410,530
Exercise of stock options under the 2023 Plan		12,643	1	—	—	132,411	—	132,412
Forfeiture of stock options under the 2023 Plan		—	—	—	—	479,742	—	479,742
Exercise of stock warrants		748,020	75	—	—	(75)	—	—
Transaction costs related to equity issuance		—	—	—	—	(257,721)	—	(257,721)
Net Income		—	—	—	—	—	245,362,759	245,362,759
Balance as of June 30, 2023		**11,381,736**	**1,137**	**36,973,877**	**3,697**	**764,887**	**(117,903,007)**	**(117,133,286)**

Stock-based compensation expense	—	—	—	—	1,106,014	—	1,106,014
Exercise of stock options under the 2023 Plan	560	—	—	—	1,567	—	1,567
Recognition of derivative liability related equity incentive plan	—	—	—	—	(89,454)	—	(89,454)
Net Income	—	—	—	—	—	150,842,687	150,842,687
Balance as of September 30, 2023	**11,382,296**	**$ 1,137**	**36,973,877**	**$ 3,697**	**$ 1,783,014**	**$ 32,939,680**	**$ 34,727,528**

(1) The shares of the Company's common stock, prior to the Business Combination (as defined in Note 1) have been retroactively restated to reflect the exchange ratio of approximately 373.47 373.47:1 ("Exchange Ratio") established in the Business Combination.

The accompanying notes unaudited Notes to the condensed consolidated financial statements Condensed Consolidated Financial Statements are an integral part of these statements.

Table of Contents

UNITED HOMES GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (UNAUDITED) (Unaudited)

		Nine Months Ended September 30,			
		2023	**2022**		
	Three Months Ended March 31,			**Three Months Ended March 31,**	
	2024			**2024**	**2023**
Cash flows from operating activities:	**Cash flows from operating activities:**				
Net income		$191,701,118	$ 58,592,891		
Net income (loss)					
Net income (loss)					
Net income (loss)					
Adjustments to reconcile net income to net cash flows from operating activities:	Adjustments to reconcile net income to net cash flows from operating activities:				
Bad debt expense		87,786	—		
Investment (earnings) losses in joint venture		(930,405)	49,000		
Depreciation		154,474	264,884		
(Gain) loss on sale of property and equipment		(1,892)	6,967		
Credit (benefit) loss					
Credit (benefit) loss					
Credit (benefit) loss					
Investment earnings in joint venture					
Depreciation expense					

Loss (gain) on disposal of property and equipment			
Amortization of intangible assets			
Amortization of deferred financing costs	Amortization of deferred financing costs	694,219	283,157
Amortization of discount on convertible notes	Amortization of discount on convertible notes	860,432	—
Non cash interest income		(26,002)	—
Amortization of discount on private investor debt			
Stock compensation expense			
Stock compensation expense			
Stock compensation expense	Stock compensation expense	6,015,700	1,372,626
Amortization of operating lease right-of-use assets	Amortization of operating lease right-of-use assets	627,120	396,628
Change in fair value of contingent earnout liability	Change in fair value of contingent earnout liability	(191,222,357)	—
Change in fair value of warrant liabilities	Change in fair value of warrant liabilities	6,667,249	—
Change in fair value of equity incentive plan	Change in fair value of equity incentive plan	(426,544)	—
Deferred tax liability		2,668,586	—
Change in fair value of contingent consideration			
Deferred tax asset			
Net change in operating assets and liabilities:	Net change in operating assets and liabilities:		
Accounts receivable			
Accounts receivable			
Accounts receivable	Accounts receivable	(28,774)	(1,856,760)

Related party receivable	Related party receivable	1,359,902	(1,437,235)
Inventories	Inventories	48,838,741	(46,974,166)
Lot purchase agreement deposits	Lot purchase agreement deposits	(17,882,022)	(664,490)
Prepaid expenses and other assets	Prepaid expenses and other assets	460,845	(505,383)
Accounts payable	Accounts payable	2,456,057	7,086,580
Operating lease liabilities	Operating lease liabilities	(623,446)	(396,628)
Income tax receivable		(5,444,286)	—
Income tax payable			
Due to related parties			
Other accrued expenses and liabilities	Other accrued expenses and liabilities	(517,917)	3,446,281
Net cash flows provided by operating activities		**45,488,584**	**19,664,352**
Net cash flows (used in) provided by operating activities			
Cash flows from investing activities:	**Cash flows from investing activities:**		
Purchases of property and equipment	Purchases of property and equipment	(59,229)	(116,420)
Purchases of property and equipment			
Purchases of property and equipment			
Proceeds from the sale of property and equipment	Proceeds from the sale of property and equipment	66,100	13,808
Proceeds from promissory note issued for sale of property and equipment		62,190	—
Cash paid for acquisition		(2,166,516)	—

Capital contribution in joint venture		—	(49,000)
Net cash flows used in investing activities		**(2,097,455)**	**(151,612)**
Payments on business acquisitions			
Payments on business acquisitions			
Payments on business acquisitions			
Proceeds from notes receivable			
Net cash flows (used in) provided by investing activities			
Cash flows from financing activities:	**Cash flows from financing activities:**		
Proceeds from homebuilding debt	Proceeds from homebuilding debt	42,500,000	129,089,631
Proceeds from homebuilding debt			
Proceeds from homebuilding debt			
Repayments of homebuilding debt	Repayments of homebuilding debt	(90,055,992)	(100,495,213)
Proceeds from other affiliate debt		136,773	9,456,206
Repayments of other affiliate debt		—	(918,453)
Proceeds from sale of real estate not owned			
Repayments on private investor loans			
Payment of deferred financing costs	Payment of deferred financing costs	(3,240,984)	—
Repayments on equipment financing		—	(142,536)
Distributions and net transfer to shareholders and other affiliates		(17,896,302)	(51,027,000)

Table of Contents

Changes in net due to and due from shareholders and other affiliates			—		(37,607,535)
Proceeds from exercise of employee stock options					
Proceeds from other affiliate debt					
Distributions and net transfer to shareholders and other affiliates					
Proceeds from convertible note, net of transaction costs	Proceeds from convertible note, net of transaction costs		71,500,000		—
Proceeds from PIPE investment and lock up	Proceeds from PIPE investment and lock up		4,720,427		—
Proceeds from Business Combination, net of SPAC transaction costs	Proceeds from Business Combination, net of SPAC transaction costs		30,336,068		—
Payment of equity issuance costs			(257,721)		—
Payment of transaction costs	Payment of transaction costs		(12,134,293)		—
Proceeds from exercise of employee stock options			5,765		—
Net cash flows provided by (used in) financing activities			**25,613,741**		**(51,644,900)**
Net cash flows provided by financing activities					
Net change in cash and cash equivalents					
Net change in cash and cash equivalents					
Net change in cash and cash equivalents	Net change in cash and cash equivalents		69,004,870		(32,132,160)
Cash and cash equivalents, beginning of year	Cash and cash equivalents, beginning of year		12,238,835		51,504,887
Cash and cash equivalents, end of year	**Cash and cash equivalents, end of year**	**$**	**81,243,705**	**$**	**19,372,727**
Supplemental cash flow information:	**Supplemental cash flow information:**				
Cash paid for interest	Cash paid for interest	$	12,265,939	$	2,969,521
Cash paid for income taxes		$	5,299,436	$	—
Cash paid for interest					
Cash paid for interest					
Non-cash investing and financing activities:	**Non-cash investing and financing activities:**				
Additions of right-of-use lease assets and liabilities			272,543		1,149,832
Acquisition of developed lots from related parties in settlement of due from Other Affiliates			—		13,822,570
Conversion of other affiliates debt to homebuilding debt			—		1,414,681
Non-cash investing and financing activities:					
Non-cash investing and financing activities:					
Termination of existing lease					
Termination of existing lease					
Termination of existing lease					
Noncash exercise of employee stock options					

Settlement of RSUs					
Promissory note issued for sale of property and equipment	Promissory note issued for sale of property and equipment		665,020		—
Settlement of co-obligor debt to affiliates	Settlement of co-obligor debt to affiliates		8,340,545		—
Release of guarantor from GSH to shareholder	Release of guarantor from GSH to shareholder		2,841,034		—
Noncash distribution to owners of Other Affiliates	Noncash distribution to owners of Other Affiliates		12,671,122		—
Earnest money receivable from Other Affiliates	Earnest money receivable from Other Affiliates		2,521,626		—
Recognition of previously capitalized deferred transaction costs	Recognition of previously capitalized deferred transaction costs		2,932,426		—
Modification to existing lease	Modification to existing lease		(40,968)		—
Recognition of derivative liability related to earnout	Recognition of derivative liability related to earnout		242,211,404		—
Recognition of derivative liability related to equity incentive plan	Recognition of derivative liability related to equity incentive plan		1,279,139		—
Recognition of warrant liability upon Business Combination	Recognition of warrant liability upon Business Combination		1,531,000		—
Forfeiture of private placement warrants upon Business Combination	Forfeiture of private placement warrants upon Business Combination		(890,001)		—
Issuance of common stock upon the reverse recapitalization	Issuance of common stock upon the reverse recapitalization		39,933,707		—
Recognition of deferred tax asset upon Business Combination	Recognition of deferred tax asset upon Business Combination		1,870,310		—
Recognition of income tax payable upon Business Combination	Recognition of income tax payable upon Business Combination		701,871		—
Recognition of assumed assets and liabilities upon Business Combination, net	Recognition of assumed assets and liabilities upon Business Combination, net		3,588,110		—
Noncash exercise of stock warrants			75		—
Noncash exercise of employee stock options			128,214		—
Forfeiture of employee stock options			(479,742)		—
Total non-cash financing activities	**Total non-cash financing activities**	**$**	**320,077,435**	**$**	**16,387,083**
Total non-cash financing activities					
Total non-cash financing activities					

The accompanying notes unaudited Notes to the condensed consolidated financial statements Condensed Consolidated Financial Statements are an integral part of these statements.

Table of Contents

UNITED HOMES GROUP, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (Unaudited)

Note 1 - Nature of operations and basis of presentation

The Company and Nature of Business

United Homes Group, Inc. ("UHG" or the "Company"), a Delaware corporation, is a homebuilding business which operates with a land-light strategy. The Company is a former blank check company incorporated on October 7, 2020 under the name DiamondHead Holdings Corp. ("DHHC") as a Delaware corporation formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses.

UHG constructs single-family residential homes and has active operations in South Carolina, North Carolina, and Georgia offering a range of residential products including entry-level attached and detached homes, first-time move up attached and detached homes and second move-up detached homes. The constructed homes appeal to a wide range of buyer profiles, from first-time to lifestyle buyers. The Company's primary objective is to provide customers with homes of exceptional quality and value while maximizing its return on investment. The Company has grown by expanding its market share in existing markets and by expanding into markets contiguous to the current active markets.

Business Combination

On September 10, 2022, DHHC entered into a Business Combination Agreement (the "Business Combination Agreement") with Hestia Merger Sub, Inc., a South Carolina corporation and wholly owned subsidiary of DHHC ("Merger Sub"), and Great Southern Homes, Inc., a South Carolina corporation ("GSH").

Upon the consummation of the transaction on March 30, 2023 ("Closing Date"), Merger Sub merged with and into GSH with GSH surviving the merger as a wholly owned subsidiary of the Company ("Business Combination"). As a result of the Business Combination, GSH is now a wholly owned subsidiary of DHHC, which has changed its name to United Homes Group, Inc.

GSH's business historically consisted of both homebuilding operations and land development operations. In anticipation of the Business Combination, GSH separated its land development operations and its homebuilding operations across separate entities in an effort to adopt best practices in the homebuilding industry associated with ownership and control of land and lots and production efficiency. For accounting treatment of the Business Combination, see *Note 2 - Merger and Reverse Recapitalization*. Unless otherwise indicated or the context otherwise requires, references in this quarterly report on Form 10-Q to "Legacy UHG" refer to the homebuilding operations of GSH prior to the consummation of the Business Combination.

Basis of Presentation

The Condensed Consolidated Financial Statements included in this report reflect (i) the historical operating results of Legacy UHG prior to the Business Combination; (ii) the combined results of UHG and DHHC following the Closing; (iii) the assets and liabilities of UHG and DHHC, and Legacy UHG at their historical cost; and (iv) the Company's equity structure for all periods presented.

The accompanying Condensed Consolidated Balance Sheet as of December 31, 2022, Prior to the Condensed Consolidated Statements of Operations and Statements of Changes in Stockholders' Equity for the three and nine months ended September 30, 2022, and the Statement of Cash Flows for the nine months ended September 30, 2022 ("Legacy UHG financial statements") have been prepared from Closing Date, Legacy UHG's historical financial records, and reflect including the historical financial position, results of operations, and cash flows of the Legacy UHG for the periods presented were prepared on a carve-out basis in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The Statements of Changes in Stockholders' Equity are were adjusted for the retroactive application of the reverse recapitalization using the Exchange Ratio. The Legacy UHG financial statements present historical information and results attributable to the homebuilding operations of GSH. The Legacy UHG financial statements exclude GSH's operations related to land development operations as Legacy UHG historically did not operate as a standalone company. The carve-out methodology was used since Legacy UHG's inception until the Closing Date. Thus, after After March 30, 2023, no carve-out amounts were included in UHG's financial statements.

Periods prior to the Business Combination

Prior to the Business Combination until the Closing Date, Legacy UHG has had historically transacted with affiliates that were owned by the shareholders of GSH. Legacy UHG has categorized the various affiliates based on the nature of the transactions with Legacy UHG and their primary operations. The categories are as follows:

Table of Contents

Land Development Affiliates - Land development affiliates' primary operations consist of acquiring and developing raw parcels of land for vertical home construction. Upon completion, the land development affiliates transfer the developed lots to Legacy UHG in a non-cash transaction.

Other Operating Affiliates - Other operating affiliates' operations consist of acquiring and developing land, purchasing constructed houses for rental properties, leasing activities, and purchasing model homes to be maintained during the sell down period of a community.

Collectively, these are referred to as "Other Affiliates" in these financial statements and represented as related parties (see *Note 9 - Related party transactions*).

All assets, liabilities, revenues, and expenses directly associated with the activity of Legacy UHG are included in these financial statements. Cash and cash equivalents is included in these financial statements, as Legacy UHG provided the cash management/treasury function for the Other Affiliates until January 1, 2023. In addition, a portion of Legacy UHG's corporate expenses including share-based stock-based compensation were allocated to Legacy UHG based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional cost of sales or employee headcount, as applicable. The corporate expense allocations include the cost of corporate functions and resources provided by or administered by GSH including, predominately, costs associated with executive management, finance, accounting, legal, human resources, and costs associated with operating GSH's office buildings. The corporate expense allocation requires significant judgment and management believes the basis on which the corporate expenses have been allocated reasonably reflects the utilization of services provided to Legacy UHG during the periods presented. Balance Sheet accounts were reviewed to determine what was attributable to Legacy UHG. There were no Balance Sheet accounts that required allocation procedures for assets and liabilities.

In addition, all significant transactions between Legacy UHG and GSH have been included in these financial statements. The aggregated net effect of transactions between Legacy UHG and GSH are settled within Retained Earnings/ (Accumulated Deficit) on the Condensed Consolidated Balance Sheets and the Condensed Consolidated Statements of Changes in Stockholders' Equity as they were not expected to be settled in cash. These amounts were reflected in the Statements of Cash Flows within Distributions and net transfer to shareholders and other affiliates and, when transactions were historically not settled in cash, in Non-cash financing activities.

GSH's third-party long-term debt and related interest expense have all been allocated to Legacy UHG. Legacy UHG was considered the primary legal obligor of such debt as it was the sole cash generating entity and responsible for repayment of the debt. Certain portions of that long-term debt and the related interest consist of construction revolving lines of credit and are reflected as Homebuilding debt. The remaining portions of long-term debt and the related interest have been used to finance operations that were not related to Legacy UHG, primarily land development activities, and were presented as Other Affiliate debt.

The results reported in these financial statements would not be indicative of Legacy UHG's future performance, primarily because prior to the Business Combination, the lots developed by affiliates were not transferred to the homebuilding operations of GSH at a market rate. As such, these results do not necessarily reflect what the financial position, results of operations and cash flows would have been had it operated as an independent company during all the periods presented.

Note 2 - Merger and Reverse Recapitalization

On the Closing Date, the following transactions were completed:

- Merger Sub merged with and into GSH, with GSH surviving the merger as a wholly owned subsidiary of the Company;

- All 1,000 shares of Class A common stock of GSH ("GSH Class A Common Shares") issued and outstanding prior to the Closing Date were exchanged for 373,473 shares of Class A common stock of UHG ("UHG Class A Common Shares");
- All 99,000 shares of Class B common stock of GSH ("GSH Class B Common Shares") issued and outstanding prior to the Closing Date were exchanged for 36,973,877 shares of Class B common stock of UHG ("UHG Class B Common Shares");
- All 2,426 outstanding options of GSH to acquire GSH Class A Common Shares were assumed by the Company and converted into options to acquire an aggregate of approximately 905,930 UHG Class A Common Shares (the "Rollover Options");
- All 5,000 outstanding warrants to purchase GSH Class A Common Shares were assumed by the Company and converted into warrants to purchase 1,867,368 UHG Class A Common Shares (the "Assumed Warrants");
- 8,625,000 outstanding shares of DHHC Class B common stock held by DHP SPAC II Sponsor LLC (the "Sponsor") converted into 4,160,931 UHG Class A Common Shares, all of which are subject to resale or transfer restrictions;
- The Company issued an aggregate of 1,755,063 UHG Class A Common Shares to the PIPE Investors, Lock-Up Investors and the Convertible Note Investors, pursuant to the terms of the PIPE Subscription Agreements, Share Lock-up Agreements and the PIPE Investment, (together the "PIPE Financings"), as described below.

As of the Closing Date and following the completion of the Business Combination, UHG had the following outstanding securities:

- 10,621,073 UHG Class A Common Shares;
- 36,973,877 UHG Class B Common Shares;
- 2,966,664 warrants to purchase 2,966,664 UHG Class A Common Shares, each exercisable at a price of $11.50 per share, issued in connection with the DHHC initial public offering and held by the Sponsor and BlackRock Inc. and Millennium Management LLC (the "Anchor Investors");
- 8,625,000 warrants to purchase 8,625,000 UHG Class A Common Shares, each exercisable at a price of $11.50 per share, issued in connection with the DHHC initial public offering;
- 1,867,368 Assumed Warrants to purchase 1,867,368 UHG Class A Common Shares, each exercisable at a price of $4.05 per share;
- 905,930 Rollover Options to purchase 905,930 UHG Class A Common Shares, each exercisable at a price of $2.81 per share.

Earnout

In connection with the Business Combination, holders of GSH common shares, certain holders of stock options, and holders of GSH warrants (together, "GSH Equity Holders"), options held by employees and directors ("Employee Option Holders") and the Sponsors (together, the "Earnout Holders") are entitled to receive consideration in the form of common shares ("Earnout Shares"). The Company reserved 21,886,378 Earnout Shares for future issuance upon achievement of certain earnout conditions, of which 20,000,000 may be awarded to GSH Equity Holders and Employee Option Holders and 1,886,378 additional earnout shares may be awarded to the Sponsors. Refer to *Note 15 - Earnout Shares.*

In connection with the Closing, and under the terms of the Sponsor Support Agreement entered into in connection with the execution of the Business Combination Agreement, 1,886,378 shares of the 8,625,000 shares of DHHC Class B common stock held by the Sponsor were converted to Earnout Shares and became subject to vesting conditions based on the achievement of certain market-based share price thresholds. Refer to *Note 15 - Earnout Shares* for additional information regarding the terms and conditions of the Earnout Triggering Events. Of the remaining 6,738,622 shares of DHHC Class B common stock, 2,577,691 shares were forfeited and 4,160,931 shares were converted into UHG Class A Common Shares.

Convertible Note

In connection with the closing of the Business Combination, DHHC entered into a Convertible Note Purchase Agreement (the “Note Purchase Agreement”), by and among itself, GSH, and a group of investors (the “Convertible Note Investors”). Pursuant to and at the closing of the transactions contemplated by the Note Purchase Agreement, the Convertible Note Investors agreed to purchase $80.0 million in original principal amount of Convertible Promissory Notes (the “Notes,” or “Note PIPE Financing”) and, pursuant to the terms of share subscription agreements entered into between each Convertible Note Investor and UHG, an additional 744,588 UHG Class A Common Shares (the “PIPE Shares”) in a private placement PIPE investment (the “PIPE Investment”). Refer to *Note 13 - Convertible Note* for additional information on the accounting treatment for the Notes, including issuance costs.

Subscription Agreement

In connection with the execution of the Business Combination Agreement, UHG entered into separate subscription agreements (each a “Subscription Agreement,” or “Subscription Agreement PIPE Financing,” and together with the “Note PIPE Financing,” the “PIPE Financings”) with a number of investors (each a “PIPE Investor”), pursuant to which the PIPE Investors agreed to purchase, and UHG agreed to sell to the PIPE Investors, an aggregate of 471,500 shares of common stock for a purchase price of $10.00 per share and 117,875 shares for a purchase price of $0.01 per share for an aggregate purchase price of $4.7 million, in a private placement offering. The PIPE Financings closed simultaneously with the consummation of the Business Combination.

Lock-Up Agreement

In connection with the execution of the Business Combination Agreement, DHHC entered into separate Share Issuance and Lock-Up Agreements (each a “Lock-up Agreement”) with a number of investors (each a “Lock-up Investor”), pursuant to which UHG agreed to issue each Lock-up Investor 0.25 UHG Class A Common Shares (up to 421,100 UHG Class A Common Shares in the aggregate) for a purchase price of $0.01 per share, for each UHG Class A Common Share held by such Lock-up Investor at the Closing. Following the closing of the Business Combination, UHG notified each Lock-Up Investor that UHG waived the lock-up restriction contained in the Lock-Up Agreements.

The number of shares of UHG common stock issued immediately following the consummation of the Business Combination was as follows:

	Shares	Ownership %
DHHC public shareholders – UHG Class A Common Shares[1]	4,331,606	9.1 %
DHHC sponsor shareholders – UHG Class A Common Shares	4,160,931	8.7 %
GSH existing shareholders – UHG Class B Common Shares	36,973,877	77.7 %
GSH existing shareholders – UHG Class A Common Shares	373,473	0.8 %
Convertible Note Investors – UHG Class A Common Shares	744,588	1.6 %
PIPE Investors - UHG Class A Common Shares	589,375	1.2 %
Lock-up Investors - UHG Class A Common Shares	421,100	0.9 %
Total Closing Shares	**47,594,950**	**100 %**

1 Represents remaining DHHC Class A shares following share redemptions prior to the Business Combination.

Treatment of Merger

The Business Combination is accounted for as a reverse recapitalization under GAAP. This determination is primarily based on Legacy UHG retaining the largest portion of the voting rights, the post-transaction management team is primarily comprised of the pre-transaction management team of GSH and the relative size of GSH’s operations is larger than DHHC’s. Under this method of accounting, DHHC is treated as the “acquired” company for financial reporting purposes. Accordingly, for accounting purposes, the Condensed Consolidated Financial Statements of UHG represent a continuation of the financial statements of Legacy UHG with the Business Combination being treated as the equivalent of Legacy UHG issuing stock for the net assets of DHHC, accompanied by a recapitalization. The net assets of DHHC are stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination are presented as those of Legacy UHG. All periods prior to the Business Combination have been retrospectively adjusted using the Exchange Ratio of 373.47 for the equivalent number of shares outstanding immediately after the Business Combination to effect the reverse recapitalization. Accordingly, certain amounts have been reclassified and retroactively adjusted to reflect the reverse recapitalization pursuant to the Business Combination for all periods presented within the Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Changes in Stockholders’ Equity.

In connection with the Business Combination, the Company received approximately $128.6 million of gross proceeds including the contribution of $43.9 million of cash held in DHHC's trust account from its initial public offering, $4.7 million of cash in connection with the Subscription Agreement PIPE Financing, and $80.0 million in connection with the Notes PIPE Financing. As part of the PIPE Financings, the Company entered into the Note Purchase Agreement for an original principal amount of $80.0 million. The Company incurred debt issuance costs of $5.0 million of original issuance discount and an additional $3.5 million of transaction costs that were allocated to the Notes, resulting in net cash proceeds of $71.5 million.

The Company incurred $25.7 million of transaction costs in connection with the Business Combination, consisting of advisory, banking, legal, and other professional fees, of which $13.6 million were incurred by DHHC and $12.1 million were incurred by Legacy UHG. All costs were capitalized and recorded as a reduction to additional paid-in capital.

Note 3 2 - Summary of significant accounting policies

The unaudited Condensed Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. The Company's fiscal year end is December 31 and, unless otherwise stated, all years and dates refer to the fiscal year.

Unaudited Interim Condensed Consolidated Financial Statements - The accompanying Condensed Consolidated Financial Statements of the Company have been prepared in accordance with GAAP for interim financial information and the rules and regulations of Regulation S-X of the Securities and Exchange Commission ("SEC"). Accordingly, certain information, notes, and disclosures normally included in the annual financial statements prepared under GAAP have been condensed or omitted in accordance with SEC rules and regulations. Therefore, these Condensed Consolidated Financial Statements should be read in conjunction with the financial statements and notes included in the audited financial statements of Legacy UHG Company's Annual Report on Form 10-K for the year ended December 31, 2022 included in the Form S-1/A filed with the SEC on July 17, 2023 December 31, 2023. Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB"). The accompanying Condensed Consolidated Financial Statements as of September 30, 2023 March 31, 2024 and for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are unaudited. The unaudited interim Condensed Consolidated Financial Statements have been prepared on the same basis as the audited annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for a fair statement of the Company's financial position as of September 30, 2023 March 31, 2024, results of operations for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 and cash flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023. The financial data and other information disclosed in these notes related to the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are also unaudited. The Condensed Consolidated Balance Sheet at December 31, 2022, December 31, 2023 was derived from audited annual financial statements and adjusted for the retrospective recapitalization as described in *Note 1 - Nature of operations and basis of presentation* and *Note 2 - Merger and Reverse Recapitalization* but does not contain all of the note disclosures from the annual financial statements. Other than policies noted below in this Note, there have been no significant changes to the significant accounting policies disclosed in Note 2 of audited Legacy UHG since the Company's previous annual financial statements as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022. statements. The results for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are not necessarily indicative of results to be expected for the year ended December 31, 2023 December 31, 2024, any other interim periods, or any future year or period.

Table of Contents

Emerging Growth Company - The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is not an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Principles of consolidation Consolidation – The Condensed Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. Intercompany transactions and balances have been eliminated upon consolidation. The Company's fiscal year end is December 31 and, unless otherwise stated, all years and dates refer to the fiscal year.

Use of Estimates – The preparation of the accompanying Condensed Consolidated Financial Statements in conformity with GAAP requires management to make informed estimates and judgments assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported in amounts of revenues and expenses during the reporting periods. Management continually evaluates the estimates used to prepare the Condensed Consolidated Financial Statements and accompanying notes. Estimates updates those estimates as necessary. In general, UHG's estimates are based on historical experience, on information from third party professionals, and other various assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ materially from those estimates made by the Company include corporate expense allocation, useful lives of depreciable assets, revenue recognition associated with contracts recognized over time, capitalized interest, warranty reserves, share-based compensation, valuation of earnout liability, valuation of convertible note and valuation of stock warrants. Due to inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates.

Segment Information– The Company determines its chief operating decision maker ("CODM") based on the person responsible for making resource allocation decisions. Operating segments are components of the business for which the CODM regularly reviews discrete financial information. The Company manages its operations as a single segment for the purposes of assessing performance and making operating decisions. management.

Inventories and Cost of Sales – The carrying value of inventory is stated at cost unless events and circumstances indicate the carrying value may not be recoverable. Inventory consists of land under development, developed lots, real estate inventories not owned, homes under construction, and finished homes.

– Land under development - On a limited basis, the Company acquires raw parcels of land already zoned for its intended use to develop into finished lots, and includes land acquisition costs, direct improvement costs, capitalized interest where applicable, and real estate taxes. As of March 31, 2024 and December 31, 2023, the amount of land under development was $3,668,423 and $8,846,666, respectively, which is included in Developed lots and land under construction on the Condensed Consolidated Balance Sheets

– Developed lots - This inventory consists of land that has been developed for or acquired by the Company and where vertical construction is imminent. Developed lot costs are typically allocated to individual residential lots on a per lot basis based on specific costs incurred for the acquisition of the lot. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the amount of developed lots included in inventory was $23,725,065 $16,540,924 and $16,205,448, $26,380,906, respectively. Developed lots purchased at fair value from third parties and related parties was $23,150,065 $13,111,593 and $10,052,179 $22,046,804 as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, which is included in Developed Lots lots and land under construction on the Condensed Consolidated Balance Sheets.

– Real estate inventory not owned - In 2024, the Company entered into a land banking arrangement which resulted in the Company selling certain finished lots it owns to a land banker and simultaneously entering into option agreements to repurchase those finished lots. In accordance with ASC 606, *Revenue from contracts with customers*, these transactions are considered a financing arrangement rather than a sale because of the Company's options to repurchase these finished lots at a higher price. As of March 31, 2024, $17,819,132 was recorded to Real estate inventory not owned, with a corresponding amount of approximately $14,078,495 recorded to

[Table of Contents](#)

Liabilities from real estate inventory not owned on the Condensed Consolidated Balance Sheets. The amounts recognized as Liabilities from real estate inventory not owned represent the net cash received from the land banking arrangement, consistent with ASC 606. The Liabilities from real estate inventory not owned are excluded from the Company's debt covenant calculations.

– Homes under construction - At the time construction of the home begins, developed lots are transferred to homes under construction within inventory. This inventory represents costs associated with active homebuilding activities which include, predominately, field labor, materials and overhead costs related to home construction, capitalized interest, real estate taxes and land option fees. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the amount of inventory related to homes under construction included in homes under construction and finished homes was $85,322,597 $107,586,474 and $141,863,561, $125,623,133, respectively.

– Finished homes - This inventory represents completed but unsold homes at the end of the reporting period. Costs incurred in connection with completed homes including associated selling, general, and administrative costs are expensed as incurred. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the amount of inventory related to finished homes included in homes under construction and finished homes was $23,498,419 $42,801,200 and $22,133,926, $21,958,997, respectively.

Goodwill Intangible Assets - Goodwill represents Intangible assets are recorded within Prepaid expenses and other assets on the excess Condensed Consolidated Balance Sheets, and consists of purchase price over the estimated fair value of tradenames, architectural designs, and noncompete agreements acquired in connection with acquisitions. The identified finite-lived intangible assets are amortized over their respective estimated useful lives. Amortization expense associated with intangible assets is recorded to Selling, general and administrative expense in the assets acquired and the liabilities assumed in a business combination. See *Note 4 - Business Combinations*, for details on recent acquisitions. In accordance with ASC Topic 350, *Intangibles-Goodwill and Other*, the Company evaluates goodwill for potential impairment on at least an annual basis. Consolidated Statement of Operations. The Company has the option to perform a qualitative or quantitative assessment to determine whether the fair value estimated useful life of a reporting unit exceeds its carrying value. Qualitative factors may include, but are not limited to economic each asset group is summarized below:

conditions, industry and market considerations, cost factors, overall financial performance of the reporting units and other entity and reporting unit specific events. If the qualitative assessment indicates that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount, then a quantitative assessment is performed to determine the reporting unit's fair value. If the reporting unit's carrying value exceeds its fair value, then an impairment loss is recognized for the amount of the excess of the carrying amount over the reporting unit's fair value.

Asset Group	Estimated Useful Lives
Tradenames	7 years
Architectural Designs	3 to 7 years
Non-compete Agreement	2 years

Unconsolidated Variable Interest Entities - Pursuant to ASC 810,*Consolidation*, and subtopics related to the consolidation of variable interest entities ("VIEs"), management analyzes the Company's investments and transactions under the variable interest model to determine if they are VIEs and, if so, whether the Company is the primary beneficiary. Management determines whether the Company is the primary beneficiary of a VIE at the time it becomes involved with a VIE and reconsiders that conclusion if changes to the Company's involvement arise. To make this determination, management considers factors such as whether the Company could direct finance, determine or limit the scope of the entity, sell or transfer property, direct development or direct other operating decisions. The primary beneficiary is defined as the entity having both of the following characteristics: 1) the power to direct the activities that most significantly impact the VIE's performance, and 2) the obligation to absorb losses and rights to receive the returns from the VIE that would be potentially significant to the VIE. Management consolidates the entity if the Company is the primary beneficiary or if a standalone primary beneficiary does not exist and the Company and its related parties collectively meet the definition of a primary beneficiary. If the investment does not qualify as a VIE under the variable interest model, management then evaluates the entity under the voting interest model to assess if consolidation is appropriate.

The Company has entered into a shared services agreement with a related party that operates in the land development business in which the Company will provide accounting, IT, HR, and other administrative support services and receive property maintenance services and due diligence and negotiation assistance with purchasing third party finished lots. Management has analyzed and concluded that it has a variable interest in this entity through the services agreement that provides the Company with the obligation to absorb losses and the right to receive benefits based on fees that are below market rates.

Additionally, the Company enters into lot option purchase agreements with the same related party and discussed above, other related parties and third parties to procure land or lots for the construction of homes. Under these contracts, the Company funds a stated deposit in consideration for the right, but not the obligation, to purchase land or lots at a future point in time. Under the terms of the option purchase contracts, the option deposits are not refundable. Management determined it holds a variable interest through its potential to absorb some of the related parties' and third parties' first dollar risk of loss by placing a non-refundable deposit.

Table of Contents

Management determined that these related and third parties are VIEs, however, the Company is not the primary beneficiary of the VIEs as it does not have the power to direct the VIEs' most significant activities related to land development. Accordingly, the Company does not consolidate these VIEs.

As of September 30, 2023 March 31, 2024 and December 31, 2023 the Company recognized $77,333 $77,318 and $88,000, respectively, of assets related to the shared services agreement included within Due from related party on the Condensed Consolidated Balance Sheets, and $20,138,083 $38,736,582 and $33,015,812, respectively, of assets related to lot purchase agreements included within Lot purchase agreement deposits on the Condensed Consolidated Balance Sheets. There were no amounts associated with these agreements as of December 31, 2022. The Company determined these amounts to be the maximum exposure to loss due to involvement with the VIEs as the Company does not provide any financial guarantees or support to these related or third parties.

As discussed above, the Company has entered into a land banking arrangement with a separate third-party to transfer developed lots to the third-party while retaining the right to repurchase the lots through option agreements. Under the terms of these option agreements, the Company obtains the right, but not the obligation, to repurchase the lots over a specified period of time at pre-determined prices. Consistent with ASC 606, the Company is required to continue recognizing the finished lots sold on its Condensed Consolidated Balance Sheets as the arrangement is accounted for as a financing arrangement rather than a sale. At the time the Company sells finished lots to the land banker and simultaneously enters into option agreements to repurchase those finished lots, the net cash received by the land banker represents approximately 80% of the carrying value of the associated finished lots. Management determined it holds a variable interest in the land banker through its potential to absorb some of the third-party's first dollar risk of loss by not receiving an amount equal to or greater than the value of the associated finished lots the Company continues to recognize on its Condensed Consolidated Balance Sheets as Real estate inventory not owned. Management determined that the land banker is a VIE, however, the Company is not the primary beneficiary of the VIE as it does not have the power to direct the VIE's significant activities related to land development. The maximum exposure to loss with respect to the land banking arrangement is limited to the value of the Real estate inventory not owned not financed by the land banker, which was $3,740,637 as of March 31, 2024.

Stock-based Compensation – The Company recognizes stock-based compensation expense within Selling, general and administrative expense in the Condensed Consolidated Statements of Operations for certain stock-based payment arrangements, which include stock options, restricted share units ("RSUs"), performance-based restricted stock units ("PSUs") and stock warrants.

In accordance with ASC 718, Compensation - Stock Compensation, stock-based compensation expense for all stock-based payment awards is based on the grant date fair value. For any awards that do not contain a market condition, the Company estimates fair value using a Black-Scholes option pricing model. For any awards that contain a market condition, the Company estimates fair value using a Monte Carlo simulation model. The grant date fair value of RSUs is the closing price of UHG's common stock on the date of the grant. See *Note 14 - Stock-based compensation* for further details.

The Company recognizes expense for stock-based payment awards based on their varying vesting conditions as follows:

– Awards with service-based vesting conditions only - Expense is recognized on a straight-line basis over the requisite service period of the award.
– Awards with performance-based vesting conditions - Expense is not recognized until it is determined that it is probable the performance-based conditions will be met. When achievement of a performance-based condition is probable, a catch-up expense will be recorded as if the award had been vesting on a straight-line basis from the award

date. The award will continue to be expensed on a straight-line basis until the probability of achieving the performance-based condition changes, if applicable.

– Awards with graded vesting conditions and market or performance conditions - Expense is recognized using the graded vesting method over the requisite service period of the award.
– Awards with no service or performance based vesting conditions - Expense is recognized immediately upon the grant date of the award.

Revenue Recognition - The Company recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*.606. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, revenue recognized at a point in time from speculative production home closings totaled $84,644,068, $100,326,728 and $105,694,086, $92,389,410, respectively, and for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, revenue recognized over time from construction activities on land owned by customers totaled $3,084,023, $511,517 and $5,352,147, $2,437,292, respectively. For the nine months ended September 30, 2023 and 2022, revenue recognized at a point in time from speculative home closings totaled $294,749,743, and $345,566,071, respectively, and for the nine months ended September 30, 2023 and 2022, revenue recognized over time from construction activities on land owned by customers totaled $9,896,679, and $16,385,703, respectively.

Table of Contents

Advertising – The Company expenses advertising and marketing costs as incurred and includes such costs within Selling, general, and administrative expense in the Condensed Consolidated Statements of Operations. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company incurred $511,505 $732,366 and $460,457, respectively, in advertising and marketing costs. For the nine months ended September 30, 2023 and 2022, the Company incurred $1,485,185 and $2,286,890, $490,980, respectively, in advertising and marketing costs.

Recently Issued Accounting Pronouncements – In November 2023, the FASB issued ASU 2023-07, *Segment Reporting - Improvements to Reportable Segment Disclosures*, which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods beginning after December 15, 2024. Early adoption is permitted. The guidance is to be applied retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The Company is currently evaluating the potential impact of adopting this new guidance on the Company's Condensed Consolidated Financial Statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes* – *(Topic 740): Improvements to Income Tax Disclosures*Income taxes are accounted for using, which modifies the asset and liability method of accounting. Under this method, deferred rules on income tax assets and liabilities are recognized for the expected future tax consequences on differences between the carrying amounts of assets and liabilities and their respective tax basis, using tax rates in effect for the year in which the differences are expected disclosures to reverse. The effect on deferred assets and liabilities of a change in tax rates is recognized in income require entities to disclose (1) specific categories in the period when rate reconciliation, (2) the change income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (3) income tax expense or benefit from continuing operations (separated by federal, state and foreign). ASU 2023-09 also requires entities to disclose their income tax payments to international, federal, state and local jurisdictions, among other changes. The guidance is enacted. Deferred tax assets are reduced by effective for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. ASU 2023-09 should be applied on a valuation allowance when it prospective basis, but retrospective application is "more-likely-than not" that some portion or all of the deferred tax assets will not be realized. When permitted. The Company is currently evaluating the realizability potential impact of deferred tax assets, all evidence, both positive adopting this new guidance on the Company's Condensed Consolidated Financial Statements and negative, related disclosures.

Note 3 - Segment reporting

An operating segment is evaluated. defined as a component of an enterprise for which separate financial information is available and for which segment results are evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. UHG primarily operates in the homebuilding business and is organized and reported by division. The identification of reporting segments is based primarily on similarities in economic and geographic characteristics, product types, regulatory environments, and methods used to sell and construct homes.

The Company recognizes interest has two reportable segments: South Carolina and penalties related to the underpayment of income taxes, including those resulting from the late filing of tax returns within the provision for income taxes Other. The South Carolina reporting segment primarily represents UHG's South Carolina homebuilding operations. This segment operates in the Condensed Consolidated Statements Upstate, Midlands, and Coastal regions of Operations. The Company analyzes its tax filing positions in the U.S. federal, state, and local tax jurisdictions where the Company is required to file income tax returns, South Carolina, as well as for all open tax years a smaller presence in these jurisdictions. If, based on this analysis, Georgia. The Other segment consists of UHG's homebuilding operations in Raleigh, NC and mortgage operations conducted through a mortgage banking joint venture, Homeowners Mortgage, LLC which do not meet the Company determines that uncertainties in tax positions exist, a liability is established. quantitative thresholds to be disclosed separately.

Tax laws are complex The CODM reviews the results of operations, including total revenue and subject pretax income to different interpretations assess profitability and allocate resources. The following tables summarize revenues and pre-tax income by segment for the taxpayer three months ended March 31, 2024, and respective governmental taxing authorities. Significant judgment is required in determining tax expense 2023 as well as total assets by segment as of March 31, 2024 and in evaluating tax positions, including evaluating uncertainties under GAAP. The December 31, 2023, with reconciliations to the amounts reported for the consolidated Company, reviews its tax positions quarterly and adjusts its tax balances as new legislation is enacted or new information becomes available. where applicable:

Prior to

	Three Months Ended March 31,

	2024	2023
Revenues (1):		
South Carolina	$ 97,862,065	$ 94,826,702
Other	3,294,479	245,808
Total segment revenues	101,156,544	95,072,510
Reconciling items from equity method investments	(318,299)	(245,808)
Consolidated revenues	**$ 100,838,245**	**$ 94,826,702**

Table of Contents

	Three Months Ended March 31,	
	2024	2023
Income before taxes:		
South Carolina	$ 7,318,965	$ 4,741,164
Other	(109,738)	245,808
Total segment income before taxes	7,209,227	4,986,972
Corporate reconciling items (2):		
Unallocated corporate overhead	(4,163,527)	—
Stock-based compensation expense	(1,509,964)	(4,448,077)
Corporate investment income	87,640	—
Corporate interest expense	(4,228,374)	—
Change in fair value of derivative liabilities	26,379,710	(207,064,488)
Consolidated income (loss) before taxes	**$ 23,774,712**	**$ (206,525,593)**

	As of March 31, 2024	As of December 31, 2023	As of March 31, 2024	As of December 31, 2023
	Assets		Goodwill(3)	
South Carolina	$ 248,242,574	$ 255,633,338	$ 8,779,676	$ 5,206,636
Other	19,441,186	16,985,564	500,000	500,000
Total segment assets	267,683,760	272,618,902	9,279,676	5,706,636
Corporate reconciling items (2):				
Cash and cash equivalents	6,580,611	13,958,645	—	—
Deferred tax asset	4,451,690	3,568,601	—	—
Operating lease right-of-use assets	4,623,058	4,907,617	—	—
Capitalized interest (4)	1,193,288	1,933,447	—	—
Prepaid expenses and other assets	2,570,973	1,547,267	—	—
Other	110,596	112,849	—	—
Consolidated assets	**$ 287,213,976**	**$ 298,647,328**	**$ 9,279,676**	**$ 5,706,636**

(1) The Company's revenue includes revenue recognized at a point in time from production home closings, as well as revenue recognized over time from construction activities on land owned by customers. For the Business Combination, Legacy UHG was included in the tax filing of the shareholders of GSH, which was taxed individually under the provision of Subchapter S and Subchapter K of the Internal Revenue Code. Individual shareholders were liable for income taxes on their respective shares of GSH's taxable income. No income tax liability nor income tax was allocated to Legacy UHG as of December 31, 2022 or for the nine three months ended September 30, 2022 March 31, 2024 substantially all point in time revenue and over time revenue was recognized at the South Carolina segment. For the three months ended March 31, 2023, nor all point in time and over time revenue was there any recorded liability for uncertain tax positions.

recognized at the South Carolina segment.

Derivative liabilities – (2) The Company does not use derivative instruments corporate reconciling items included prior to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates consolidated income before taxes include unallocated corporate overhead (which includes all of its financial instruments, including issued warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480, *Distinguishing Liabilities from*

Equity, management incentive compensation), stock-based compensation expense, corporate interest income and ASC 815, *Derivatives and Hedging* ("ASC 815"). The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

The 8,625,000 warrants issued in connection with DHHC's Initial Public Offering (the "Public Warrants"), the 2,966,664 Private Placement Warrants (as defined below), 21,491,695 Earnout Shares and certain stock options (as discussed in *Note 14 - Share-based compensation*) are recognized as derivative liabilities in accordance with ASC 815. Accordingly, the Company recognizes the warrant instruments, earnout shares and stock options as liabilities at fair value and adjusts the instruments to fair value at each reporting period until they are exercised or issued, respectively. The Public Warrant quoted market price was used as the fair value for the Public Warrants as of September 30, 2023. The Private Placement Warrants and the Earnout shares were valued using a Monte Carlo analysis. See the *Earnout* and *Warrant Liabilities* sections below for further detail on each instrument and their classification. Stock options were valued using Black-Scholes valuation model. See *Note 14 - Share-based compensation* for further detail.

Earnout - In connection with the Business Combination, Earnout Holders are entitled to receive consideration in the form of Earnout Shares upon the Company achieving certain Triggering Events, as described in *Note 15 - Earnout Shares.* The contingent obligations to issue Earnout Shares to the Earnout Holders, excluding Employee Option Holders, are recognized as derivative liabilities in accordance with ASC 815. The liabilities were recognized at fair value on the Closing Date and are subsequently remeasured at each reporting date with expense, changes in fair value recorded of derivative liabilities, and other corporate level items. Similarly, reconciling items included prior to consolidated assets include corporate cash and cash equivalents, deferred tax assets attributable to the corporate entity, and operating lease right-of-use assets. The Company's overhead functions, such as accounting, treasury, and human resources, are centrally performed and the costs and related assets are not allocated to the Company's operating segments. Corporate interest expense primarily consists of interest charges on the Convertible notes. Prior to the merger with DHHC, Legacy UHG did not have a corporate function and therefore did not maintain any corporate level accounts. Following the merger, the Company has implemented a corporate level accounting function, resulting in the Condensed Consolidated Statements need for certain reconciling adjustments which did not exist prior to the Business Combination.
(3) In 2024, the company acquired selected assets of Operations.

Earnout Shares issuable to Employee Option Holders are considered a separate unit Creekside Custom Homes, LLC, which resulted in the acquisition of account from the Earnout Shares issuable to GSH Equity Holders, and the Sponsors, and are accounted for as equity classified stock compensation. The Earnout Shares issuable to Employee Option Holders are fully vested upon issuance, thus there is no requisite service period, and the value of these shares is recognized as a one-time stock compensation expense for the grant date fair value.

The estimated fair values of the Earnout Shares were determined by using a Monte Carlo simulation valuation model using a distribution of potential outcomes on a daily basis over the Earnout Period as defined in *Note 15 - Earnout Shares*. The preliminary estimated fair values of the Earnout Shares were determined using the most reliable information available,

including the current trading price of the UHG Class A Common Shares, expected volatility, risk-free rate, expected term and dividend rate.

The earnout liability is categorized as a Level 3 fair value measurement because the Company estimated projections during the Earnout Period utilizing unobservable inputs. goodwill. See *Note* 5 *4 - Fair Value Measurement* *Business acquisitions* for further detail on UHG's accounting policy related to the fair value of financial instruments. details.

Warrant Liabilities- (4) The Company assumed 8,625,000 publicly-traded warrants ("Public Warrants") from DHHC's initial public offering and 2,966,664 private placement warrants originally issued by DHHC ("Private Placement Warrants" and, together Capitalized interest represents unallocated capitalized interest associated with the Public Warrants, the "Common Stock Warrants" or "Warrants"). Upon consummation of the Business Combination, each Common Stock Warrant issued entitled the holder to purchase one UHG Class A Common Share at an exercise price of $11.50 per share. The Common Stock Warrants are exercisable as of April 29, 2023. The Private Placement Warrants are identical to the Public Warrants, except that the Private Placement Warrants were not transferable, assignable or salable until 30 days after the completion of the Business Combination, subject to certain exceptions. During the three and nine months ended September 30, 2023, no Common Stock Warrants were exercised. The Public Warrants are publicly traded and are exercisable for cash unless certain conditions occur Company's Convertible note payable, which would permit a cashless exercise. The Private Placement Warrants are exercisable on a cashless basis and are non-redeemable so long as they are held by the initial purchasers or their permitted transferees, subject to certain exceptions. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants are redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

The Company evaluated the Public Warrants and Private Placement Warrants and concluded that both meet the definition of a derivative and will be accounted for in accordance with ASC Topic 815-40, as the Public Warrants and Private Placement Warrants are not considered indexed to UHG's stock.

PIPE Investment **-** In connection with the closing of the Business Combination, GSH was entered into the Note Purchase Agreement, dated March 21, 2023, and effective March 30, 2023, with DHHC and the Convertible Note Investors. As part of the PIPE Investment, the Convertible Note Investors agreed to purchase $80.0 million in original principal amount of Notes at a 6.25% original issue discount and were issued an additional 744,588 UHG Class A Common Shares. The aggregate proceeds received from the Convertible Note Investors was $75.0 million. Additionally, in connection with the Business Combination, (i) the PIPE Investors purchased from the Company an aggregate of (A) 471,500 UHG Class A Common Shares at a purchase price of $10.00 per share, and (B) 117,875 UHG Class A Common Shares at a purchase price of $0.01 per share for gross proceeds to the Company of approximately $4.7 million, pursuant to the PIPE Subscription Agreements, and (ii) the Lock-Up Investors purchased from the Company an aggregate of 421,100 UHG Class A Common Shares at a purchase price of $0.01 per share pursuant to the Share Lock-Up Agreements. Following the closing of the Business Combination, UHG notified each Lock-Up Investor that UHG waived the lock-up restriction contained in the Share Lock-Up Agreements.

The Company accounts for the Notes and PIPE Shares as two freestanding financial instruments. The Company accounts for the Notes at amortized cost and amortizes the debt discount to interest expense using the effective interest method over the expected term of the Notes pursuant to ASC 835, *Interest*. The Company accounts for the PIPE Shares as equity, as they are not in the scope of ASC 480. The Company applied the relative fair value method to allocate the $75.0 million in aggregate proceeds received among the freestanding instruments issued. Specifically, $70.2 million was allocated to the Notes, and $4.8 million was allocated to the PIPE Shares. The amount allocated to the PIPE Shares is presented as an increase in additional paid-in capital.

The Notes are considered a hybrid financial instrument consisting of a debt "host" and embedded features. The Company evaluated the Notes at issuance for embedded derivative features and the potential need for bifurcation under ASC 815, and determined that the Notes contained embedded derivatives, including conversion features and redemption rights. Although the Company determined that a group of these embedded features which are contingent on certain events occurring, as further discussed in 2023. See *Note 13 - Convertible Note*, would need to be bifurcated, the contingencies themselves are either entirely within the Company's control or based on an event for which management considers the probability of occurring as extremely remote. Therefore, the group of embedded features which are contingent on certain events and required to be bifurcated would likely have minimal or no value and therefore deemed to not be material to the Condensed Consolidated Financial Statements.

The Company engaged an independent valuation firm to assist with the valuation of the Notes and the PIPE Shares. Refer to *Note 13 - Convertible Note note payable* for further valuation details.

The Company recognized issuance costs

Table of $3.5 million in connection with the Note Purchase Agreement. Issuance costs are specific incremental costs that are (1) paid to third parties and (2) directly attributable to the issuance of a debt or equity instrument. The issuance costs attributable to the initial sale of the instrument are offset against the associated proceeds in the determination of the instrument's initial net carrying amount.

Recently Adopted Accounting Pronouncements – In June 2016, FASB issued ASU 2016-13, *Financial Instruments –Credit Losses Measurement of Credit Losses on Financial Instruments* ("ASC 326"). ASC 326 significantly changes the way impairment of financial assets is recognized by requiring companies to immediately recognize estimated credit losses expected to occur over the remaining life of many financial assets. The immediate recognition of the estimated credit losses generally will result in an earlier recognition of allowance for credit losses on loans and other financial instruments. The Company adopted this ASU effective January 1, 2023. The adoption of ASC 326 did not have a significant impact on the Company's Condensed Consolidated Financial Statements.Contents

In March 2020, FASB issued ASU 2020-04, *Reference Rate Reform(Topic 848)*, which provides practical expedients and exceptions for applying GAAP when modifying contracts and hedging relationships that use the London Interbank Offered Rate ("LIBOR") as a reference rate. During the three months ended March 31, 2023, the Company adopted Topic 848 and amended the related debt agreement (see *Note 8 - Homebuilding debt and other affiliate debt)*. The adoption of Topic 848 did not have a significant impact on the Company's Condensed Consolidated Financial Statements.

Note 4 - Business Combinations acquisitions

Creekside

On January 26, 2024, the Company completed the acquisition of selected assets of Creekside Custom Homes, LLC, a South Carolina corporation ("Creekside") (the "Creekside Acquisition") for $12,742,895 in cash. The acquisition allows UHG to further expand its presence in the coastal region of South Carolina, particularly in the Myrtle Beach, South Carolina area.

In August 2023, The acquisition was accounted for as a business combination under ASC 805, *Business Combinations* under the acquisition method, and the results of operations have been included in the Condensed Consolidated Financial Statements since the date of acquisition. The purchase price for the acquisition was allocated based on estimated fair value of the acquired assets and assumed liabilities as of January 26, 2024. The amounts for intangible assets were based on third-party valuations performed. The Company recognized the excess purchase price over the fair value of the net assets acquired as goodwill of $3,573,040 (all of which is tax deductible). The goodwill arising from the acquisition consists largely of the expected synergies from expanding the Company's market presence in South Carolina and the experience and reputation of the acquired management team.

For the three months ended March 31, 2024, the Company entered recorded Revenue and Net income of $3,873,578 and $292,697, respectively, related to Creekside operations. Transaction costs of $390,142 related to this transaction were expensed as incurred within the Raleigh, North Carolina market through Selling, general and administrative expense line item in the Condensed Consolidated Statement of Operations.

The purchase price allocation is preliminary and subject to change during its measurement period. The Company has not yet completed its evaluation and determination of certain assets acquired and liabilities assumed, primarily (i) the final valuation of intangible assets, and (ii) the final assessment and valuation of certain other assets acquired and liabilities assumed, such as inventory, which could also impact goodwill during the measurement period. Although not expected to be significant, such adjustments may result in changes in the valuation of assets and liabilities acquired.

The purchase price allocation as of March 31, 2024 is as follows:

		Purchase Price Allocation
Inventories	$	10,478,116
Lot purchase agreement deposits		3,055,500
Property and equipment, net		20,000
Intangible assets		442,000
Goodwill		3,573,040
Liabilities		(4,825,761)
Total purchase price	**$**	**12,742,895**

Herring Homes

On August 18, 2023, the Company completed the acquisition of selected assets of Herring Homes, LLC ("Herring Homes"), a North Carolina homebuilder, for a purchase price of $2,166,516 in cash. The acquisition allows the Company to expand its presence into the Raleigh, North Carolina market.

The acquisition was accounted for as a business combination under ASC 805 under the acquisition method, and the results of operations have been included in the financial statements Condensed Consolidated Financial Statements since August 18, 2023, the effective date of the acquisition. The purchase price for the acquisition was allocated based on estimated fair value of the assets and liabilities at the date as of the acquisition. August 18, 2023. The Company recognized the excess purchase price over the fair value of the net assets acquired as goodwill of $500,000. of $500,000. The goodwill arising from the acquisition consists largely of the expected synergies from establishing a market presence in Raleigh and the experience and reputation of the acquired management team. The remaining basis of $1,666,516 $1,666,516 is primarily comprised of the fair value of the acquired developed lots and lot purchase agreement deposits with limited other assets and liabilities. Transaction costs were not material and were expensed as incurred.

Table of Contents

The Company has entered into an agreement with Herring Homes LLC to provide certain services including providing the use of UHG employees to finish unacquired WIP and treasury management in exchange for fees outlined in the agreement. For the three and nine months ended September 30, 2023, the Company recorded $50,000, $95,086, and $88,931 in Revenue, Other (expense) income, net, and Cost of sales, respectively. Subsequent to the acquisition, UHG acquired 50 lots and 12 homes under construction in separate transactions for a fair value of $4.9 million and $5.9 million, respectively, in the Raleigh, North Carolina market.

Rosewood

On October 25, 2023, the Company completed the acquisition of 100% of the common stock of Rosewood Communities, Inc., a South Carolina corporation ("Rosewood") (the "Rosewood Acquisition") for a purchase price of $24,681,948, of which $22,674,948 was in cash. The remaining purchase price is related to a $300,000 warranty cost reserve and contingent consideration based on 25% of the EBITDA attributable to Rosewood's business through December 31, 2025. The initial estimate of the contingent consideration is approximately $1,707,000, which will be recorded as compensation expense if and when it is earned. The acquisition allows the Company to further expand its presence in the Upstate region of South Carolina.

The acquisition was accounted for as a business combination under ASC 805 under the acquisition method, and the results of operations have been included in the Condensed Consolidated Financial Statements since the date of acquisition. The purchase price for the acquisition was allocated based on estimated fair value of the assets and liabilities as of October 25, 2023. The amounts for intangible assets were based on third-party valuations performed. The Company recognized the excess purchase price over the fair value of the net assets acquired as goodwill of $5,206,636 (all of which is tax deductible). The goodwill arising from the acquisition consists largely of the expected synergies from expanding the Company's market presence in South Carolina and the experience and reputation of the acquired management team.

Transaction costs of $515,282 related to this transaction were expensed as incurred within the Selling, general and administrative expense line item in the Condensed Consolidated Statement of Operations.

The final purchase price allocation is as follows:

		Purchase Price Allocation
Cash acquired	$	543,421
Inventories		23,672,172
Lot purchase agreement deposits		912,220
Other assets		58,681
Property and equipment, net		703,872
Intangible assets		1,380,000
Goodwill		5,206,636
Liabilities		(5,992,953)
Total purchase price	**$**	**26,484,049**

In connection with the Rosewood acquisition, the Company recorded contingent consideration based on the estimated EBITDA attributable to Rosewood's business through December 31, 2025. The measurement of contingent consideration was based on projected cash flows such as revenues, gross margin, overhead expenses and EBITDA and discounted to present value. The Company recorded the fair value of the contingent consideration within Other accrued expenses and liabilities on the acquisition date. The estimated earn-out payments are subsequently remeasured to fair value at each reporting date based on the estimated future earnings of the acquired entity and the re-assessment of risk-adjusted discount rates. Maximum potential exposure for contingent consideration is not estimable based on the contractual terms of the contingent consideration agreement, which allows for a percentage payout based on a potentially unlimited range of EBITDA.

Unaudited Pro Forma Financial Information

The following unaudited pro forma condensed consolidated results of operations are provided for illustrative purposes only and have been presented as if the Creekside acquisition had occurred on January 1, 2023. The disclosure of Rosewood is included for comparative purposes and reflects revenue and net income balances as if the acquisition closed on January 1, 2022. Unaudited pro forma net income adjusts the operating results of the stated acquisitions to reflect the additional costs that would have been recorded assuming the fair value adjustments had been applied as of the beginning of

Table of Contents

the year preceding the year of acquisition, including the tax-effected amortization of the inventory step-up and transaction costs. This unaudited pro forma information should not be relied upon as being indicative of the historical results that would have been obtained if the acquisition had occurred on that date, nor of the results that may be obtained in the future.

	Three Months Ended March 31,	
Unaudited Pro Forma	**2024**	**2023**
Total Revenue	$ 102,137,350	$ 113,936,596
Net Income (Loss)	$ 25,598,960	$ (203,761,722)

Note 5 - Fair Value Measurement value measurement

Certain assets and liabilities measured and reported at fair value under GAAP are classified in a three-level hierarchy that prioritizes the inputs used in the valuation process. Categorization within the valuation hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The hierarchy is based on the observability and objectivity of the pricing inputs as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Significant directly observable data (other than Level 1 quoted prices) or significant indirectly observable data through corroboration with observable market data. Inputs would normally be (i) quoted prices in active markets for similar assets or liabilities, (ii) quoted prices in inactive markets for identical or similar assets or liabilities or (iii) information derived from or corroborated by observable market data.

Level 3 – Prices or valuation techniques that require significant unobservable data inputs. These inputs would normally be the Company's own data and judgments about assumptions that market participants would use in pricing the asset or liability.

Due to the short-term nature of the Company's Cash and cash equivalents, Accounts receivable, and Accounts payable, the carrying amounts of these instruments approximate their fair value. Lot purchase agreement deposits are recorded at the

agreed-upon contract value, which approximates fair value. The interest rates on the Homebuilding debt and other affiliate debt vary and are the greater of either a reference rate plus an applicable margin, or the base rate plus the aforementioned applicable margin. Refer to *Note 8 - Homebuilding debt and other affiliate debt* for additional detail on the determination of these instruments' interest rate. As the reference rate of the Homebuilding debt and other affiliate debt at any point in time is reflective of the current interest rate environment the Company operates in, the carrying amount of these instruments approximates their fair value.

The Convertible note payable is presented on the Condensed Consolidated Balance Sheet at its amortized cost and not at fair value. As of September 30, 2023 March 31, 2024, the fair value of the convertible note is $142,700,000 $131,600,000. See *Note 13 - Convertible Note note payable* for further details on how the fair value was estimated.

All other financial instruments except for Derivative private placement warrants liability, Contingent earnout liability, Derivative stock option liability, Contingent consideration, and Convertible note payable are classified within Level 1 or Level 2 of the fair value hierarchy because the Company values these instruments either based on recent trades of securities in active markets or based on quoted market prices of similar instruments and other significant inputs derived from or corroborated by observable market data.

The estimated fair value of the Derivative private placement warrants liability, Contingent earnout liability, Derivative stock option liability, Contingent consideration and Convertible note payable is determined using Level 3 inputs. The models and significant assumptions used in preparing the valuations are disclosed in *Note 16 - Warrant liability,* *Note 15 - Earnout Shares, shares, Note 14 - Share-based Stock-based compensation*, and *Note 13 - Convertible Note note payable* respectively.

[Table of Contents](#)

The following table presents tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2023 March 31, 2024 and December 31, 2023 and indicates the fair value hierarchy of the valuation. There were no assets or liabilities that are measured at fair value as of December 31, 2022.

	Fair Value Measurements as of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Contingent earnout liability	$ —	$—	$50,989,047	$50,989,047
Derivative private placement warrant liability	—	—	2,046,998	2,046,998
Derivative public warrant liability	5,261,250	—	—	5,261,250
Derivative stock option liability	—	—	244,639	244,639
Total Derivative Liability	**$5,261,250**	**$—**	**$53,280,684**	**$58,541,934**

	Fair Value Measurements as of March 31, 2024			
	Level 1	Level 2	Level 3	Total
Contingent earnout liability				
Derivative private placement warrant liability				
Derivative public warrant liability				
Derivative stock option liability				
Total derivative liability				
Contingent consideration				
Total fair value				

	Fair Value Measurements as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Contingent earnout liability	$ —	$ —	$ 115,566,762	$ 115,566,762
Derivative private placement warrant liability	—	—	3,292,996	3,292,996
Derivative public warrant liability	8,336,925	—	—	8,336,925
Derivative stock option liability	—	—	414,260	414,260
Total derivative liability	**8,336,925**	**—**	**119,274,018**	**127,610,943**
Contingent consideration	—	—	1,888,000	1,888,000
Total fair value	**$ 8,336,925**	**$ —**	**$ 121,162,018**	**$ 129,498,943**

Transfers to/from Levels 1, 2 and 3 are recognized at the beginning of the reporting period. There were no transfers to/from levels during the nine three month period ended September 30, 2023 March 31, 2024 and the year ended December 31, 2022 December 31, 2023.

The following table presents a roll forward of the Level 3 liabilities measured at fair value on a recurring basis:

	Contingent earnout liability		Derivative private placement warrant liability		Derivative stock option liability	
Liability at January 1, 2023	$	—	$	—	$	—
Recognition		242,211,404		625,370		1,189,685
Forfeitures		—		(890,001)		—
Change in fair value		203,418,892		1,213,963		922,263
Liability at March 31, 2023	$	445,630,296	$	949,332	$	2,111,948
Forfeitures	$	—	$	—	$	(817,862)
Exercise of liability awards		—		—		(272,621)
Change in fair value		(245,918,719)		1,394,332		(527,315)
Liability at June 30, 2023	$	199,711,577	$	2,343,664	$	494,150
Recognition					$	89,454
Change in fair value		(148,722,530)		(296,666)		(338,965)
Liability at September 30, 2023	**$**	**50,989,047**	**$**	**2,046,998**	**$**	**244,639**

	Contingent earnout liability		Derivative private placement warrant liability		Derivative stock option liability		Contingent consideration	
Liability at January 1, 2024	$	115,566,762	$	3,292,996	$	414,260	$	1,888,000
Exercise of liability awards		—		—		(2,756)		—
Change in fair value		(26,439,827)		29,667		(85,125)		(875,000)
Liability at March 31, 2024	**$**	**89,126,935**	**$**	**3,322,663**	**$**	**326,379**	**$**	**1,013,000**

Note 6 - Capitalized interest

The Company accrues interest on the Company's Homebuilding debt. That debt is used to finance homebuilding operations (see *Note 8 - Homebuilding debt and other affiliate debt*) and the associated interest is capitalized during active development of the home and included within inventory for Homes under construction and finished homes. Capitalized interest is expensed to Cost of sales upon the sale of the home. The Company also accrued interest on the Company's Convertible note payable. During periods in which the Company's active inventory is lower than its debt level, a portion of the interest incurred is reflected as interest expense within Other (expense) income, net in the period incurred (see *Note 13 - Convertible Note note payable*). Capitalized interest activity is summarized in the table below for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
Capitalized interest at beginning of the period:	**$**	**847,951**	**$**	**969,337**	**$**	**1,250,460**	**$**	**1,190,318**
Interest incurred		4,779,675		1,623,028		12,343,274		3,361,561
Interest expensed:								
Amortized to cost of sales		(1,531,318)		(1,582,819)		(6,078,117)		(3,542,333)
Directly to interest expense		(2,039,512)		—		(5,458,821)		—
Capitalized interest at September 30:	**$**	**2,056,796**	**$**	**1,009,546**	**$**	**2,056,796**	**$**	**1,009,546**

Table of Contents

	Three Months Ended March 31,			
	2024		2023	
Capitalized interest at January 1:	**$**	**3,026,083**	**$**	**1,250,460**
Interest incurred		5,169,779		2,237,900
Interest expensed:				
Included in cost of sales		(3,513,019)		(2,386,832)
Directly to interest expense		(2,142,192)		—

Capitalized interest at March 31:	**$ 2,540,651**	**$ 1,101,528**

Note 7 - Property and equipment

Property and equipment consisted of the following as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

Asset Group	Asset Group	September 30, 2023	December 31, 2022	Asset Group	March 31, 2024	December 31, 2023
Buildings						
Furniture and fixtures	Furniture and fixtures	$ 507,972	$ 688,487			
Land						
Leasehold improvements	Leasehold improvements	380,187	380,187			
Machinery and equipment	Machinery and equipment	55,882	1,037,231			
Office equipment	Office equipment	23,221	165,774			
Vehicles	Vehicles	176,455	750,950			
Total Property and equipment	**Total Property and equipment**	**$1,143,717**	**$3,022,629**			
Less: Accumulated depreciation	Less: Accumulated depreciation	(500,363)	(1,636,931)			
Property and equipment, net	**Property and equipment, net**	**$ 643,354**	**$1,385,698**			

Depreciation expense, included within Selling, general and administrative expense on the Condensed Consolidated Statements of Operations was $23,594 $50,565 and $89,667 $93,942 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively and $154,474 and $264,884, for the nine months ended September 30, 2023 and 2022, 2023, respectively.

Note 8 - Homebuilding debt and other affiliate debt

Prior to the Business Combination, Legacy UHG, jointly with its Other Affiliates considered to be under common control, entered into debt arrangements with financial institutions. These debt arrangements are in the form of revolving lines of credit and are generally secured by land (developed lots and undeveloped land) and homes (under construction and finished). Legacy UHG and certain related Other Affiliates were collectively referred to as the Nieri Group. The Nieri Group entities were jointly and severally liable for the outstanding balances under the revolving lines of credit, however, Legacy UHG was deemed the primary obligor. Legacy UHG was considered the primary legal obligor of such debt as it was the sole cash generating entity and responsible for repayment of the debt. As such, Legacy UHG had recorded the outstanding advances under the financial institution debt and other debt within these financial statements as of December 31, 2022.

A portion of the revolving lines of credit were drawn down for the sole operational benefit of the Nieri Group and Other Affiliates outside of Legacy UHG. UHG ("Other Affiliates' debt"). During the three months ended March 31, 2024 and 2023, Other Affiliates borrowed zero and $136,773, respectively. These line amounts are recorded on the Condensed Consolidated Statements of credit balances are reflected Cash Flows, financing activities section, with borrowings presented as Proceeds from other affiliate debt and repayments as Repayments of other affiliate debt. On February 27, 2023, Legacy UHG paid off Wells Fargo debt associated with Other Affiliates in the table below amount of $8,340,545 and on February 28, 2023, Legacy UHG was released as a co-obligor from the Anderson Brothers debt associated with Other Affiliates' debt.

Affiliates in anticipation of the Business Combination. As a result there is no remaining debt balance associated with Other Affiliates as of March 31, 2023. Post Business Combination, the Company no longer enters into debt arrangements with Other Affiliates of Legacy UHG. As discussed further below, in connection with the Business Combination, the Wells Fargo Syndication line was amended and restated to exclude any members of the Nieri Group and Other Affiliates of Legacy UHG from the borrower list.

Table of Contents

The advances from the revolving construction lines, reflected as Homebuilding debt - Wells Fargo Syndication, are used to build homes and are repaid incrementally upon individual home sales. The various revolving construction lines are collateralized by the homes under construction and developed lots. The revolving construction lines are fully secured, and the availability of funds are based on the inventory value at the time of the draw request. Interest is accrued based on the total syndication balance and is paid monthly. As the average construction time for homes is less than one year, all outstanding debt is considered short-term as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

The following table and descriptions summarize the Company's debt as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

		September 30, 2023		
		Weighted average interest rate		Homebuilding Debt - Wells Fargo Syndication
		March 31, 2024		
		March 31, 2024		
		March 31, 2024		
		Weighted average interest rate		
		Weighted average interest rate		
		Weighted average interest rate		
Wells Fargo Bank				
Wells Fargo Bank				
Wells Fargo Bank	Wells Fargo Bank	8.02	%	$16,844,806
Regions Bank	Regions Bank	8.02	%	14,253,298
Regions Bank				
Regions Bank				
Flagstar Bank				
Flagstar Bank				
Flagstar Bank	Flagstar Bank	8.02	%	12,957,543
United Bank	United Bank	8.02	%	10,366,035
United Bank				
United Bank				
Third Coast Bank	Third Coast Bank	8.02	%	7,774,526
Third Coast Bank				
Third Coast Bank				
Other Notes Payable				
Other Notes Payable				
Other Notes Payable				
Total debt on contracts	**Total debt on contracts**			**$62,196,208**

Total debt on contracts

Total debt on contracts

	December 31, 2022			
	Weighted average interest rate	Homebuilding Debt - Wells Fargo Syndication	Other Affiliates(1)	Total
Wells Fargo Bank	4.98 %	$ 34,995,080	$ 8,203,772	$ 43,198,852
Regions Bank	4.98 %	27,550,618	—	27,550,618
Texas Capital Bank	4.98 %	19,676,552	—	19,676,552
Truist Bank	4.98 %	19,659,329	—	19,659,329
First National Bank	4.98 %	7,870,621	—	7,870,621
Anderson Brothers	4.74 %	—	2,841,034	2,841,034
Total debt on contracts		**$ 109,752,200**	**$ 11,044,806**	**$ 120,797,006**

(1) Outstanding balances relate to bank financing for land acquisition and development activities of Other Affiliates for which the Company is the co-obligor or has an indirect guarantee of the indebtedness of the Other Affiliates. In addition, the $8,203,772 of Other Affiliates debt with Wells Fargo Bank as of December 31, 2022 is part of the Wells Fargo Syndication.

	December 31, 2023			
	Weighted average interest rate	Homebuilding Debt - Wells Fargo Syndication	Private Investor Debt	Total
Wells Fargo Bank	8.13 %	$ 20,907,306	$ —	$ 20,907,306
Regions Bank	8.13 %	17,690,798	—	17,690,798
Flagstar Bank	8.13 %	16,082,543	—	16,082,543
United Bank	8.13 %	12,866,035	—	12,866,035
Third Coast Bank	8.13 %	9,649,526	—	9,649,526
Other Notes Payable		—	3,255,221	3,255,221
Total debt on contracts		**$ 77,196,208**	**$ 3,255,221**	**$ 80,451,429**

Homebuilding Debt - Wells Fargo Syndication

In July 2021, the Nieri Group entities entered into a $150,000,000 Syndicated Credit Agreement ("Syndicated Line") with Wells Fargo Bank, National Association ("Wells Fargo"). The Syndicated Line was a three-year revolving credit facility with a maturity date of July 2024, and an option to extend the maturity date for one year that could be exercised upon approval from Wells Fargo. The Syndicated Line also included a $2,000,000 letter of credit as a sub-facility subjected to the same terms and conditions as the Syndicated Line. The Syndicated Line was amended and restated ("First Amendment") on March 30, 2023 ("Amendment Date") in connection with the Business Combination (as defined in *Note 1 - Nature of operations and basis of presentation*) and made GSH the sole borrower of the Syndicated Line. An additional amendment and restatement ("Second Amendment") was entered into on August 10, 2023 ("Second Amendment Date"). As a result of the Second Amendment, UHG became a co-borrower of the Syndicated Line, the maximum borrowing capacity was increased to $240,000,000, and the maturity date was extended to August 10, 2026. In addition, Wells Fargo Bank and Regions Bank increased their participation in the Syndicated Line, three lenders exited the Syndicated Line, and

three lenders joined as new participants of the Syndicated Line. An additional amendment ("Third Amendment") was entered into on December 22, 2023 ("Third Amendment Date") and amended two financial covenants that are described below. On January 26, 2024 ("Fourth Amendment Date"), the Company entered into a new amendment ("Fourth Amendment"). As a result of this amendment the Company established a process for the joinder of additional subsidiary borrowers of the Company, and Rosewood was joined, jointly and severally with the Company and GSH as a borrower to the Syndicated Line. No other significant terms of the arrangements were changed other than those relating to the financial covenants and interest rate terms described below.

Table of Contents

The remaining availability to be drawn down on the Syndicated Line was $48,776,907 $63,272,797 as of September 30, 2023 March 31, 2024 and $12,015,246 $24,398,576 as of December 31, 2022 December 31, 2023. The Company pays a fee ranging between 15 and 30 basis points per annum depending on the unused amount of the Syndicated Line. The fee is computed on a daily basis and paid quarterly in arrears.

The Syndicated Line contains financial covenants, including (a) a minimum tangible net worth of no less than the sum of (x) $65 million and (y) 25% of positive after-tax income until the Amendment Date (which amount is subject to increase over time based on earnings) and no less than $70 million from the Amendment Date until June 30, 2023, no less than $70 million plus 25% of quarterly earnings on and after June 30, 2023 until the Second Amendment Date, no less than the sum of (x)(i) $70 million, and (y(ii) 25% of positive actual consolidated earnings earned in any fiscal quarter end, plus(iii) 100% of new equity contributed to the Company, plus(iv) 100% of any new equity contributed as well as increases increase in tangible net worth resulting from an equity issuance upon the conversion or exchange of any security constituting indebtedness that is convertible or exchangeable, or is being converted or exchanged, for equity interests; and (v) 100% of the amount of any repurchase of equity interests on or after in the Second Amendment Date Company, (b) a maximum leverage covenant that prohibits the leverage ratio from exceeding 2.75 to 1.00 for any fiscal quarter until the Amendment Date, 2.50 to 1.00 for any fiscal quarter after the Amendment Date until December 31, 2023, and 2.25 to 1.00, for any fiscal quarter thereafter (c) a minimum debt service coverage ratio to be no less than 2.50 2.00 to 1.00 for any fiscal quarter, and (d) a minimum liquidity amount of not less than $15,000,000 at all times until the Second Amendment Date, and not less than the greater of i) $20,000,000 $30,000,000 or ii) an amount equal to 1.50x the trailing twelve month interest incurred, on or after the Second Amendment Date and (e) unrestricted cash of not less than $7,500,000 until the Second Amendment Date and not less than 50% of the required liquidity on or after the Second Amendment Date. at all times. The Company was in compliance with all debt covenants as of September 30, 2023. Legacy UHG was in compliance with all debt covenants as of December 31, 2022 March 31, 2024 and December 31, 2023.

The interest rates on the borrowings under the Syndicated Line vary based on the leverage ratio. In connection with the First Amendment, the benchmark interest rate was converted from LIBOR to Secured Overnight Financing Rate (“SOFR”), with no changes in the applicable rate margins. The interest rate is based on the greater of either LIBOR prior to Amendment Date or SOFR post Amendment Date plus an applicable margin (ranging from 275 basis points to 350 basis points) based on the Company’s leverage ratio as determined in accordance with a pricing grid, or the base rate plus the aforementioned applicable margin.

Other Affiliates debt

The amounts in Other Affiliates debt are unrelated to the operations of Legacy UHG, and therefore, an equal amount is included as an offset in Retained Earnings in lieu of Additional paid-in capital. For the nine months ended September 30, 2023 and 2022, Other Affiliates borrowed $136,773, and $9,456,206, respectively. These amounts are recorded on the Statements of Cash Flows, financing activities section, with borrowings presented as Proceeds from other affiliate debt and repayments as Repayments of other affiliate debt. On February 27, 2023, Legacy UHG paid off Wells Fargo debt associated with Other Affiliates in the amount of $8,340,545 and on February 28, 2023, Legacy UHG was released as a co-obligor from the Anderson Brothers debt associated with Other Affiliates in anticipation of the Business Combination that closed on March 30, 2023 as discussed in Note 1. As a result there is no remaining debt balance associated with Other Affiliates as of September 30, 2023.

In connection with the amendments of the Syndicated Line, the Company incurred debt issuance costs, of which $3,240,984 $378,602 is deferred and will be amortized over the remaining life of the Syndicated Line. The amendments are accounted for as modifications of an existing line of credit under ASC 470, *Debt* for any lenders that continue to participate in the Syndicated Line, therefore, any previously unamortized deferred costs related to those lenders continue to be amortized over the remaining life of the Syndicated Line. The Company expensed all remaining unamortized deferred costs for any lenders that no longer participate in the Syndicated Line as of the Second Amendment Date. The Company recognized $358,325 $312,695 and $81,149, respectively, $120,988 of amortized deferred financing costs within Other (expense) income, net for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. The Company recognized $694,219 and $283,157 of amortized deferred financing costs within Other (expense) income, net for the nine months ended September 30, 2023 and 2022, 2023, respectively. Outstanding deferred financing costs related to the Company’s Homebuilding debt were $3,257,825 $3,036,276 and $690,804 $2,970,369 as of September 30, 2023 March 31, 2024 and 2022, December 31, 2023, respectively, and are included in Prepaid expenses and other assets on the Condensed Consolidated Balance Sheets as the debt is a revolving arrangement.

Homebuilding Debt - Other

As a result of the Creekside acquisition, the Company assumed a series of construction loans with a financial institution. The loans have an interest rate of 8.25% and a maturity date of January 26, 2025. The outstanding balance of these arrangements was $2,216,853 as of March 31, 2024.

Private Investor Debt

The Company had other borrowings with private investors totaling $2,569,327 and $3,255,221 as of March 31, 2024 and December 31, 2023, respectively, which are comprised of other notes payable and mortgage loans acquired in the normal course of business. The other notes payable have maturities ranging up to two years. The effective interest rates on these notes range from 6.79% to 7.69%. The mortgage loans contain release fee arrangements with no interest rate that are to be repaid through January 26, 2027.

Note 9 - Related party transactions

Prior to the Business Combination, Legacy UHG transacted with Other Affiliates that were owned by the shareholders of GSH. Those Other Affiliates included Land Development Affiliates and Other Operating Affiliates (see *Note 1 - Nature of operations and basis of presentation).*

Post Business Combination, the Company continues to transact with these parties, however, they are no longer considered affiliates of the Company. Land Development Affiliates and Other Operating Affiliates of Legacy UHG (post Business Combination) meet the definition of related parties of the Company as defined in ASC 850-10-20.

Table of Contents

Prior to the Business Combination, Legacy UHG maintained the cash management and treasury function for its Other Affiliates. Cash receipts from customers and cash disbursements made to vendors were recorded through one centralized bank account. Legacy UHG recorded a Due from Other Affiliate when cash was disbursed, generally to a vendor, on behalf of an affiliate. Conversely, Legacy UHG recorded a Due to Other Affiliate when cash was received from a customer on behalf of an affiliate. The balances were settled through equity upon the consummation of the Business Combination.

The below table summarizes Legacy UHG transactions with the Land Development Affiliates and Other Operating Affiliates for the nine three months ended September 30, 2023 March 31, 2023. There were no transactions with Land Development Affiliates and 2022. Other Operating Affiliates for the three months ended March 31, 2024.

	Nine Months ended September 30, 2023		
	Land Development Affiliates	Other Operating Affiliates	Total
Financing cash flows:			
Land development expense	$ (384,349)	$ —	$ (384,349)
Other activities	(225,392)	(422,342)	(647,734)
Total financing cash flows	**$ (609,741)**	**$ (422,342)**	**$ (1,032,083)**
Non-cash activities			
Settlement of co-obligor debt to other affiliates	$ 8,340,545	$ —	$ 8,340,545
Release of guarantor from GSH to shareholder	2,841,034	—	2,841,034
Credit for earnest money deposits	2,521,626	—	2,521,626
Total non-cash activity	**$ 13,703,205**	**$ —**	**$ 13,703,205**

		Nine Months ended September 30, 2022		
		Land Development Affiliates	Other Operating Affiliates	Total
	Three Months ended March 31, 2023			
	Land Development Affiliates			
		Three Months ended March 31, 2023		
		Land Development Affiliates	Other Operating Affiliates	Total
Financing cash flows:	**Financing cash flows:**			
Land development expense	Land development expense	$(29,264,304)	$ (665,777)	$(29,930,081)
Land development expense				
Land development expense				
Other activities	Other activities	(1,928,677)	(748,777)	(2,677,454)
Cash transfer		—	(5,000,000)	(5,000,000)
Total financing cash flows	**Total financing cash flows**	**$(31,192,981)**	**$(6,414,554)**	**$(37,607,535)**
Non-cash activities	**Non-cash activities**			
Acquisition of developed lots		13,822,570	—	13,822,570
Non-cash activities				
Non-cash activities				
Settlement of co-obligor debt to other affiliates				

Settlement of co-obligor debt to other affiliates				
Settlement of co-obligor debt to other affiliates				
Release of guarantor from GSH to shareholder				
Credit for earnest money deposits				
Total non-cash activity	**Total non-cash activity**	**$ 13,822,570**	**$ —**	**$ 13,822,570**

Land development expense – Represents costs that were paid for by Legacy UHG that relate to the Land Development Affiliates' operations. The Land Development Affiliates acquire raw parcels of land and develop them so that Legacy UHG can build houses on the land.

Other activities – Represent other transactions with Legacy UHG's Other Affiliates. This includes, predominately, rent expense incurred for leased model homes and payment of real estate taxes.

Settlement of co-obligor debt to other affiliates – The amount represents the settlement of Wells Fargo debt associated with Other Affiliates.

Release of guarantor from GSH to shareholder – The amount represents that Legacy UHG was released as a co-obligor from the Anderson Brothers debt associated with Other Affiliates.

Credit for earnest money deposits – The amount represents credit received from a Legacy UHG affiliate in relation to lot deposits that Legacy UHG paid on behalf of the affiliate.

Cash transfer– A direct cash contribution to Other Affiliates from Legacy UHG. *Sale-leaseback*

In December 2022, Legacy UHG transferred cash to a related party. This cash transfer is in anticipation of separating the homebuilding operations from land development operations.

Acquisition of developed lots from *closed on 19 sale-leaseback transactions with related parties, whereby it is the lessee. The leases commenced on January 1, 2023. The Company is responsible for paying the operating expenses associated with the model homes while under lease. The rent expense associated with sale-leaseback agreements that mature in* *settlement of Due from Other Affiliates* – Once the Land Development Affiliates of Legacy UHG developed the raw parcels of land, they transferred the land to Legacy UHG in a non-cash transaction. The transfer amount was derived less than 12 months (and are excluded thus from the costs incurred to develop ROU asset and lease liability) is $91,700 and $68,625 for the land.three months ended March 31, 2024 and 2023, respectively.

Leases

In addition to the transactions above, Legacy UHG has entered into four separate operating lease agreements with a related party. The terms of the leases, including rent expense and future minimum payments, are described in *Note 12 - Commitments and contingencies*.

Table of Contents

The Company is currently occupying office space owned by a related party for its office headquarters. The Company took possession of the space in October 1, 2023 and pays rent based on the square footage within the building occupied by the Company multiplied by a stated rate which was approved by the Related Party Transactions Committee. The Company has capitalized a lease liability and corresponding right-of-use asset based on the assumption that the Company is reasonably certain it will execute a lease agreement to use the space for a five-year term, under the rate per square foot previously approved by the Related Party Transactions Committee.

Services agreement

The Company shares office spaces with a related party and certain employees of the Company provide services to the same related party, as party. As such, the Company is allocating certain shared costs to the related party in line with a predetermined methodology based on headcount. During the three and nine months ended September 30, 2023 March 31, 2024 and 2023, the Company allocated overhead costs to the related party in the amount of $64,614 $35,619 and $375,805, $185,812, respectively, and was charged for property maintenance services and consulting services in the amount of $0 $103,057 and $71,672, $59,825, respectively, by the same related party. The remaining balance outstanding as of September 30, 2023 is March 31, 2024 and December 31, 2023 was a receivable of $77,333 $77,318 and $88,000, respectively, and is presented within Due from related party on the Condensed Consolidated Balance Sheet.

General contracting

The Company has been engaged as a general contractor by several related parties. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, Revenue of $1,002,900 $252,834 and $582,225, $292,394, respectively, and Cost of sales of $953,802 $207,832 and $342,686, $261,546, respectively, were recognized in the Statement of Operations. For the nine months ended September 30, 2023 and 2022, Revenue of $2,435,186 and $1,437,235, respectively, and Cost of sales of $2,165,259 and $1,197,695, respectively, were recognized in the Condensed Consolidated Statement of Operations.

Other

The Company utilizes a related party vendor to perform certain civil engineering services. For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, expenses of $13,125 zero and $61,037, $35,529, respectively, were recognized in the Condensed Consolidated Statement of Operations.

Note 10 - Lot purchase agreement deposits

The Company's strategy is to acquire developed lots through related parties and unrelated third party land developers pursuant to lot purchase agreements. Most lot purchase agreements require the Company to pay a nonrefundable cash deposit of approximately 10% 15% - 15% 20% of the agreed-upon fixed purchase price of the developed lots. In exchange for the deposit, the Company receives the right to purchase the finished developed lot at a preestablished price. price over a specified period of time. Such contracts agreements enable the Company to defer acquiring portions of properties owned by third parties until the Company determines whether and when to complete such acquisition, which may serve to reduce financial risks associated with long-term land holdings.

Prior to the Business Combination, when Legacy UHG was acquiring lots through Land Development Affiliates, it did not have to pay deposits as the land development operations were owned by the shareholders As of GSH. As such, the table below as of December 31, 2022, does not include lot purchase agreement deposits with related parties, and it consists of unrelated third party lot purchase agreement deposits only.

Post Business Combination, the Company continues to purchase lots from the former Land Development Affiliates of Legacy UHG, however, as the Company is no longer owned by the shareholders of GSH, the Company must pay lot purchase agreement deposits to acquire lots. As such, as of September 30, 2023 March 31, 2024 all interests in lot purchase agreements, including with related parties, is are recorded within Lot purchase agreement deposits on the Condensed Consolidated Balance Sheet and presented in the table below. The following table provides a summary of the Company's interest in lot purchase agreements as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	March 31, 2024	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Lot purchase agreement deposits	Lot purchase agreement deposits	$ 24,605,584	$ 3,804,436		
Remaining purchase price	Remaining purchase price	205,799,113	65,451,928		
Total contract value	**Total contract value**	**$230,404,697**	**$69,256,364**		

Out of the $24,605,584 lot purchase agreement deposits outstanding as of September 30, 2023 March 31, 2024 and December 31, 2023, $20,138,083 $31,007,803 and $28,363,053 are with related parties.

The Company has the right to cancel or terminate the lot purchase agreement agreements at any time for any reason. The legal obligation and economic loss resulting from a cancellation or termination is limited to the amount of the deposits paid. The cancellation or termination of a lot purchase agreement results in the Company recording a write-off of the nonrefundable deposit to Cost of sales. For the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company had no

Table of Contents

forfeited lot purchase agreement deposits. The deposits placed by the Company pursuant to the lot purchase agreements are deemed to be a variable interest in related party land developers but not in the and third-party land developers. See *Note 3 2 - Summary of significant accounting policies* for the policy and conclusions about unconsolidated variable interest entities.

Note 11 - Warranty reserves

The Company establishes warranty reserves to provide for estimated future costs as a result of construction and product defects. Estimates are determined based on management's judgment considering factors such as historical spend and projected cost of corrective action.

The following table provides a summary of the activity related to warranty reserves, which are included in Other accrued expenses and liabilities on the accompanying Condensed Consolidated Balance Sheets as follows:

		Nine Months Ended September 30, 2023	Year Ended December 31, 2022		
	Three Months Ended March 31,			Three Months Ended March 31,	
	2024			2024	2023
Warranty reserves at beginning of the period	**Warranty reserves at beginning of the period**	$1,371,412	$1,275,594		
Reserves provided	Reserves provided	754,027	1,156,027		
Payments for warranty costs and other	Payments for warranty costs and other	(751,558)	(1,060,209)		
Warranty reserves at end of the period	**Warranty reserves at end of the period**	**$1,373,881**	**$1,371,412**		

Note 12 - Commitments and contingencies

Leases

The Company leases several office spaces in South Carolina under operating lease agreements with related parties, and one office space in North Carolina with a third party. The office leases have a remaining lease term of up to five years, some of which include options to extend on a month-to-month basis, and some of which include options to terminate the lease. These options are excluded from the calculation of the ROU asset and lease liability until it is reasonably certain that the option will be exercised. The Company recognized an operating lease expense of $229,407 $428,369 and $95,185 $201,439 within Selling, general, and administrative expense on the Condensed Consolidated Statements of Operations for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. The Company recognized an operating lease expense of $617,194 and $418,147 within Selling, general, and administrative expense on the Condensed Consolidated Statements of Operations for the nine months ended September 30, 2023 and 2022, 2023, respectively.

Operating lease expense included variable lease expense of $15,578 $13,788 and $27,822 $11,925 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, Operating lease expense included variable lease expense of $36,037 and $64,048 for the nine months ended September 30, 2023 and 2022, 2023, respectively.

The weighted-average discount rate for the operating leases was 7.25% 9.72% and 3.21% 5.54% during the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

The weighted-average remaining lease term was 1.91 4.28 and 2.33 2.11 years for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

During the year ended December 31, 2022, Legacy UHG closed on 19 sale-leaseback transactions with related parties, whereby it is the lessee. Leases commenced on January 1, 2023. The Company is responsible for paying the operating expenses associated with the model homes while under lease. The rent expense associated with sale-leaseback agreements that mature in less than 12 months (and are excluded thus from the ROU asset and lease liability) is $59,075 and $195,125, respectively, for the three and nine months ended September 30, 2023.

The maturity of the contractual, undiscounted operating lease liabilities as of September 30, 2023 March 31, 2024 are as follows:

		Lease Payment			
2023		$145,691			
	Lease Payment				**Lease Payment**
2024	2024	395,064			
2025	2025	190,073	2025	1,513,016	
2026	2026	43,094	2026	1,438,929	
2027 and thereafter		—			
2027			2027	1,437,794	
2028 and thereafter					
Total undiscounted operating lease liabilities	Total undiscounted operating lease liabilities	**$773,922**			
Interest on operating lease liabilities	Interest on operating lease liabilities	(50,653)			
Total present value of operating lease liabilities	Total present value of operating lease liabilities	**$723,269**			

The Company has certain leases which have initial lease terms of twelve months or less ("short-term leases"). The Company elected to exclude these leases from recognition, and these leases have not been included in our recognized operating ROU assets and operating lease liabilities. The Company recorded $73,409 $43,419 and $20,067 $95,381 of rent expense related to the short-term leases within Selling, general and administrative expense on the Condensed Consolidated Statements of Operations for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $256,282 and $74,582 for the nine months ended September 30, 2023 and 2022, 2023, respectively.

Table of Contents

Litigation

The Company is subject to various claims and lawsuits that may arise primarily in the ordinary course of business, which consist mainly of construction defect claims. In the opinion of management, the disposition of these matters will not have a material adverse effect on the Company's Condensed Consolidated Financial Statements. When the Company believes that a loss is probable and reasonably estimable and not fully able to be recouped, the Company will record an expense and corresponding contingent liability. As of the date of these Condensed Consolidated Financial Statements, management believes that the Company has not incurred a liability as a result of any claims.

Note 13 - Convertible Note note payable

In connection with the closing of the Business Combination, GSH entered into the Note Purchase Agreement, dated March 21, 2023, and effective March 30, 2023, with DHHC and the Convertible Note Investors. As part of the PIPE Investment, the Convertible Note Investors agreed to purchase $80.0 million in original principal amount of Notes at a 6.25% original issue discount and were issued an additional 744,588 UHG Class A Common Shares. The aggregate proceeds of the PIPE Investment were $75.0 million. million and were allocated between the securities issued.

The Notes mature on March 30, 2028, and bear interest at a rate of 15%. The Company has the option to pay any accrued and unpaid interest at a rate in excess of 10% either in cash or by capitalizing such interest and adding it to the then outstanding principal amount of the Notes ("PIK Interest"). The Company has elected to pay the full accrued and unpaid interest in excess of 10% in cash rather than PIK Interest. The effective interest rate on the Notes is 20.46%.

The Notes are convertible at the holder's option into UHG Class A Common Shares at any time after March 30, 2024 through March 30, 2028, at a per share price (the "Initial of $5.58 ("Initial Conversion Price") equal to 80% of volume-weighted average trading sale price ("VWAP") per UHG Class A Common Share during the 30 consecutive trading days prior to the first anniversary of the Closing Date (the "Measurement Period"). Pursuant to the Note Purchase Agreement, the Initial Conversion Price has a floor of $5.00 per share and a cap of $10.00 per share. The Initial Conversion Price is subject to adjustments for certain anti-dilution provisions as provided in the Notes. If an anti-dilution event occurs, the number of shares of common stock issuable upon conversion may be higher than implied by the Initial Conversion Price. Each Note is also convertible at the Company's option into UHG Class A Common Shares, at any time after the second anniversary of the Closing Date if the VWAP per UHG Class A Common Share exceeds $13.50 for 20 trading days in a 30 consecutive trading day period. The Company was not required to bifurcate either of these conversion features as they met the derivative classification scope exception as described in ASC 815-15. 815-15 - *Derivatives and Hedging - Embedded Derivatives*.

The Notes may be redeemed by the Company at any time prior to 60 days before March 30, 2028, by repaying all principal and interest amounts outstanding at the time of redemption plus a make-whole amount equal to the additional interest that would accrue if the Notes remained outstanding through their maturity date. The Company was not required to bifurcate the embedded redemption feature, as the economic characteristics and risks of the redemption feature were clearly and closely related to the economic characteristics and risk of the Notes in accordance with ASC 815-15.

The Notes also contain additional conversion, redemption, and payment provision features, at the option of the holder, which can be exercised upon contingent events such as the Company defaulting on the Notes, a change of control in the ownership of the Company, or other events requiring indemnification. As the contingent events are either entirely within the Company's control or based on an event for which management considers the probability of occurring as extremely remote, these features which are required to be bifurcated, would likely have minimal or no value, and therefore deemed to not be material to the Condensed Consolidated Financial Statements.

The fair value of the Notes was calculated using a Binomial model and a Monte Carlo model. The PIPE Shares were valued using a Discounted Cash Flow Model. The Company will accrete the value of the discount across the expected term of the Note using the effective interest method.

The below table presents the outstanding balance of the Notes as of September 30, 2023 March 31, 2024 and December 31, 2023:

	September 30, 2023
Beginning Balance – Par	$ 80,000,000
Unamortized Discount	(12,425,292)
Carrying Value	**$ 67,574,708**

	March 31, 2024	December 31, 2023
Beginning Balance - Par	$ 80,000,000	$ 80,000,000
Unamortized Discount	(11,473,005)	(11,961,220)
Carrying Value	**$ 68,526,995**	**$ 68,038,780**

Table of Contents

Interest expense included within Other (expense) income, net on the Condensed Consolidated Statements of Operations was $2.0 million and $5.5 $2.1 million for the Notes for the three and nine months ended September 30, 2023, respectively. March 31, 2024. Interest expense included within Cost of sales on the Condensed Consolidated Statements of Operations was $0.3 million and $0.3 $2.1 million for the Notes for the three and nine months ended September 30, 2023, respectively. March 31, 2024.

The following assumptions were used in the Binomial and Monte Carlo valuation models to determine the estimated fair value of the Notes at the issue date, March 30, 2023 March 31, 2024 and as of September 30, 2023. March 31, 2023, respectively.

	September 30, 2023	March 30, 2023
Risk-free interest rate	4.70 %	3.80 %
Expected volatility	40 %	40 %
Expected dividend yield	— %	— %

	March 31, 2024	December 31, 2023
Risk-free interest rate	4.39 %	3.97 %
Expected volatility	48 %	40 %
Expected dividend yield	— %	— %

Risk-Free Interest Rate – The risk-free interest rate is based on the U.S. Treasury zero coupon bond used to reduce any projected future cash flows derived from the payoff of the Notes as UHG common shares.

Expected Volatility – The Company's expected volatility was estimated based on the average historical volatility for of comparable publicly traded companies.

Expected Dividend Yield – The dividend yield is based on the Company's history and expectation of dividend payouts. The Company does not expect to pay cash dividends to shareholders during the term of the Notes, therefore the expected dividend yield is determined to be zero.

Note 14 - Share-based Stock-based compensation

Equity Incentive Plans

In January 2022, the Board of Directors of GSH approved and adopted the Great Southern Homes, Inc. 2022 Equity Incentive Plan (the "2022 Plan"). The 2022 Plan was administered by a committee appointed by the Board of Directors and had reserved 3,000 common shares to be issued as equity-based awards to directors and employees of GSH. The number of awards reserved was subject to change based on certain corporate events or changes in GSH's capital structure and the shares vest ratably over four years. The 2022 Plan defined awards to include incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, stock bonus awards, and performance compensation awards. Effective as of March 30, 2023, in connection with the Business Combination, the Company's board of directors adopted the United Homes Group, Inc. 2023 Equity Incentive Plan (the "2023 Plan") at which time the 2022 Plan was terminated. The outstanding options prior to the Business Combination were cancelled in exchange of substantially equivalent options to acquire shares of Common Stock of the Company based on the Exchange Ratio for the UHG common shares in the Business Combination. No further grants can be made under the 2022 Plan. The 2023 Plan provides that the number of shares reserved and available for issuance under the 2023 Plan will automatically increase each January 1, beginning on January 1, 2024, by 4% of the number of outstanding shares of Common Stock on the immediately preceding December 31, or such lesser amount as determined by the Company's board of directors. Each replacement stock option is subject to the same terms and conditions as were applicable under the 2022 Plan.

The Company concluded that the replacement stock options issued in connection with the Business Combination did not require accounting for effects of the modification under ASC 718 as it was concluded that a) the fair value of the replacement award is the same as the fair value of the original award immediately before the original award was replaced, b) there were no changes in the vesting terms, and c) the classification of awards did not change. Options

The following table summarizes the activity relating to the Company's stock options. The below options for the three months ended March 31, 2024:

	Stock options	Weighted-Average Per share Exercise price
Outstanding, December 31, 2023	3,886,248	$ 9.72
Granted	1,756,000	3.56
Exercised	(747)	2.81
Forfeited	(56,534)	6.48
Outstanding, March 31, 2024	**5,584,967**	**$ 8.90**
Options exercisable at March 31, 2024	371,749	$ 2.81

On February 16, 2024, the Company granted 50,000 performance-based stock option figures are presented giving effect options to a retroactive application of non-employee consultant that vest upon the Business Combination which resulted in a replacement of the previous 2022 Plan stock options with the 2023 Plan, as described above, at an Exchange Ratio of approximately 373.47. In addition, the exercise price for each replacement stock option was also adjusted using the Exchange Ratio.

	Stock options	Weighted-Average Per share Exercise price
Outstanding, December 31, 2022	870,567	$ 2.81
Granted	3,300,000	11.46
Exercised	(2,054)	2.81
Forfeited	(114,283)	2.81
Outstanding, September 30, 2023	**4,054,230**	**9.85**
Options exercisable at September 30, 2023	193,646	$ 2.81

The aggregate intrinsic value of the stock options outstanding was $2,104,020 and $7,460,132 as of September 30, 2023 and December 31, 2022 respectively. The intrinsic value occurrence of a stock option is the amount by which the specified event. The grant date fair value of the underlying options is $1.80, which was determined using the Black-Scholes option-pricing model. As of March 31, 2024, the Company determined the performance condition would not be met and the options were forfeited. No compensation expense related to these stock exceeds options was recorded.

On February 26, 2024, the price Company granted 272,000 stock options to directors that vest annually in equal installments over three years. The options also include a clause which accelerates the vesting of the option. options on the date, if any, that the VWAP of the Company's Class A common stock for 20 out of the preceding 30 consecutive trading days is greater than or equal to $12.00. The aggregate intrinsic grant date fair value excludes of the effect options was $3.65 and was determined using the Black-Scholes and Monte Carlo models. As of stock options that have a zero or negative intrinsic value. March 31, 2024, the accelerator had not been triggered.

Table of Contents

The Company recognizes stock compensation expense resulting from the equity-based awards over the requisite service period. Stock compensation expense for stock options is recorded based on the estimated fair value of the equity-based award on the grant date using the Black-Scholes valuation model. Stock compensation expense is recognized in the Selling, general and administrative expense line item in the Condensed Consolidated Statements of Operations. Stock compensation expense included in the Condensed Consolidated Statements of Operations for stock options for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $1,100,007 $1,287,567 and $51,116, respectively, and $1,561,616 and $145,826 for the nine months ended September 30, 2023 and 2022, $51,079, respectively. As of September 30, 2023 March 31, 2024, there was unrecognized stock compensation expense related to non-vested stock option arrangements totaling $16,417,253. $19,336,261. The weighted average period over which the unrecognized stock compensation expense is expected to be recognized is 3.43 3.17 years.

Prior to the Business Combination, Legacy UHG's common stock was not publicly traded, and it estimated the fair value of common stock based on the combination of the three methods: (i) the discounted cash flow method of the income approach; (ii) the guideline company method of the market approach; and (iii) the subject transaction method of the market approach.

Legacy UHG considered numerous objective and subjective factors to determine the fair value of the Company's common stock. The factors considered included, but were not limited to: (i) the results of periodic independent third-party valuations; (ii) nature of the business and history of the enterprise from its inception; (iii) the economic outlook in general and for the specific industry; (iv) the book value of the stock and financial condition of the business; (v) earning and dividend paying capacity of the business; (vi) the market prices of stocks of corporations engaged in the same or similar lines of business having their stock actively traded in a free and open market, either on an exchange or over-the-counter.

The following table presents the assumptions used in the Black-Scholes option-pricing model to determine the grant date fair value of stock options granted during the year ended December 31, 2022 adjusted by the Exchange Ratio, the fair value of stock options immediately before the original award was replaced, the fair value of stock options replaced on the replacement date and the fair value of options issued during the nine months ended September 30, 2023.

Inputs	Nine Months Ended September 30, 2023	March 30, 2023	January 19, 2022
Risk-free interest rate	3.97% - 4.68%	3.77 %	1.82 %
Expected volatility	40 %	40 %	35 %
Expected dividend yield	— %	— %	— %
Expected life (in years)	6.25	5.10	6.25
Fair value of options	$3.00 - $5.38	$ 10.41	$ 1.06

Risk-Free Interest Rate – The risk-free interest rate is based on the U.S. Treasury zero coupon bond issued in effect at the time of the grant for the periods corresponding with the expected term of the stock option.

Expected Volatility – The expected volatility was estimated based on the average volatility for comparable publicly traded companies over a period equal to the expected term of the options.

Expected Dividend Yield – The dividend yield is based on the history and expectation of dividend payouts. The Company does not expect to pay cash dividends to shareholders during the term of options, therefore the expected dividend yield is determined to be zero.

Expected Life – The expected term represents the period the options granted are expected to be outstanding in years. As Legacy UHG did not have sufficient historical experience for determining the expected term, the expected term has been derived based on the SAB 107 simplified method for awards that qualify as plain-vanilla options.

Certain stock options issued under the 2023 Plan are issued to individuals who are not employees of the Company and who are not providing goods or services to the Company. These options are recognized in accordance with ASC 815, *Derivatives and Hedging*as a derivative liability and marked to market at each reporting period end. The As of March 31, 2024, and December 31, 2023, the derivative liability of stock options amounts to $244,639 $326,379 and $414,260, respectively, and is included within Derivative liability on the Condensed Consolidated Balance Sheet as of September 30, 2023. Sheet.

Restricted Stock Units ("RSUs")

On September 12, 2023, the The Company granted grants time-based restricted stock units RSUs to certain participants under the 2023 Plan that are stock-settled with UHG Class A Common Shares. The time-based restricted stock units granted under the 2023 Plan typically vest annually over four years. On February 26, 2024 the Company separately granted 14,000 RSUs to certain members of the Board of Directors that immediately vested on the date of the grant.

Stock-based compensation expense included in Selling, general and administrative expense in the Condensed Consolidated Statements of Operations for time-based restricted stock units was $6,007 $133,909 for the three and nine months ended September 30, 2023. March 31, 2024, including $100,240 related to the immediate vesting RSUs. As

of September 30, 2023 March 31, 2024, there was unrecognized pre-tax compensation expense of $481,600 $680,060 related to time-based restricted stock units that is expected to be recognized over a weighted-average period of 3.95 3.65 years.

The following table summarizes the time-based restricted stock unit RSU activity for the nine three months ended September 30, 2023 was as follows: March 31, 2024:

		Units Outstanding	Weighted-Average Grant Date Fair Value Per Unit
Outstanding, December 31, 2022		—	$ —
Units Outstanding		Units Outstanding	Weighted-Average Grant Date Fair Value Per Unit
Outstanding, December 31, 2023			
Granted	Granted	73,992	6.59
Exercised	Exercised	—	—
Forfeited	Forfeited	—	—
Outstanding, September 30, 2023		**73,992**	**6.59**
Outstanding, March 31, 2024			

Performance-Based Restricted Stock Units ("PSUs")

On February 16, 2024, the Company granted PSUs to certain employees. The Company granted a total of 478,000 PSUs, which will vest upon the date, if any, that the volume weighted average price of the Company's Class A common stock for 20 out of the preceding 30 consecutive trading days is greater than or equal to $18.00 during the period through March 30, 2028. The grant date fair value of each such PSU was $3.45, which was determined using the Monte Carlo simulation method. Stock-based compensation expense included in the Condensed Consolidated Statements of Operations for PSUs was $88,488 for the three months ended March 31, 2024. As of March 31, 2024, there was unrecognized pre-tax compensation expense of $1,560,612 related to PSUs that is expected to be recognized over a weighted-average period of 2.13 years.

The following table summarizes the PSU activity for the three months ended March 31, 2024:

Table of Contents

	Units Outstanding	Weighted-Average Grant Date Fair Value Per Unit
Outstanding, December 31, 2023	—	$ —
Granted	478,000	3.45
Outstanding, March 31, 2024	**478,000**	**$ 3.45**

Stock warrants

In January 2022, Legacy UHG granted an option to non-employee directors to purchase 1,867,368 stock warrants for $150,000. Each warrant represents one non-voting common share. The warrants are exercisable at $4.05 per warrant, which represents an out-of-the-money strike price. The warrants can be exercised for 10 years starting from July 1, 2022. Using the Black-Scholes valuation model, the Company determined the aggregate fair value of these warrants to be approximately $1,376,800 as of the grant date. Because there isThere were no continued service requirement for the warrant holders, the Company recorded a one-time stock compensation expense in the amount of $1,226,800 within the Selling, general and administrative expense line item in the Condensed Consolidated Statement of Operations for the year ended December 31, 2022.

The following table presents the assumptions used in the Black-Scholes option-pricing model to determine the grant date fair value of additional stock warrants granted, and no compensation expense recorded, during the year ended December 31, 2022. There were no warrants granted during the nine three month period ended September 30, 2023.

Inputs	December 31, 2022
Risk-free interest rate	1.78 %
Expected volatility	35 %

Expected dividend yield	— %
Expected life (in years)	6.40
Fair value of warrants granted	$ 0.7

The methodology for determining the inputs is consistent with the input methodology for stock options as described above.

In March 2022, the option holders purchased the warrants in exchange for $150,000 cash consideration. This amount was recorded directly to Additional Paid-in Capital in the Company's Condensed Consolidated Balance Sheet.

The outstanding stock warrants prior to the Business Combination were converted into warrants to acquire a number of shares of Common Stock of the Company based on the Exchange Ratio for the UHG common shares in the Business Combination.The above stock warrants figures are presented giving effect to a retroactive application of the Business Combination which resulted in a conversion of the warrants at an Exchange Ratio of approximately 373.47:1. In addition, the exercise price for each converted stock warrant was also adjusted using the Exchange Ratio. Each converted stock warrant is subject to the same terms March 31, 2024 and conditions as were applicable prior to the conversion. March 31, 2023.

On April 28, 2023, a warrant holder of the stock warrants exercised their warrants. 1,120,421 stock warrants were exercised in a cashless exercise whereby the Company issued 748,020 UHG Class A Common Shares in accordance with the conversion terms. As of September 30, 2023 March 31, 2024, there are 746,947 stock warrants outstanding.

Earnout Employee Optionholders

The Earnout Shares issuable to holders of equity stock options as of the Closing Date are accounted for as equity classified stock compensation and do not have a requisite service period. During the nine three months ended September 30, 2023 March 31, 2023, the Company recognized a one-time stock-based compensation expense related to the Earnout of $4.4 million, which is excluded from the above stock-based compensation expense table. See *Note 15 - Earnout Shares shares* for the assumptions and inputs used in the valuation of the Earnout Shares.

Note 15 - Earnout Shares shares

During the five year period after the Closing ("Earnout Period"), eligible GSH Equity Holders and Employee Option Holders are entitled to receive up to 20,000,000 Earnout Shares. Additionally, and pursuant to the Sponsor Support Agreement, the Sponsor surrendered 1,886,378 1,886,379 DHHC Class B Shares for the contingent right to receive Earnout Shares. All Earnout Shares issuable to GSH Equity Holders, Employee Option Holders and the Sponsors are subject to the same Triggering Events (defined below).

On the date when the VWAP of one share of the UHG Class A Common Shares quoted on the NASDAQ has been greater than or equal to $12.50, $15.00, $17.50 ("Triggering Event I," "Triggering Event II," and "Triggering Event III," respectively, and together the "Triggering Events") for any twenty trading days within any thirty consecutive trading day period within the Earnout Period, the eligible GSH Equity Holders, Employee Option Holders, and the Sponsors will receive Earnout Shares distributed on a pro-rata basis. For Triggering Event I and Triggering Event II, 37.5% of Earnout Shares will be released and following the achievement of Triggering Event III, 25.0% of Earnout Shares will be released.

As discussed in *Note 3 - Summary of significant accounting policies*, there There are two units of account within the Earnout Shares depending on the Earnout Holder. If the Earnout Holder is either a GSH Equity Holder or Sponsor, the instrument will be accounted for as a derivative liability. If the Earnout Holder is an Employee Option Holder, the instrument will be accounted for as an equity classified award. The following table summarizes the number of Earnout Shares allocated to each unit of account as of September 30, 2023 March 31, 2024:

		Triggering Event I	Triggering Event II	Triggering Event III			
	Triggering Event I				Triggering Event I	Triggering Event II	Triggering Event III
Derivative liability	Derivative liability	8,059,386	8,059,386	5,372,923			
Stock compensation	Stock compensation	148,006	148,006	98,671			
Total Earnout Shares	**Total Earnout Shares**	**8,207,392**	**8,207,392**	**5,471,594**			

As of March 30, 2023 December 31, 2023, the fair value of the Earnout Shares was $12.10 $6.20 per share issuable upon Triggering Event I, $11.16 $5.21 per share issuable upon Triggering Event II and $10.19 $4.39 per share issuable upon Triggering Event III.

Table of Contents

As of September 30, 2023 March 31, 2024, the fair value of the Earnout Shares was $2.86 $4.72 per share issuable upon Triggering Event I, $2.26 $4.03 per share issuable upon Triggering Event II and $1.81 $3.46 per share issuable upon Triggering Event III.

The estimated fair value of the Earnout Shares was determined using a Monte Carlo simulation using a distribution of potential outcomes on a daily basis over the Earnout Period. The assumptions used in the valuation of these instruments, using the most reliable information available, include:

Inputs	Inputs	September 30, 2023		March 30, 2023	
Inputs					
Inputs					
Current stock price					
Current stock price					
Current stock price	Current stock price	$ 5.60		$ 12.68	
Stock price targets	Stock price targets	$12.50, $15.00, $17.50		$12.50, $15.00, $17.50	
Stock price targets					
Stock price targets					
Expected life (in years)					
Expected life (in years)					
Expected life (in years)	Expected life (in years)	4.50		5.00	
Earnout period (in years)	Earnout period (in years)	4.50		4.75	
Earnout period (in years)					
Earnout period (in years)					
Risk-free interest rate					
Risk-free interest rate					
Risk-free interest rate	Risk-free interest rate	4.70	%	3.75	%
Expected volatility	Expected volatility	40	%	40	%
Expected volatility					
Expected volatility					
Expected dividend yield	Expected dividend yield	—	%	—	%
Expected dividend yield					
Expected dividend yield					

The change in the fair value of the Earnout Shares between March 30, 2023 December 31, 2023 and September 30, 2023 March 31, 2024 resulted in a gain of $26.4 million and was primarily attributable to the decrease in the current stock price of the Company from $8.43 as of December 31, 2023 to $6.99 as of March 31, 2024.

The change in the fair value of the Earnout Shares between March 30, 2023 and March 31, 2023 resulted in a loss of $203.4 million and was primarily attributable to the increase in the current stock price of the Company from $12.68 as of March 30, 2023 to $5.60 $20.80 as of September 30, 2023 March 31, 2023.

As none of the earnout Triggering Events have occurred as of September 30, 2023 March 31, 2024, no shares have been distributed.

Note 16 - Warrant liability

Immediately prior to the Closing Date, 2,966,669 2,966,670 of the 5,933,333 Private Placement Warrants were forfeited. The remaining 2,966,664 2,966,663 Private Placement Warrants were recognized as a liability on the Closing Date at fair value. The Private Placement Warrant liability is recognized in accordance with ASC 815 as a derivative liability and marked to market at each reporting period end. The change in fair value of the private placement warrant liability for the three and nine months ended September 30, 2023 resulted in a gain of $0.3 million March 31, 2024 and loss of $2.3 million, respectively. March 31, 2023 was de minimis. These changes are included in Change in fair value of derivative liabilities on the Condensed Consolidated Statement of Operations.

The Private Placement Warrants were valued using the following assumptions under the Monte Carlo method:

Inputs	Inputs	September 30, 2023	March 30, 2023	Inputs	March 31, 2024	December 31, 2023
Current stock price	Current stock price	$ 5.60	$12.68			

Exercise price	Exercise price	$11.50	$11.50					
Expected life (in years)	Expected life (in years)	4.50	5.00					
Risk-free interest rate	Risk-free interest rate	4.70 %	3.75 %	Risk-free interest rate	4.30	%	4.00	%
Expected volatility	Expected volatility	40 %	40 %	Expected volatility	48	%	40	%
Expected dividend yield	Expected dividend yield	—	—					

The Public Warrants were initially recognized as a liability on the Closing Date at a fair value. The Public Warrant liability is recognized in accordance with ASC 815 as a derivative liability and marked to market at each reporting period end. The change in fair value of the public warrant liability for the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023 resulted in a loss of $0.1 million and gain of $0.3 million and loss of $4.4 million $0.2 million, respectively. These changes are included in Change in fair value of derivative liabilities on the Condensed Consolidated Statement of Operations.

Table of Contents

Note 17 - Income taxes

For The Company recognized an income tax benefit of $1,163,512 for the three and nine months ended September 30, 2023, the Company recognized March 31, 2024 as compared to an income tax expense benefit of $1,735,839 and $2,372,300, respectively, which includes discrete items of $982,981 $2,021,265 for adjustments to deferred revenue and deferred costs during the quarter. three months ended March 31, 2023. At the end of each interim period, the Company estimates the effective tax rate expected to be applicable for the full fiscal year and this rate is applied to the results for the year-to-date period, and then adjusted for any discrete period items. The Excluding discrete items related to fair value adjustments on derivative liabilities, the Company's estimated effective tax rate for the nine months ended September 30, 2023, including the impact as of discrete items, March 31, 2024 is 44.7%. Excluding discrete items, the Company's annual effective tax rate is 26.2% 33.4% as compared to 25.3% as of March 31, 2023. This differs from the federal statutory rate of 21.0% primarily due to state income tax expense and nondeductible expenses. The Company has determined that changes in fair value of derivative liabilities, as well as offsetting tax adjustments, will be treated as discrete items in the period incurred.

Great Southern Homes, Inc., a consolidated subsidiary of the Company, had a change in tax status from an S Corporation to a C Corporation on March 30, 2023. In connection with its change in status to a taxable entity, the Company has recorded, for the nine months ended September 30, 2023, discrete items of $982,981 in order to establish various deferred tax balances, primarily attributable to timing differences in revenue recognition. Only income recognized during the period in which Great Southern Homes, Inc. was a taxable entity is included in the calculation of the consolidated estimated annual effective tax rate for the nine months ended September 30, 2023.

Note 18 - Employee benefit plan

Effective January 1, 2021, GSH sponsored an elective safe harbor 401(k) contribution plan covering substantially all employees who have completed three consecutive months of service. The plan provides that GSH the Company will match up to the first 3% of the participant's base salary rate at 100% and 50% of the next 2% for a maximum contribution of 4%. In addition, participants become 100% vested with respect to employer contributions after completing six years of service starting in 2021. Administrative costs for the plan were paid by GSH. the Company.

Total contributions paid to the plans for Legacy UHG's employees for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 were approximately $51,570, $87,959, and $36,517, respectively, and $168,682 and $134,862 for the nine months ended September 30, 2023 and 2022, $80,077, respectively. These amounts are recorded in Selling, general and administrative expenses on the Condensed Consolidated Statements of Operations.

Note 19 - Net Earnings Per Share per share

The Company computes basic net earnings per share using net income attributable to Company common stockholders and the weighted average number of common shares outstanding during each period.

The weighted average number of shares of common stock outstanding prior to the Business Combination have been retroactively adjusted by the Exchange Ratio to give effect to the reverse recapitalization treatment of the Business Combination. The equity structure of the Company for the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023 reflects the equity structure of DHHC, including the equity interests issued by DHHC to effect the business combination.

Table of Contents

The following table sets forth the computation of the Company’s basic and diluted net profit per share:

		Three Months Ended September 30,		Nine Months Ended September 30,			
		2023	2022	2023	2022		
Net income		$150,842,687	$15,672,957	$191,701,118	$58,592,891		
Basic income available to common shareholders		$150,842,687	$15,672,957	$191,701,118	$58,592,891		
	Three Months Ended March 31,					**Three Months Ended March 31,**	
	2024					**2024**	**2023**
Net income (loss)							
Basic income (loss) available to common shareholders							
Effect of dilutive securities:	Effect of dilutive securities:						
Effect of dilutive securities:							
Effect of dilutive securities:							
Add back:	Add back:						
Add back:							
Add back:							
Interest on Convertible note, net of tax							
Interest on Convertible note, net of tax							
Interest on Convertible note, net of tax	Interest on Convertible note, net of tax	1,752,570	—	4,276,020	—		
Change in fair value of stock options - liability classified, net of tax	Change in fair value of stock options - liability classified, net of tax	(250,156)	—	(306,489)	—		
Diluted income available to common shareholders	Diluted income available to common shareholders	$152,345,101	$15,672,957	$195,670,649	$58,592,891		
Weighted-average number of common shares outstanding - basic	Weighted-average number of common shares outstanding - basic	48,356,057	37,347,350	44,723,915	34,884,887		

Weighted-average number of common shares outstanding - basic					
Weighted-average number of common shares outstanding - basic					
Effect of dilutive securities:	Effect of dilutive securities:				
Convertible notes	Convertible notes	16,000,000	—	8,379,450	—
Stock options - equity classified		—	472,719	206,271	180,840
Convertible notes					
Convertible notes					
Stock options - liability classified					
Stock options - liability classified					
Stock options - liability classified	Stock options - liability classified	43,259	—	70,894	—
Stock warrants	Stock warrants	406,708	889,583	775,027	305,594
Restricted stock units					
Restricted stock units					
Restricted stock units					
Weighted-average number of common shares outstanding - diluted	Weighted-average number of common shares outstanding - diluted	64,806,024	38,709,652	54,155,557	35,371,321
Net earnings per common share:	Net earnings per common share:				
Net earnings per common share:					
Net earnings per common share:					
Basic					
Basic					
Basic	Basic	$ 3.12	$ 0.42	$ 4.29	$ 1.68
Diluted	Diluted	$ 2.35	$ 0.40	$ 3.61	$ 1.66

The following table summarizes potentially dilutive outstanding securities for the three months ended March 31, 2024 and 2023 that were excluded from the calculation of diluted EPS, because their effect would have been anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**

	Three Months Ended March 31, 2024		Three Months Ended March 31, 2024		2023
Stock warrants					
Private placement warrants	Private placement warrants	2,966,664	—	23,618	—
Public warrants	Public warrants	8,625,000	—	68,664	—
Stock options - equity classified	Stock options - equity classified	3,914,673	—	—	—
Restricted stock units		14,477	—	4,826	—
Convertible notes					
Convertible notes					
Convertible notes					
Total anti-dilutive features	Total anti-dilutive features	15,520,814	—	97,108	—

The Company's 21,886,378 21,886,379 Earnout Shares and 478,000 PSUs are excluded from the anti-dilutive table above for the three and nine months ended September 30, 2023 March 31, 2024, as the underlying shares remain contingently issuable as the Earnout Triggering Events and performance-based conditions, respectively, have not been satisfied.

Note 20 - Subsequent events

Management has performed an evaluation of subsequent events after the Balance Sheet date of September 30, 2023 March 31, 2024 through the date the Condensed Consolidated Financial Statements were issued. During this period, the Company has not identified any subsequent events that require recognition or disclosure, except for the ones noted below.

On October 25, 2023 ("the Closing Date") May 7, 2024, the Company completed the acquisition of 100% of the common stock of Rosewood Communities, Inc., entered into a South Carolina corporation ("Rosewood") (the "Rosewood Acquisition"). The purchase price definitive agreement with Developers Capital Fund LLC for the Rosewood Acquisition consisted of (a) cash at the Closing in the a newly created land fund for a total amount of $13.0 up to $150 million,, subject to a customary post-closing adjustment based on the Closing Book Value of Rosewood as of the Closing Date, (b) a warranty reserve of $0.3 million to be used to satisfy Rosewood warranty claims, and (c) the potential which will provide capital for future payment of an earnout generally equal to 25% of EBITDA attributable to Rosewood's business through December 31, 2025. In addition, the Company paid off approximately $10.0 million of liabilities of Rosewood. The Company has not yet completed its evaluation and determination of consideration paid and certain assets and liabilities acquired in accordance with ASC 805, *Business Combinations.* land development into finished lots.

Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

References to the "Company," "UHG," "our," "us" or "we" refer to United Homes Group, Inc. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements Condensed Consolidated Financial Statements and the notes thereto contained elsewhere in this report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties. See "Cautionary Note Regarding Forward-Looking Statements."

Overview

UHG designs, builds and sells homes in South Carolina, North Carolina and Georgia. The geographical markets in which UHG presently operates its homebuilding business are currently high-growth markets, with substantial in-migrations and employment growth. Prior to the Business Combination (discussed below), GSH's business historically consisted of both homebuilding operations and land development operations. Recently, In 2023, GSH separated its land development operations and homebuilding operations across separate entities in an effort to adopt best practices in the homebuilding industry associated with ownership and control of land and lots and production efficiency. Following the separation of the land development business, which is now primarily conducted by affiliated land development companies (collectively, the "Land Development Affiliates") that are outside of the corporate structure of UHG, it employs a land-light lot operating strategy, with a focus on the design, construction and sale of entry-level, first move up move-up and second move up move-up single-family houses. UHG principally builds detached single-family houses, and, to a lesser extent, attached single-family houses, including duplex houses and town houses.

UHG's pipeline as of September 30, 2023 March 31, 2024 consists of 8,635 approximately 10,900 lots, which includes lots that are owned or controlled by Land Development Affiliates and which UHG expects to obtain the contractual right to acquire, in addition to lots that UHG may acquire from third party lot option contracts.

Since its founding in 2004, UHG has delivered approximately 13,000 14,000 homes and currently builds in approximately 63 active subdivisions at prices that generally range from approximately $200,000 to $500,000. approximately $600,000. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, UHG had 272 384 and 175 389 net new orders, and generated approximately $87.7 million $100.8 million and $111.0 million $94.8 million in revenue on 283 311 and 343 closings, respectively. For the nine months ended September 30, 2023 and 2022, UHG had 1,002

and 988 net new orders, and generated approximately $304.6 million and $362.0 million in revenue on 996 and 1,216 328 closings, respectively.

UHG's plan strategy to grow its business is multifaceted. UHG plans to continue to execute its external growth strategy, expanding into new markets and increasing community count via targeted acquisitions of complementary private homebuilders and homebuilding operations. UHG also expects to grow organically, both organically, arising out of its historical operations and through expansion of its business verticals. Organically, community count is expected to continue to increase in 2023, and UHG expects the average community size to increase, based on new communities currently under development. UHG's business verticals are positioned to further drive the Company's growth include its mortgage joint venture Homeowners Mortgage, LLC (the "Joint Venture") and its build-to-rent ("BTR") platform, pursuant to which UHG will continue to work together with institutional investors for development of BTR communities. UHG expects that continued operation of the Joint Venture, which began generating revenue in July 2022, will add to UHG's revenue and EBITDA growth, improve buyer traffic conversion, and reduce backlog cancellation rates. In addition, UHG plans to continue to execute its external growth strategy, expanding into new markets and increasing community count via targeted acquisitions of complementary private homebuilders and homebuilding operations.

UHG revenues decreasedincreased from approximately $111.0 million $94.8 million for the three months ended September 30, 2022 March 31, 2023 to $87.7 million $100.8 million for the three months ended September 30, 2023 March 31, 2024. For the three months ended September 30, 2023 March 31, 2024, UHG generated net income of approximately $150.8 million $24.9 million, which included $149.7 million $26.4 million related to the change in fair value of derivative liabilities, gross profit of 19.8% 16.0%, adjusted gross profit of 22.1% 20.4%, and adjusted EBITDA margin of 10.0% 7.2%, representing an increase of $135.1 million $229.4 million, a decrease of1.7%, an increase of 0.2%, and a decrease of (6.3)%, (5.4)%, and (6.2)% 1.8%, respectively, from the three months ended September 30, 2022.

UHG revenues decreased from approximately $362.0 million for the nine months ended September 30, 2022 to $304.6 million for the nine months ended September 30, 2023. For the nine months ended September 30, 2023, UHG generated net income of approximately $191.7 million, which included 185.0 million related to the change in fair value of derivative liabilities, gross profit of 19.1%, adjusted gross profit of 21.2%, and adjusted EBITDA margin of 10.0% representing an increase of $133.1 million, and a decrease of (7.8)%, (6.5)%, and (8.0)%, respectively, from the nine months ended September 30, 2022 March 31, 2023.

Adjusted gross profit, EBITDA, adjusted EBITDA, and EBITDA Margin margin are not financial measures under GAAP. generally accepted accounting principles in the United States of America ("GAAP"). See "*UHG's Management's Discussion and Analysis of Financial Condition and Results of Operation — Non-GAAP Financial Measures*" for an explanation of how UHG computes these non-GAAP financial measures and for reconciliations to the most directly comparable GAAP financial measure.

Over the last year In recent years the homebuilding industry has faced headwinds due to macro-economic factors, such as rising inflation and the Federal Reserve's response of raising interest rates beginning in March 2022 and continuing through July 2023. As a result, new home demand has been negatively impacted by affordability concerns from higher mortgage rates. In response to softer demand for new homes, UHG introduced additional sales incentives, starting in the second half of 2022 and continuing through 2023, mostly in the form of buyer financing incentives such as mortgage rate buy downs, mortgage forward commitments, or cash incentives applied against closing costs.

Although UHG continues to deal with pricing fluctuations related to building materials, labor and lot costs, UHG has experienced a significant decline in lumber prices from the peak prices in 2022. UHG does have remaining inventory with various levels

Table of framing costs, which will be reflected in the margins for these homes. There has also been overall improvement in the supply chain, which, coupled with UHG's standardization of certain features of its homes, has improved construction cycle times.Contents

closing costs. While UHG cannot predict the extent to which the aforementioned factors will impact its performance, it believes that its land-light business model positions them it well to effectively navigate market volatility.

Business Combination

On March 30, 2023 (the "Closing Date"), UHG consummated the previously announced business combination (the "Business Combination") contemplated by the Business Combination Agreement, dated as of September 10, 2022 (the "Business Combination Agreement"), by and among DiamondHead Holdings Corp., a Delaware corporation ("DHHC" and, after the consummation of the Business Combination, United Homes Group, Inc. ("UHG" or the "Company")), Hestia Merger Sub, Inc., a South Carolina corporation and wholly owned subsidiary of DHHC ("Merger Sub"), and Great Southern Homes, Inc., a South Carolina corporation ("GSH"). Pursuant to the terms of the Business Combination Agreement, Merger Sub merged with and into GSH, with GSH surviving the merger as a wholly owned subsidiary of the Company. In connection with the consummation of the Business Combination on the Closing Date, DHHC changed its name from DHHC to United Homes Group, Inc.

For accounting treatment of the Business Combination, see *Note 2 - Merger and Reverse Recapitalization* in the notes to the UHG Condensed Consolidated Financial Statements. Unless otherwise indicated or the context otherwise requires, references in this quarterly report on Form 10-Q to "Legacy UHG" refer to the homebuilding operations of GSH prior to the consummation of the Business Combination.

The accompanying results of operations for Prior to the three and nine months ended September 30, 2022 ("Legacy UHG financial statements") have been prepared from Closing Date, Legacy UHG's historical financial records, and reflect including the historical financial position. Results position, results of operations, and cash flows of Legacy UHG for the periods presented are were prepared on a carve-out basis in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The Legacy UHG financial statements present historical information and results attributable to the homebuilding operations of GSH. The Legacy UHG financial statements exclude GSH's operations related to land development operations as Legacy UHG historically did not operate as a standalone company. GAAP. The carve-out methodology was used since Legacy UHG's inception until the Closing date. Refer to *Note 1 - Nature of operations and basis of presentation* and *Note 2 - Merger and Reverse Recapitalization* in of the notes Notes to the UHG Condensed Consolidated Financial Statements included elsewhere in this quarterly report for more information on the Business Combination and Basis of Presentation.

Recent Developments

Herring Creekside Custom Homes Acquisition

In August 2023, UHG entered On January 26, 2024, the Raleigh, North Carolina market through Company completed the acquisition of selected assets of Herring Creekside Custom Homes, LLC, a South Carolina corporation ("Herring Homes" Creekside") (the "Creekside Acquisition") for a $12,742,895 in cash. In the preliminary purchase price of $2.2 million in cash. allocation, UHG recognized the excess purchase price over the fair value of the net assets acquired as goodwill of $0.5 million. $3,573,040. The goodwill arising from the acquisition consists largely of the expected synergies from establishing a expanding the Company's market presence in Raleigh South Carolina and the experience and reputation of the acquired management team. The remaining basis of approximately $1.7 million is primarily comprised of the fair value of 12 acquired developed lots and inventory, lot purchase agreement deposits with limited other acquired, and intangible assets of $10,478,116, $3,055,500, and liabilities. Subsequent to the acquisition, UHG acquired 50 lots for a fair value of $4.9 million in the Raleigh, North Carolina market.

Rosewood Communities Acquisition

On October 25, 2023 ("the Closing Date"), subsequent to the third quarter, the Company completed the acquisition of 100% of the common stock of Rosewood Communities, Inc ("Rosewood") (the "Rosewood Acquisition"). The purchase price for the Rosewood Acquisition consisted of (a) cash at the Closing in the amount of $13.0 million, subject to customary post-closing adjustment based on the Closing Book Value of Rosewood as of the Closing Date, (b) a warranty reserve of $0.3 million to be used to satisfy Rosewood warranty claims, and (c) the potential future payment of an earnout generally equal to 25% of EBITDA attributable to Rosewood's business through December 31, 2025. In addition, the Company paid off approximately $10.0 million $442,000 respectively, offset by $4,825,761 of liabilities of Rosewood. The acquisition is expected to expand UHG's existing footprint in the Greenville and Clemson markets. acquired.

Components of UHG's Operating Results

Below are general definitions of the Condensed Consolidated Statements of Operations line items set forth in UHG's period over period changes in results of operations.

Revenues

Revenues predominantly include the proceeds from the closing of homes sold to UHG's customers. Revenues from home sales are recorded at the time each home sale is closed and closing conditions are met. Performance obligations are generally satisfied at a point in time when the control of the home is transferred to the customer. Control is considered to be transferred to the customer at the time of closing when the title and possession of the home are received by the homebuyer. In some contracts, the customer controls the underlying land upon which the home is constructed. For these specific contracts, the performance obligation is satisfied over time. Revenue for these contracts is recognized using the input method based on costs incurred as compared to total estimated project costs. Proceeds from home sales are generally received within a few days after closing. Home sales are reported net of sales discounts. The pace of net new orders, average home sales price, and the amount of upgrades or options selected impact UHG's recorded revenues in a given period.

Cost of Sales

Cost of sales includes the lot cost and carrying costs associated with each lot, construction costs of each home, capitalized interest expensed, building permits, warranty costs (both incurred and estimated to be incurred) and sales

[Table of Contents](#)

incentives in the form of mortgage rate buydowns and closings costs. In addition, Cost of sales includes payroll, including capitalized bonuses for our UHG's field-based personnel. Allocated costs, including interest and property taxes incurred during construction of the home, are capitalized and expensed to Cost of sales when the home is closed and revenue is recognized. Indirect costs such as maintenance of communities, signage and supervision are expensed as incurred. UHG expects that developed Developed land will be is acquired from the Land Development Affiliates of Legacy UHG related parties and third parties at fair market value, which, when compared to Legacy UHG's historical acquisition of developed land from non-third parties at cost, is likely to increase increases UHG's Cost of sales.

Selling, General and Administrative Expense

Selling expense includes sales commissions for closed homes, marketing expenses, and certain lease expenses incurred to maintain model homes. UHG recognizes these costs in the period they are incurred. General general and administrative expense consists ("SG&A") expenses consist of corporate personnel and marketing overhead expenses such as payroll, insurance, IT, office expenses, advertising, outside professional services, travel expenses, and other lease expenses, public company costs such as Board of Director fees, D&O insurance, listing fees expenses, transaction expenses, stock compensation expense associated with the equity classified Earnout Shares issued in connection with the Business Combination and filing expenses. stock compensation expense associated with the 2023 Plan. UHG recognizes these costs in the period they are incurred. General and administrative expense further includes operating lease expense, variable lease costs including maintenance charges, taxes, business insurance, and other similar costs, rent expense related to short-term leases, stock compensation expense associated with the equity classified earnout shares issued in connection with the Business Combination, stock compensation expense associated with the 2023 Plan and transaction expenses.

Prior to the Business Combination, a portion of the selling, general and administrative ("SG&A") &A expenses were allocated to Legacy UHG based on direct usage, when identifiable or, when not directly identifiable, on the basis of proportional cost of sales or employee headcount, as applicable. Post Business Combination, the allocation of a portion of SG&A is no longer applicable.

Other (Expense) Income, Net

Other (expense) income, net includes amortization of deferred loan costs associated with UHG's revolving lines of credit, gain or loss upon sale of or retirement of depreciable assets, a portion of interest expense on the Convertible Note Notes entered into in connection with the Business Combination, investment income, management fees, and miscellaneous vendor and credit card rebates.

Equity in Net Earnings from Investment in Joint Venture

On February 4, 2022, Legacy UHG entered into a joint venture agreement with an unrelated third party to acquire The Company owns a 49% equity stake in Homeowners Mortgage, LLC, and made an initial capital contribution of $49,000 at the formation of the joint venture. Equity in net earnings from investment in a mortgage banking joint venture nine months ended September 30, 2023 was $0.9 million, increasing which is accounted for under the investment in joint venture as of September 30, 2023 to $1.1 million. equity method and is not consolidated.

Change in Fair Value of Derivative Liabilities

Change in fair value of derivative liabilities includes certain stock options (as discussed in *Note 14 - Share-based Stock-based compensation* in of the notes Notes to the UHG Condensed Consolidated Financial Statements) Statements contained in this report) issued under the 2023 Plan, warrants issued in connection with DHHC's Initial Public Offering (the "Public Warrants", as discussed in *Note 16 - Warrant liability* in of the notes Notes to the UHG Condensed Consolidated Financial Statements) Statements contained in this report), warrants issued in a private placement by DHHC (the "Private Placement Warrants", as discussed in *Note 16 - Warrant liability* in of the notes Notes to the UHG Condensed Consolidated Financial Statements) Statements contained in this report) and certain Earnout Shares issued in connection with the Business Combination (as discussed in *Note 15 - Earnout Shares shares* in of the notes Notes to the UHG Condensed Consolidated Financial Statements) Statements contained in this report). These instruments are recognized as a derivative liability in accordance with ASC 815, and marked to market at the end of each reporting period. The change in fair value of the derivative liability classified instruments is included in Change in fair value of derivative liabilities on UHG's Condensed Consolidated Statement of Operations.

Income Before Taxes

Income before taxes is revenues less cost of sales, selling, general and administrative SG&A expense, other (expense) income, net, equity in net earnings (losses) from investment in joint venture, and change in fair value of derivative liabilities.

Income Tax Expense Benefit

Income taxes are accounted for using the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences on differences between the carrying amounts of assets and liabilities and their respective tax basis, using tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is "more-likely-than

Table of Contents

not" that some portion or all of the deferred tax assets will not be realized. When evaluating the realizability of deferred tax assets, all evidence, both positive and negative, is evaluated.

Net Income (Loss)

Net income (loss) is income before taxes adjusted for income tax expense. benefit.

Net New Orders

Net new orders is a key performance metric for the homebuilding industry and is an indicator of future revenues and cost of sales. Net new orders for a period is gross sales less any customer cancellations received during the same period. Sales are recognized when a customer signs a contract and UHG approves such contract.

Cancellation Rate

UHG records a cancellation when a customer provides notification that they do not wish to purchase a home. Increasing cancellations are a negative indicator of future performance and can be an indicator of decreased revenues, cost of sales and net income. Cancellations can occur due to customer credit issues or changes to the customer's desires. The cancellation rate is the total cancellations during the period divided by the total number of new sales for homes during the period.

Backlog

Backlog represents homes sold but not yet closed with customers. Backlog is affected by customer cancellations that may be beyond UHG's control, such as customers unable to obtain financing or unable to sell their existing home.

Gross Profit

Gross profit is revenue less cost of sales for the reported period.

Adjusted Gross Profit

Adjusted gross profit, a non-GAAP measure, is gross profit less capitalized interest expensed in cost of sales, amortization included in homebuilding cost of sales (primarily adjustments resulting from the application of purchase accounting in connection with acquisitions) and non-recurring remediation costs.

Results of Operations

Three Months Ended September 30, 2023 March 31, 2024 Compared to Three Months Ended September 30, 2022 March 31, 2023

The following table presents summary results of operations for the periods indicated:

Table of Contents

		Three Months Ended September 30,									
		2023	2022	Amount Change	% Change						
		Three Months Ended March 31,									
		2024									
		2024									
		2024								2023	
Statements of Operations	**Statements of Operations**										
Revenue, net of sales discounts											
Revenue, net of sales discounts											
Revenue, net of sales discounts	Revenue, net of sales discounts	$ 87,728,091	$111,046,233	$ (23,318,142)	(21.0)%	$100,838,245	$		$94,826,702	$	
Cost of sales	Cost of sales	70,317,796	82,107,334	(11,789,538)	(14.4)%	Cost of sales	84,744,198	78,048,929		78,048,929	6,695
Selling, general and administrative expense	Selling, general and administrative expense	13,629,713	13,266,455	363,258	2.3 %	Selling, general and administrative expense	17,054,499	16,687,401		16,687,401	367
Other (expense) income, net	Other (expense) income, net	(1,199,140)	49,513	(1,248,653)	**NM**	Other (expense) income, net	(1,962,845)	202,715		202,715	(2,165
Equity in net earnings (losses) from investment in joint venture		293,923	(49,000)	342,923	(699.8)%						

Equity in net earnings from investment in joint venture						Equity in net earnings from investment in joint venture	318,299			245,808	
Change in fair value of derivative liabilities	Change in fair value of derivative liabilities	149,703,161	—	149,703,161	NM	Change in fair value of derivative liabilities	26,379,710	(207,064,488)		(207,064,488)	233,444
Income before taxes		$152,578,526	$ 15,672,957	$136,905,569	872.0 %						
Income tax expense		(1,735,839)	—	(1,735,839)	NM						
Net Income		$150,842,687	$ 15,672,957	$135,169,730	860.5 %						
Income (loss) before taxes						Income (loss) before taxes	$23,774,712			$(206,525,593)	
Income tax benefit						Income tax benefit	(1,163,512)			(2,021,265)	
Net income (loss)						Net income (loss)	$24,938,224			$(204,504,328)	
Other Financial and Operating Data:	**Other Financial and Operating Data:**										
Active communities at end of period(a)											
Active communities at end of period(a)											
Active communities at end of period(a)	Active communities at end of period(a)	53	57	(4)	(7.0)%	63	52		52		11
Home closings	Home closings	283	343	(60)	(17.5)%	Home closings	311	328		328	
Average sales price of homes closed(b)	Average sales price of homes closed(b)	$ 315,836	$ 314,566	$ 1,270	0.4 %	Average sales price of homes closed(b)	$ 335,057	$		$ 314,250	$
Net new orders (units)	Net new orders (units)	272	175	97	55.4 %	Net new orders (units)	384	389		389	
Cancellation rate	Cancellation rate	14.7 %	16.0 %	(1.3)%	(8.1)%	Cancellation rate	9.6 %			13.4 %	
Backlog	Backlog	282	391	(109)	(27.9)%	Backlog	262	320		320	
Gross profit	Gross profit	$ 17,410,295	$ 28,938,899	$ (11,528,604)	(39.8)%	Gross profit	$16,094,047	$		$ 16,777,773	$
Gross profit %(c)	Gross profit %(c)	19.8 %	26.1 %	(6.3)%	(24.1)%	Gross profit %(c)	16.0 %			17.7 %	
Adjusted gross profit(d)	Adjusted gross profit(d)	$ 19,388,940	$ 30,520,195	$ (11,131,255)	(36.4)%	Adjusted gross profit(d)	$20,613,862	$		$ 19,164,605	$
Adjusted gross profit %(c)	Adjusted gross profit %(c)	22.1 %	27.5 %	(5.4)%	(19.6)%	Adjusted gross profit %(c)	20.4 %			20.2 %	
EBITDA(d)	EBITDA(d)	$156,561,832	$ 17,336,208	$139,225,624	803.1 %	EBITDA(d)	$29,921,455	$		$(204,010,458)	$
EBITDA margin %(c)	EBITDA margin %(c)	178.5 %	15.6 %	162.9 %	1,044.2 %	EBITDA margin %(c)	29.7 %			(215.1)%	
Adjusted EBITDA(d)	Adjusted EBITDA(d)	$ 8,797,192	$ 17,992,841	$ (9,195,649)	(51.1)%	Adjusted EBITDA(d)	$ 7,283,518	$		$ 8,517,210	$
Adjusted EBITDA margin %(c)	Adjusted EBITDA margin %(c)	10.0 %	16.2 %	(6.2)%	(38.3)%	Adjusted EBITDA margin %(c)	7.2 %			9.0 %	

NM - Not Meaningful

(a) UHG had 6 communities in closeout for the three months ended September 30, 2023 March 31, 2024 and 8 9 communities in closeout for the three months ended September 30, 2022 March 31, 2023. These communities are not included in the count of "Active communities at end of period."

(b) Average sales price of homes closed, excluding the impact of percentage of completion revenues and build to rent revenues.

(c) Calculated as a percentage of revenue

(d) Adjusted gross profit, EBITDA and adjusted EBITDA are non-GAAP financial measures. For definitions of adjusted gross profit, EBITDA and adjusted EBITDA and a reconciliation to the most directly comparable financial measures calculated and presented in accordance with GAAP, see " UHG's *Management's Discussion and Analysis of Financial Condition and Result of Operations—Non-GAAP Financial Measures.*"

Revenues: Revenues for the three months ended September 30, March 31, 2023 2024 were $87.7 million $100.8 million, a decrease an increase of $23.3 million $6.0 million, or 21.0%6.3%, from $111.0 million $94.8 million for the three months ended September 30 March 31, 2022. 2023. The decrease increase in revenues was primarily attributable to the increase in average sales price of production-built homes, partially offset by the decrease in sales of production-built homes. home closings. The decrease in the number of home closings was due in part to rising mortgage rates, which caused a reduction in purchasing power for homebuyers. The average sales price of production-built homes closed for the three months ended September 30 March 31, 2023 2024 was $315,836, $335,057, an increase of $1,270,$20,807, or 0.4%6.6%, from the average sales price of production-built homes closed of $314,566$314,250 for the three months ended September 30 March 31, 2022. A decrease in revenues of $21.4 million was due to a decrease in the number of production-built homes sold and was offset by an increase of $0.4 million attributable to an increase in the average price of homes sold. The decrease in revenue was also attributable to a decrease in revenue recognized over time from land owned by customers of $2.3 million. 2023.

Cost of Sales and Gross Profit: Cost of sales for the three months ended September 30 March 31, 2023 2024 was $70.3 million $84.7 million, a decrease an increase of $11.8 million $6.7 million, or 14.4%8.6%, from $82.1 million $78.0 million for the three months ended September 30 March 31, 2022. 2023. The decreaseincrease in Cost of sales was primarily largely attributable to the decrease in number of homes sold. UHG closed 283 homes during the three months ended September 30, 2023, a decrease of 60 home closings, or 17.5%, as compared to 343 homes closed during the three

months ended September 30, 2022. This was partially offset by an increase in the average cost to complete a home due to higher incentives, primarily in the form of mortgage rate buydowns and closing costs. costs, as well as an increase in interest expense and the amortization of purchase accounting adjustments. The increase was partially offset by a decrease in number of homes closed. UHG closed 311 homes during the three months ended March 31, 2024, a decrease of 17 home closings, or 5.2%, as compared to 328 homes closed during the three months ended March 31, 2023.

Table of Contents

Gross profit for the three months ended September 30 March 31, 2023 2024 was $17.4 million $16.1 million, a decrease of $11.5 million $0.7 million, or 39.8% 4.2%, from $28.9 million $16.8 million for the three months ended September 30 March 31, 2022, 2023, due to the decrease in the number of home closings and increased cost per home as described above. Gross profit as a percentage of revenue for the three months ended September 30 March 31, 2023 2024 was 19.8% 16.0%, a decrease of 6.3% 1.7%, as compared 26.1% 17.7% for the three months ended September 30 March 31, 2022. 2023.

Adjusted Gross Profit: Adjusted gross profit for the three months ended September 30 March 31, 2023 2024 was $19.4 million $20.6 million, a decrease an increase of $11.1 million $1.4 million, or 36.4% 7.3%, as compared to $30.5 million $19.2 million for the three months ended September 30 March 31, 2022. 2023. Adjusted gross profit as a percentage of revenue for the three months ended September 30 March 31, 2023 2024 was 22.1% 20.4%, an increase of a decrease of 5.4% 0.2%, as compared to 27.5% 20.2% for the three months ended September 30 March 31, 2022. 2023. The increase inadjusted gross profit as a percentage of revenue decrease was attributable to an $11.5 million decrease in gross profit for the three months ended September 30, 2023 as compared to September 30, 2022, slightly lower costs of sales which was driven by higher incentives offset by non-recurring remediation costs of $0.4 million. lower lumber costs. Adjusted gross profit is a non-GAAP financial measure. For the definition of adjusted gross profit and a reconciliation to UHG's most directly comparable financial measure calculated and presented in accordance with GAAP, see *"UHG's Management's Discussion and Analysis of Financial Condition and Result of Operations — Non-GAAP Financial Measures."*

Selling, General and Administrative Expense: Selling, general and administrative expense for the three months ended September 30, 2023 March 31, 2024 was $13.6 million $17.1 million, an increase of $0.3 million $0.4 million, or 2.3%2.4%, from $13.3 million $16.7 million for the three months ended September 30, 2022 March 31, 2023. The overall increase in selling, general and administrative expense was attributable to driven by an increase of $1.1 million related to stock compensation expense, $0.8 million in public company expenses to support the Company's growth and meet the regulatory standards of $0.6 million a public company, and an increase in insurance expenses rent expense of $0.8 million, $0.2 million, partially offset by a decrease in consulting salaries, wages, and audit fees related expenses of $1.2 million and $0.6 million, primarily attributable to lower stock-based compensation. a decrease in commissions expense of $1.0 million for the three months ended September 30, 2023.

Other (Expense) Income, Net: Total Other (expense) income, net for the three months ended September 30, 2023 March 31, 2024 was $(1.2) million $2.0 million of expense, a decrease of $1.3 million$2.2 million, from $0.1 million $0.2 million of income for the three months ended September 30, 2022 March 31, 2023. The decrease in Other (expense) income, net was primarily attributable to an increase in interest expense on the Convertible Notes issued in connection with the Business Combination of $2.0 million, partially offset by a decrease in investment income of $0.7 million $2.1 million.

Equity in Net Earnings (Losses) from Investment in Joint Venture: Equity in net earnings (losses) from investment in joint venture for the three months ended September 30 March 31, 2023 2024 was $0.3 million compared to $(0.1) $0.3 million, an increase of $0.1 million, from $0.2 million for the three months ended September 30 March 31, 2022, due to the joint venture initially incurring losses as it established operations. 2023. The increase in equity in net earnings (losses) from investment in joint venture increased the investment in joint venture as of September 30, 2023 March 31, 2024 to $1.1 million. There were no impairment losses relate $1.7 milliond to the Company's investment in the joint venture recognized during the three months ended September 30, 2023. .

Change in Fair Value of Derivative Liabilities: Change in fair value of derivative liabilities for the three months ended September 30, 2023 March 31, 2024 was a gain of $149.7 million $26.4 million as compared to zero a loss of $207.1 million for the three months ended September 30, 2022 March 31, 2023. Under ASC 815, derivative liabilities are marked to market each reporting period with changes recognized on the Condensed Consolidated Statement of Operations. This change was primarily attributable to a change in fair value gain of $148.7 million $26.4 million related to the Earnout Shares, $0.3 million related to the stock options issued under the 2023 Incentive Plan that are accounted for as derivative liabilities under ASC 815, $0.4 million related to the Public Warrants and $0.3 million related to the Private Placement Warrants issued in connection with the Business Combination. Shares.

Income Tax Expense: Benefit: Income tax expense benefit for the three months ended September 30 March 31, 2023 2024 was $1.8 1.2 million as compared to zero $2.0 million for the three months ended September 30, 2022 March 31, 2023. The Company estimates the effective tax rate expected to be applicable for the full fiscal year and this rate is applied to the results for the year-to-date period, and then adjusted for any discrete period items. The Company's estimated annual effective tax rate for the three months ended September 30, 2023 March 31, 2024 is 26.2% 33.4% as compared to 25.3% as of March 31, 2023.

Net Income: Income (Loss): Net income (loss) for the three months ended September 30 March 31, 2023 2024 was $150.8 million $24.9 million, an increase of $135.1 million $229.4 million, or 860.5% 112.2%, from $15.7 million a loss of $204.5 million for the three months ended September 30 March 31, 2022. 2023. The increase in Net income was primarily attributable to the increase in income before taxes of $136.9 million $230.2 million, or 872.0% 111.5%, during the three months ended September 30 March 31, 2023 2024 as compared to the three months ended September 30 March 31, 2022 2023 (which is primarily attributable to the change in fair value of derivative liabilities), partially offset by an increase a decrease in income tax expense benefit of $1.8 million $0.8 million, during the three months ended September 30 March 31, 2023 2024 as compared to the three months ended September 30 March 31, 2022.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

The following table presents summary results of operations for the periods indicated:

	Nine Months Ended September 30,			
	2023	2022	Amount Change	% Change
Statements of Operations				
Revenue, net of sales discounts	$ 304,646,422	$ 361,951,774	$ (57,305,352)	(15.8)%
Cost of sales	246,540,874	264,730,624	(18,189,750)	(6.9)%
Selling, general and administrative expense	46,652,432	38,892,250	7,760,182	20.1 %
Other (expense) income, net	(3,291,755)	312,991	(3,604,746)	(1200.0)%
Equity in net earnings (losses) from investment in joint venture	930,405	(49,000)	979,405	(1998.8)%
Change in fair value of derivative liabilities	184,981,652	—	184,981,652	**NM**
Income before taxes	$ 194,073,418	$ 58,592,891	$ 135,480,527	231.2 %
Income tax expense	(2,372,300)	—	(2,372,300)	**NM**
Net income	$ 191,701,118	$ 58,592,891	$ 133,108,227	227.1 %
Other Financial and Operating Data:				
Active communities at end of period(a)	53	57	(4)	(7.0)%
Home closings	996	1,216	(220)	(18.1)%
Average sales price of homes closed(b)	$ 314,232	$ 295,103	$ 19,129	6.5 %
Net new orders (units)	1,002	988	14	1.4 %
Cancellation rate	14.6 %	15.4 %	(0.8)%	(5.2)%
Backlog	282	391	(109)	(27.9)%
Gross profit	$ 58,105,548	$ 97,221,150	$ (39,115,602)	(40.2)%
Gross profit %(c)	19.1 %	26.9 %	(7.8)%	(29.0)%
Adjusted gross profit(d)	$ 64,630,992	$ 100,387,715	$ (35,756,723)	(35.7)%
Adjusted gross profit %(c)	21.2 %	27.7 %	(6.5)%	(23.5)%
EBITDA(d)	$ 206,490,991	$ 61,972,322	$ 144,518,669	233.2 %

EBITDA margin %(c)		67.8 %		17.1 %		50.7 %	296.5 %
Adjusted EBITDA(d)	$	30,423,664	$	65,114,359	$	(34,690,695)	(53.3)%
Adjusted EBITDA margin %(c)		10.0 %		18.0 %		(8.0)%	(44.4)%

NM - Not Meaningful

(a) UHG had 6 communities in closeout for the nine months ended September 30, 2023 and 8 communities in closeout for the nine months ended September 30, 2023. These communities are not included in the count of "Active communities at end of period."

(b) Average sales price of homes closed, excluding the impact of percentage of completion revenues.

(c) Calculated as a percentage of revenue

(d) Adjusted gross profit, EBITDA and adjusted EBITDA are non-GAAP financial measures. For definitions of adjusted gross profit, EBITDA and adjusted EBITDA and a reconciliation to the most directly comparable financial measures calculated and presented in accordance with GAAP, see " UHG's *Management's Discussion and Analysis of Financial Condition and Result of Operations—Non-GAAP Financial Measures."*

Revenues: Revenues for the nine months ended September 30, 2023 were $304.6 million, a decrease of $57.4 million, or 15.8%, from $362.0 million for the nine months ended September 30, 2022. The decrease in revenues was primarily attributable to the decrease in sales of production-built homes. The decrease in the number of home closings was due in part to rising mortgage rates, which caused a reduction in purchasing power for homebuyers. The average sales price of production-built homes closed for the nine months ended September 30, 2023 was $314,232, an increase of $19,129, or 6.5%, from the average sales price of production-built homes closed of $295,103 for the nine months ended September 30, 2022. A decrease in revenues of $68.8 million due to the decrease in number of production-built homes sold is offset by $18.0 million generated from the increase in overall sales prices. The decrease in revenues was also attributable to a decrease in revenue recognized over time from land owned by customers of $6.5 million.

Cost of Sales and Gross Profit: Cost of sales for the nine months ended September 30, 2023 was $246.5 million, a decrease of $18.2 million, or 6.9%, from $264.7 million for the nine months ended September 30, 2022. The decrease in Cost of sales was primarily attributable to the decrease in number of homes sold. UHG closed 996 homes during the nine months ended September 30, 2023, a decrease of 220 home closings, or 18.1%, as compared to 1,216 homes closed during the nine months ended September 30, 2022. This was partially offset by an increase in the average cost to complete a home as a result of higher direct costs, including houses constructed in 2022 with higher lumber costs, and incentives, primarily in the form of mortgage rate buydowns and closing costs.

Gross profit for the nine months ended September 30, 2023 was $58.1 million, a decrease of $39.1 million, or 40.2%, from $97.2 million for the nine months ended September 30, 2022, due to a decrease in the number of home closings and increased cost per home as described above. Gross profit as a percentage of revenue for the nine months ended September 30, 2023 was 19.1%, a decrease of 7.8%, as compared 26.9% for the nine months ended September 30, 2022.

Adjusted Gross Profit: Adjusted gross profit for the nine months ended September 30, 2023 was $64.6 million, a decrease of $35.8 million, or 35.7%, as compared to $100.4 million for the nine months ended September 30, 2022. Adjusted gross profit as a percentage of revenue for the nine months ended September 30, 2023 was 21.2%, a decrease of 6.5%, as compared to 27.7% for the nine months ended September 30, 2022. The adjusted gross profit as a percentage of revenue decrease was attributable to a $39.1 million decrease in gross profit for the nine months ended September 30, 2023 as compared to September 30, 2022. This decrease was partially offset when excluding interest expense included in cost of sales, which increased by $2.9 million due to higher interest rates period over period and the inclusion of convertible note interest in 2023, as well as non-recurring remediation costs of $0.4 million. Adjusted gross profit is a non-GAAP financial measure. For the definition of adjusted gross profit and a reconciliation to UHG's most directly comparable financial measure calculated and presented in accordance with GAAP, see *"UHG's Management's Discussion and Analysis of Financial Condition and Result of Operations — Non-GAAP Financial Measures."*

Selling, General and Administrative Expense: Selling, general and administrative expense for the nine months ended September 30, 2023 was $46.7 million, an increase of $7.8 million, or 20.1%, from $38.9 million for the nine months ended September 30, 2022. The increase in selling, general and administrative expense was attributable to an increase of $4.6 million related to stock compensation expense, $0.6 million of miscellaneous expense, and $5.1 million of general & administrative expenses, which includes $2.1 million of consulting and audit expenses, and public company expenses of $1.2 million. This increase was offset by a decrease of $2.5 million in commission expenses.

Other (Expense) Income, Net: Total other (expense) income, net for the nine months ended September 30, 2023 was $(3.3) million of expense, a decrease of $3.6 million, or 1200.0%, from $0.3 million of income for the nine months ended September 30, 2022. The decrease in other (expense) income was primarily attributable to an increase of $5.5 million of interest expense on the Convertible Notes issued in connection with the Business Combination, offset by an increase in investment income of $2.2 million.

Equity in Net Earnings (Losses) from Investment in Joint Venture: Equity in net earnings (losses) from investment in joint venture for the nine months ended September 30, 2023 was $0.9 million compared to $(0.1) million for the nine months ended September 30, 2022, due to the joint venture initially incurring losses as it established operations. The increase in equity in net earnings (losses) from investment in joint venture increased the investment in joint venture as of September 30, 2023 to $1.1 million. There were no impairment losses related to the Company's investment in the joint venture recognized during the nine months ended September 30, 2023.

*Change in Fair Value of Derivative Liabilities:*Change in fair value of derivative liabilities for the nine months ended September 30, 2023 was a gain of $185.0 million as compared to zero for the nine months ended September 30, 2022. This change was primarily attributable to a change in fair value of $191.2 million related to the Earnout Shares and $0.4 million related to the stock options issued under the 2023 Incentive Plan that are accounted for as derivative liabilities under ASC 815, offset by a change in fair value of $4.3 million related to the Public Warrants and $2.3 million related to the Private Placement Warrants issued in connection with the Business Combination.

Income Tax Expense: Income tax expense for the nine months ended September 30, 2023 was $2.4 million as compared to zero for the nine months ended September 30, 2022. The Company estimates the effective tax rate expected to be applicable for the full fiscal year and this rate is applied to the results for the year-to-date period, and then adjusted for any discrete period items. The Company's estimated annual effective tax rate for the nine months ended September 30, 2023 is 26.2%.

Net Income: Net incomefor the nine months ended September 30, 2023 was $191.7 million, an increase of $133.1 million, or 227.1%, from $58.6 million for the nine months ended September 30, 2022. The increase in net income was primarily attributable to the increase in income before taxes of $135.5 million, or 231.2%, during the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 (which is primarily attributable to the change in fair value of derivative liabilities), and by an increase in income tax expense of $2.4 million, during the nine months ended September 30, 2023 as compared to zero during the nine months ended September 30, 2022. 2023.

Non-GAAP Financial Measures

Adjusted Gross Profit

Adjusted gross profit is a non-GAAP financial measure used by management of UHG the Company as a supplemental measure in evaluating operating performance. UHG The Company defines adjusted gross profit as gross profit excluding the effects of capitalized interest expensed in cost of sales, amortization included in homebuilding cost of sales (primarily adjustments resulting from the application of purchase accounting in connection with acquisitions), and non-recurring remediation costs. UHG's The Company's management believes adjusted gross profit provides useful this information to investors is meaningful because it separates the impact that

Table of Contents

capitalized interest, purchase accounting adjustments, and non-recurring remediation costs directly expensed in cost of sales has have on gross profit to provide a more specific measurement of UHG's the Company's gross profits. However, because adjusted gross profit information excludes capitalized interest certain balances expensed in cost of sales, which has have real economic effects and could impact UHG's the Company's results of operations, the utility of adjusted gross profit information as a measure of UHG's the Company's operating performance may be limited. Other companies may not calculate adjusted gross profit information in the same manner that UHG the Company does. Accordingly, adjusted gross profit information should be considered only as a supplement to gross profit information as a measure of UHG's the Company's performance.

The following table presents a reconciliation of adjusted gross profit to the GAAP financial measure of gross profit for each of the periods indicated.

		Three Months Ended September 30		Nine Months Ended September 30			
		2023	2022	2023	2022		
	Three Months Ended March 31, 2024					Three Months Ended March 31, 2024	2023
Revenue, net of sales discounts	Revenue, net of sales discounts	$87,728,091	$111,046,233	$304,646,422	$361,951,774		
Cost of sales	Cost of sales	70,317,796	82,107,334	246,540,874	264,730,624		
Gross profit	Gross profit	$17,410,295	$ 28,938,899	$ 58,105,548	$ 97,221,150		
Interest expense in cost of sales	Interest expense in cost of sales	1,531,318	1,581,296	6,078,117	3,166,565		
Amortization in homebuilding cost of sales[a]							
Non-recurring remediation costs	Non-recurring remediation costs	447,327	—	447,327	—		
Adjusted gross profit	Adjusted gross profit	$19,388,940	$ 30,520,195	$ 64,630,992	$100,387,715		
Gross profit % [a] [b]	Gross profit % [a] [b]	19.8 %	26.1 %	19.1 %	26.9 %	Gross profit % [a] [b] 16.0 %	17.7 %

Adjusted gross profit % (a) (b)	Adjusted gross profit %(a) (b)	22.1 %	27.5 %	21.2 %	27.7 %	Adjusted gross profit %(a) (b)	20.4 %	20.2 %

(a) Represents expense recognized resulting from purchase accounting adjustments
(b) Calculated as a percentage of revenue

EBITDA and Adjusted EBITDA

Earnings before interest, taxes, depreciation and amortization, or EBITDA, and adjusted EBITDA are supplemental non-GAAP financial measures used by management of UHG. UHG the Company. The Company defines EBITDA as net income before (i) capitalized interest expensed in cost of sales, (ii) interest expensed in other (expense) income, net, (iii) depreciation and amortization, and (iv) taxes. UHG defines adjusted EBITDA as EBITDA before stock-based compensation expense, transaction cost expense, non-recurring loss on disposal of leasehold improvements, non-recurring remediation costs, amortization included in homebuilding cost of sales (adjustments resulting from the application of purchase accounting in connection with acquisitions), and change in fair value of derivative liabilities. Management of UHG the Company believes EBITDA and adjusted EBITDA provide are useful information to investors because they enable provide a more effective evaluation of UHG's operating performance and allow comparison of UHG's results of operations from period to period without regard to UHG's financing methods or capital structure or other items that impact comparability of financial results from period to period such as fluctuations in interest expense or effective tax rates, levels of depreciation or amortization, or unusual items. EBITDA and adjusted EBITDA should not be considered as alternatives to, or more meaningful than, net income or any other measure as determined in accordance with GAAP. UHG's computations of EBITDA and adjusted EBITDA may not be comparable to EBITDA or adjusted EBITDA of other companies.

The following table presents a reconciliation of EBITDA and adjusted EBITDA to the GAAP financial measure of net income for each of the periods indicated.

Table of Contents

		Three Months Ended September 30,		Nine Months Ended September 30,			
		2023	2022	2023	2022		
Net income		$150,842,687	$15,672,957	$191,701,118	$58,592,891		
	Three Months Ended March 31,						Three Months Ended March 31,
	2024					2024	2023
Net income (loss)							
Interest expense in cost of sales	Interest expense in cost of sales	1,531,318	1,581,296	6,078,117	3,166,565		
Interest expense in other (expense) income, net		2,039,512	—	5,458,821	—		
Interest expense in other income, net							
Depreciation and amortization	Depreciation and amortization	381,917	89,667	848,693	264,884		
Taxes	Taxes	1,766,398	(7,712)	2,404,242	(52,018)		
EBITDA	EBITDA	$156,561,832	$17,336,208	$206,490,991	$61,972,322		
Stock-based compensation expense	Stock-based compensation expense	1,106,014	51,116	6,015,700	1,372,626		
Transaction cost expense	Transaction cost expense	385,180	605,517	2,451,298	1,769,411		
Non-recurring remediation costs	Non-recurring remediation costs	447,327	—	447,327	—		
Amortization in homebuilding cost of sales(b)							

Change in fair value of derivative liabilities	Change in fair value of derivative liabilities	(149,703,161)	—	(184,981,652)	—				
Adjusted EBITDA	Adjusted EBITDA	$ 8,797,192	$17,992,841	$ 30,423,664	$65,114,359				
EBITDA margin(a)	EBITDA margin(a)	178.5 %	15.6 %	67.8 %	17.1 %	EBITDA margin(a)	29.7 %	(215.1)	%
Adjusted EBITDA margin(a)	Adjusted EBITDA margin(a)	10.0 %	16.2 %	10.0 %	18.0 %	Adjusted EBITDA margin(a)	7.2 %	9.0	%

(a) Calculated as a percentage of revenue

(b) Represents expense recognized resulting from purchase accounting adjustment

Liquidity and Capital Resources

Overview

UHG funds its operations from its current cash holdings and cash flows generated by operating activities, as well as its available revolving lines of credit, as further described below. As of September 30, 2023 March 31, 2024, UHG had approximately $81.2 million $28.7 million in cash and cash equivalents, an increase a decrease of $69.0 million $28.0 million, from $12.2 million $56.7 million as of December 31, 2022 December 31, 2023. As of the Closing Date, UHG received net proceeds from the business combination and the PIPE investments ("PIPE Investments") of approximately $94.4 million. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, UHG had approximately $63.3 million $48.8 million, , and $12.0 million $24.4 million in unused committed capacity under its revolving lines of credit, respectively. See "*Wells Fargo Syndication"* below for information on the modification to the Wells Fargo Syndication subsequent to March 30, 2023.

UHG intends to use the has used proceeds received from the Business Combination and the PIPE Investments primarily for general corporate purposes, including corporate operating expenses and potential future acquisition opportunities. for the acquisitions of homebuilders which closed in 2023 and January of 2024. UHG believes that its current cash holdings including proceeds from the Business Combination and PIPE Investments, as well as cash generated from continuing operations, as well as cash available under its revolving lines of credit and cash obtained from land banking arrangements, will be sufficient to satisfy its short term and long term cash requirements for working capital to support its daily operations, meet current commitments under its contractual obligations, and support the potential acquisition of complementary businesses.

Cash flows generated by UHG's projects can differ materially in timing from its results of operations, as these depend upon the stage in the life cycle of each project. UHG generally relies upon its revolving lines of credit to fund building costs, and timing of draws is such that UHG may from time to time be in receipt of funds from the line of credit in advance of such funds being utilized. UHG is generally required to make significant cash outlays at the beginning of a project related to lot purchases, permitting, and construction of homes, as well as ongoing property taxes. These costs are capitalized within UHG's real estate inventory and are not recognized in its operating income until a home sale closes. As a result, UHG incurs significant cash outflows prior to the recognition of associated earnings. In later stages of projects, cash inflows could exceed UHG's results of operations, as the cash outflows associated with land purchase and home construction and other expenses were previously incurred.

The cost of home construction fluctuates with market conditions and costs related to building materials and labor. The residential construction industry experiences labor and material shortages from time to time, including shortages in qualified subcontractors, tradespeople and supplies of insulation, drywall, cement, steel, and lumber. These labor and material shortages can be more severe during periods of strong demand for housing, during periods following natural disasters that have a significant impact on existing residential and commercial structures or as a result of broader economic

Table of Contents

disruptions. Increases in lumber commodity prices may result in the renewal of UHG's lumber contracts at more expensive rates, which may significantly impact UHG's cost to construct homes and UHG's business. While UHG has recently seen a steep decline in the price of lumber and more moderate reductions in other building materials relative to what was

experienced in 2022, Ffuture uture increases in the cost of building materials and labor could have a negative impact on UHG's margins on homes sold. Supply-chain disruptions may also result in increased costs to obtain building supplies, delayed delivery of developed lots, and incurrence of additional carrying costs on homes under construction, among other things. Labor and material shortages and price increases for labor and materials could cause delays in home construction and increase UHG's costs of home construction, which in turn could have a material adverse effect on UHG's cost of sales and operations.

Finished Lot Deposits

The Company's strategy is to acquire developed lots through related parties, and unrelated third party land developers, and land bankers pursuant to lot purchase agreements. agreements and land banking arrangements. When entering into these contracts, the Company agrees to purchase finished lots at predetermined prices, time frames, and quantities that match expected selling pace in the community. Most lot purchase agreements require the Company to pay a nonrefundable cash deposit of approximately 10% 15% - 15% 20% of the agreed-upon fixed purchase price of the developed lots. In exchange for the deposit, the Company receives the right Refer to purchase the finished developed lot at a preestablished price. Such contracts enable the Company to defer acquiring portions *Note 2 - Summary of properties owned by third parties until the Company determines whether significant accounting policies* and when to complete such acquisition, which may serve to reduce financial risks associated with long-term land holdings. *As of September 30, 2023 and December 31, 2022, the Company's lot deposits related to finished lot purchase contracts were $24.6 million and $3.8 million, respectively.*

Prior to the Business Combination, when Legacy UHG was acquiring lots through Land Development Affiliates, it did not have to pay deposits as the land development operations were owned by the shareholders of GSH. Post Business Combination, the Company continues to purchase lots from the former Land Development Affiliates of Legacy UHG, however, as the Company is no longer owned by the shareholders of GSH, the Company must pay lot purchase agreement deposits to acquire lots. As such, as of September 30, 2023 all interests in lot purchase agreements, including with related parties, is recorded within Note 10 - Lot purchase agreement deposits onof the Balance Sheet Notes to the UHG Condensed Consolidated Financial Statements. Statements for additional information.

Homebuilding Debt

Prior to the Business Combination, Legacy UHG, jointly with its Other Affiliates *(*see *Note 1 - Nature of operations and basis of presentation* of the Notes to the UHG Condensed Consolidated Financial Statements for definitions of these terms*)* considered to be under common control, entered into debt arrangements with financial institutions. These debt arrangements are in the form of revolving lines of credit and are generally secured by land (developed lots and undeveloped land) and homes (under construction and finished). Legacy UHG and certain related Other Affiliates were collectively referred to as the Nieri Group. The Nieri Group entities were jointly and severally liable for the outstanding balances under the revolving lines of credit, however; the Legacy UHG had been deemed the primary obligor of such debt, as it is the sole cash generating entity and responsible for repayment of the debt. As such, Legacy UHG had recorded the outstanding advances under the financial institution debt and other debt within the financial statements as of December 31, 2022.

A portion of the revolving lines of credit were drawn down for the sole operational benefit of the Nieri Group and Other Affiliates outside of Legacy UHG. UHG ("Other Affiliates' debt"). For the three months ended March 31, 2024 and 2023, Other Affiliates borrowed zero, and $136,773, respectively. These line amounts are recorded on the Condensed Consolidated Statements of credit balances are reflected Cash Flows, financing activities section, with borrowings presented as Proceeds from other affiliate debt and repayments as Repayments of other affiliate debt. On February 27, 2023, Legacy UHG paid off Wells Fargo debt associated with Other Affiliates in the table below amount of $8,340,545 and on February 28, 2023, Legacy UHG was released as a co-obligor from the Anderson Brothers debt associated with Other Affiliates' Affiliates in anticipation of the Business Combination. As a result there is no remaining debt at December 31, 2022 balance associated with Other Affiliates as of March 31, 2023. Post Business Combination, the Company no longer enters into debt arrangements with Other Affiliates of Legacy UHG. As discussed further below, in connection with the Business Combination, the Wells Fargo Syndication line was amended and restated to exclude any members of the Nieri Group and Other Affiliates of Legacy UHG from the borrower list.

The advances from the revolving construction lines, reflected as Homebuilding debt - Wells Fargo Syndication, are used to build homes and are repaid incrementally upon individual home sales. The various revolving construction lines are collateralized by the homes under construction and developed lots. The revolving construction lines are fully secured, and the availability of funds are based on the inventory value at the time of the draw request. Interest is accrued based on the total syndication balance and is paid monthly. As the average construction time for homes is less than one year, all outstanding homebuilding debt is considered short-term as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

[Table of Contents](#)

The following table and descriptions provide a summary of Company's material debt under the revolving lines of credit for the periods indicated:

		September 30, 2023		March 31, 2024				March 31, 2024
	Weighted average interest rate	Weighted average interest rate	Homebuilding Debt - Wells Fargo Syndication	Weighted average interest rate	Homebuilding Debt - Wells Fargo Syndication	Homebuilding Debt - Other	Private Investor Debt	Total
Wells Fargo Bank	Wells Fargo Bank	8.02 %	$16,844,806					
Regions Bank	Regions Bank	8.02 %	14,253,298					
Flagstar Bank	Flagstar Bank	8.02 %	12,957,543					
United Bank	United Bank	8.02 %	10,366,035					

Third Coast Bank	Third Coast Bank	8.02 %	7,774,526
Other Notes Payable			
Total debt on contracts	**Total debt on contracts**		**$62,196,208**

	December 31, 2022			
	Weighted average interest rate	**Homebuilding Debt - Wells Fargo Syndication**	**Other Affiliates(1)**	**Total**
Wells Fargo Bank	4.98 %	$ 34,995,080	$ 8,203,772	$ 43,198,852
Regions Bank	4.98 %	27,550,618	—	27,550,618
Texas Capital Bank	4.98 %	19,676,552	—	19,676,552
Truist Bank	4.98 %	19,659,329	—	19,659,329
First National Bank	4.98 %	7,870,621	—	7,870,621
Anderson Brothers	4.74 %	—	2,841,034	2,841,034
Total debt on contracts		**$ 109,752,200**	**$ 11,044,806**	**$ 120,797,006**

(1)Outstanding balances relate to bank financing for land acquisition and development activities of Other Affiliates for which the Company is the co-obligor or has an indirect guarantee of the indebtedness of the Other Affiliates. In addition, the $8,203,772 of Other Affiliates debt with Wells Fargo Bank as of December 31, 2022, is part of the Wells Fargo Syndication.

	December 31, 2023			
	Weighted average interest rate	**Homebuilding Debt - Wells Fargo Syndication**	**Private Investor Debt**	**Total**
Wells Fargo Bank	8.13 %	$ 20,907,306	$ —	$ 20,907,306
Regions Bank	8.13 %	17,690,798	—	17,690,798
Flagstar Bank	8.13 %	16,082,543	—	16,082,543
United Bank	8.13 %	12,866,035	—	12,866,035
Third Coast Bank	8.13 %	9,649,526	—	9,649,526
Other Notes Payable		—	3,255,221	3,255,221
Total debt on contracts		**$ 77,196,208**	**$ 3,255,221**	**$ 80,451,429**

Homebuilding Debt - Wells Fargo Syndication

In July 2021, the Nieri Group entities entered into a $150,000,000 Syndicated Credit Agreement (“Syndicated Line”) with Wells Fargo Bank, National Association (“Wells Fargo”). The Syndicated Line was a three-year revolving credit facility previously with a maturity date of July 2024, and an option to extend the maturity date for one year that could be exercised upon approval from Wells Fargo. The Syndicated Line also included a $2,000,000 letter of credit as a sub-facility subjected to the same terms and conditions as the Syndicated Line. The Syndicated Line was amended and restated (“First Amendment”) on March 30, 2023 (“Amendment Date”) in connection with the Business Combination (as defined in *Note 1 - Nature of operations and basis of presentation*) and made GSH the sole borrower of the Syndicated Line. An additional amendment and restatement (“Second Amendment”) was entered into on August 10, 2023 (“Second Amendment Date”). As a result of the Second Amendment, UHG became a co-borrower of the Syndicated Line, the maximum borrowing capacity was increased to $240,000,000, and the maturity date was extended to August 10, 2026. In addition, Wells Fargo Bank and Regions Bank increased their participation in the Syndicated Line, three lenders exited the Syndicated Line, and three lenders joined as new participants of the Syndicated Line. An additional amendment (“Third Amendment”) was entered into on December 22, 2023 (“Third Amendment Date”) and amended two financial covenants that are described below. On January 26, 2024 (“Fourth Amendment Date”), the Company entered into a new amendment (“Fourth Amendment”). As a result of this amendment the Company established a process for the joinder of additional subsidiary borrowers of the Company, and Rosewood was joined, jointly and severally with the Company and GSH as a borrower to the Syndicated Line. No other significant terms of the arrangements were changed other than those relating to the financial covenants and interest rate terms described below.

The remaining availability to be drawn down on the Syndicated Line was $48.8 million and $12.0 million $63,272,797 as of September 30, 2023 March 31, 2024 and December 31, 2022, respectively. $24,398,576 as of December 31, 2023. The Company pays a fee ranging between 15 and 30 basis points per annum depending on the unused amount of the Syndicated Line. The fee is computed on a daily basis and paid quarterly in arrears.

The Syndicated Line contains financial covenants, which were updated as part of the Second Amendment, including (a) a minimum tangible net worth of no less than the sum of (x) (i) $70 million,and (y (ii) 25% of positive actual consolidated earnings earned in any fiscal quarter end, plus (iii) 100% of new equity contributed to the Company, plus (iv) 100% of any new equity contributed as well as increases increase in tangible net worth resulting from an equity issuance upon the conversion or exchange of any security constituting indebtedness that is convertible or exchangeable, or is being converted or exchanged, for equity interests; and (v) 100% of the amount of any repurchase of equity interests in the Company, (b) a maximum leverage covenant that prohibits the leverage ratio from exceeding 2.25 to 1.00, for any fiscal quarter (c) a minimum debt service coverage ratio to be no less than 2.50 2.00 to 1.00 for any fiscal quarter, and (d) a minimum liquidity amount of not less than the greater of i)

$20,000,000 $30,000,000 or ii) an amount equal to 1.50x the trailing twelve month interest incurred, and (e) unrestricted cash of not less than 50% of the required liquidity. liquidity at all times. The Company was in compliance with all debt covenants as of September 30, 2023 March 31, 2024 and December 31, 2023. Legacy UHG was in compliance with all debt covenants as of December 31, 2022.

The interest rates on the borrowings under the Syndicated Line vary based on the leverage ratio. In connection with the First Amendment, the benchmark interest rate was converted from LIBOR to Secured Overnight Financing Rate (“SOFR”), with no changes in the applicable rate margins. The interest rate is based on the greater of either LIBOR prior to Amendment Date or SOFR post Amendment Date plus an applicable margin (ranging from 275 basis points to 350 basis points) based on the Company’s leverage ratio as determined in accordance with a pricing grid, or the base rate plus the aforementioned applicable margin.

Homebuilding Debt - Other Affiliates debt

On February 27, 2023 As a result of the Creekside acquisition, the Company assumed a series of construction loans with a financial institution. The loans have an interest rate of 8.25% and a maturity date of January 26, 2025. The outstanding balance of these arrangements was $2,216,853 as of March 31, 2024.

Private Investor Debt

The Company had other borrowings totaling $2,569,327 and $3,255,221 as of March 31, 2024 and December 31, 2023, Legacy UHG paid off Wells Fargo debt associated with Other Affiliates respectively, which are comprised of other notes payable and mortgage loans acquired in the amount normal course of $8,340,545 and business. The other notes payable have maturities ranging up to two years. The effective interest rates on February 28, 2023, Legacy UHG was released as these notes range from 6.79% to 7.69%. The mortgage loans contain release fee arrangements with no interest rate that are to be repaid through January 26, 2027.

Convertible Note

The Company entered into a co-obliger from Convertible Note Agreement in connection with the Anderson Brothers debt associated with Other Affiliates in anticipation closing of the Business Combination that closed on March 30, 2023 as discussed in Note 1. As a result there is no remaining debt Combination. The Notes have an outstanding balance associated with Other Affiliates of $68,526,995 and $68,038,780, as of September 30, 2023 March 31, 2024 and December 31, 2023, respectively, and mature on March 30, 2028.

The Notes bear interest at a rate of 15%. Future interest payments on the remaining outstanding Notes totaled approximately $60,273,006, with approximately $14,220,410 due within the next twelve months. Refer to *Note 13 - Convertible note payable* of the Notes to the Condensed Consolidated Financial Statements contained in this report for additional information.

Leases

The Company leases several office spaces in South Carolina under operating lease agreements with related parties, and one office space in North Carolina with a third party. The office leases have a remaining lease term of up to five years, some of which include options to extend on a month-to-month basis, and some of which include options to terminate the lease. These options are excluded from the calculation of the ROU asset and lease liability until it is reasonably certain that the option will be exercised. As of September 30, 2023 March 31, 2024, the future minimum lease payments required under these leases totaled $0.8 6.6 million, with $0.1 1.5 million payable within 12 the next twelve months. Further information regarding Company’s leases is provided in *Note 12 - Commitments and contingencies* of the Notes to the UHG Condensed Consolidated Financial Statements.

Cash Flows

Nine Three Months Ended September 30, 2023 March 31, 2024 Compared to Nine Three Months Ended September 30, 2022 March 31, 2023

The following table summarizes UHG’s cash flows for the periods indicated:

	Nine Months Ended September 30,	
	2023	2022
Net cash flows provided by operating activities	$ 45,488,584	$ 19,664,352
Net cash flows used in investing activities	(2,097,455)	(151,612)

Net cash flows provided by (used in) financing activities	25,613,741	(51,644,900)

Table of Contents

	Three Months Ended March 31,	
	2024	2023
Net cash flows (used in) provided by operating activities	$ (17,897,583)	$ 23,051,836
Net cash flows (used in) provided by investing activities	(12,752,495)	6,871
Net cash flows provided by financing activities	2,628,754	75,613,874

Operating Activities

Net cash flows provided by used in operating activities during the nine three months ended September 30, 2023 March 31, 2024 was $45.5 $17.9 million, as compared to cash flows provided of $19.7 million $23.1 million for the nine three months ended September 30, 2022 March 31, 2023. The difference in cash flows period over period is $25.8 million a decrease of $41.0 million. This change is primarily attributable to a decrease in cash provided by a decreased investment in inventory of $48.8 million, partially offset by an increase in lot purchase deposits of $17.9 million during the nine months ended September 30, 2023. This change was also partially offset by changes in net income adjusted for non-cash transactions and cash provided by a change in inventory of $14.2 $7.1 million and$25.2 million for the nine months ended September 30, 2023, as compared to respectively, and an increase in cash flows provided of $61.0 million for the nine months ended September 30, 2022. For the nine months ended September 30, 2022, cash used to increase investments in inventory and accounts receivable was $47.0 million and $1.9 million, respectively, partially offset by an increase in accounts payable of $7.1 million, respectively.$7.4 million.

Investing Activities

Net cash used in investing activities for the tnine he three months ended September 30, 2023 March 31, 2024 was attributable to cash paid to acquire certain the homebuilding assets of Herring Creekside Custom Homes of $2.2 million, offset $12.7 million.

Net cash provided by proceeds from a promissory note issued in exchange investing activities for the sale three months ended March 31, 2023 was attributable to proceeds of fixed assets and proceeds from the sale of property and equipment of $0.1 million.

Net cash used in investing activities for the nine months ended September 30, 2022 was attributable to of $0.1 million offset by the purchase of additional property and equipment of $0.2 million and Legacy UHG's capital contribution in a joint venture of $0.1 million.

Financing Activities

Net cash provided by (used in) financing activities for the nine three months ended September 30 March 31, 2023 2024 was $25.6 million $2.6 million compared to net cash used in financing activities of $51.6 million $75.6 million for the nine three months ended September 30 March 31, 2022. 2023. The difference in cash flows period over period is $77.2 million $73.0 million. The increasedecrease in financing activities was primarily attributable to proceeds from homebuilding debt and land banking arrangements, net of debt issuance costs, of $37.7 million, partially offset by repayment of homebuilding debt of $35.1 million during the three months ended March 31, 2024. In contrast, during the three months ended March 31, 2023, cash flows provided by financing activities included cash received of $94.4 million as a result of the Business Combination, merger, PIPE, and recapitalization transactions, proceeds from homebuilding debt of $42.5 million, partially offset by repayment of homebuilding debt of $90.1 million, distributions and net transfers to shareholders and other affiliates of $17.9 million, and the payment of deferred financing costs of $3.2 million during the nine months ended September 30, 2023. In contrast, during the nine months ended September 30, 2022, cash flows used in financing activities included $101.4 million for repayment of homebuilding and other affiliate debt, $51.0 million of cash flows used in distributions and net transfers to shareholders and other affiliates, and $37.6 million in changes in net due to and due from shareholders and other affiliates, partially offset by $129.1 million of proceeds from homebuilding debt and $9.5 million of proceeds from other affiliate debt. $17.9 million.

Critical Accounting Policies and Estimates

There have been no material significant changes from our to the Company's critical accounting policies and estimates previously during the three months ended March 31, 2024 as compared to those disclosed in *Management's Discussion and Analysis of Financial Condition and Results of Operations* included in the Company's Annual Report on Form S-1/A registration statement filed with 10-K for the SEC on July 17, 2023 fiscal year ended December 31, 2023, aside from those included below.

Unconsolidated Variable Interest Entities Stock-Based Compensation

Management analyzes the Company's investments and transactions under the variable interest model to determine if they are variable interest entities ("VIEs") As of March 31, 2024, and, if so determine whether the Company is the primary beneficiary and consolidation is appropriate. Management reviews its involvement had four types of stock-based compensation outstanding: stock options, restricted stock units (“RSUs”), performance-based restricted stock units (“PSUs”) with a VIE market condition and reconsiders stock warrants. Stock option, RSU, and PSU awards are expensed on a straight-line basis over the requisite service period of the entire award from the date of grant through the period of the last separately vesting portion of the grant. For grants that conclusion if there are any changes to the Company’s involvement that arise. To make this determination, management considers factors such as whether include graded vesting and either a market or performance condition, the Company could direct finance, determine or limit utilizes the scope of graded vesting method to recognize compensation expense. The Company accounts for forfeitures when they occur. The Company’s stock warrant awards do not contain a service condition and are expensed on the entity, sell or transfer property, direct development or direct other operating decisions. Management consolidates the entity if the Company is the primary beneficiary or if a standalone primary beneficiary does not exist and the Company and its related parties collectively meet the definition of a primary beneficiary. If the investment does not qualify as a VIE under the variable interest model, management then evaluates the entity under the voting interest model to assess if consolidation is appropriate. grant date.

The fair value of stock option awards, granted or modified, is determined on the grant date (or modification or acquisition dates, if applicable) at fair value, using the Black-Scholes option pricing model. The fair value and requisite service period of PSU awards with a market condition are determined using a Monte Carlo simulation model. These models require the input of highly subjective assumptions, including the option's expected term and stock price volatility. The grant date fair value of the RSUs is the closing price of UHG’s common stock on the date of the grant. Refer to *Note 14 - Stock-based compensation* of the Notes to the Consolidated Financial Statements contained in this report for additional information.

Table of Contents

Land Banking

During the first quarter of 2024, the Company has entered into a shared services agreement land banking arrangement with a related party that operates in separate third-party to transfer developed lots to the third-party while retaining the right to repurchase the lots through option agreements. Under the terms of these option agreements, the Company obtains the right, but not the obligation, to repurchase the lots over a specified period of time at pre-determined prices. Consistent with ASC 606, the Company is required to continue recognizing the finished lots sold on its Condensed Consolidated Balance Sheets as the arrangement is accounted for as a financing arrangement rather than a sale. At the time the Company sells finished lots to the land development business in which banker and simultaneously enters into option agreements to repurchase those finished lots, the Company will provide accounting, IT and HR, and other administrative support services and receive property maintenance services and due diligence and negotiation assistance with purchasing third party net cash received by the land banker represents approximately 80% of the carrying value of the associated finished lots. Management concluded that determined it has holds a variable interest in this entity the land banker through its potential to absorb some of the service agreement that provides third-parties’ first dollar risk of loss by not receiving an amount equal to or greater than the value of the associated finished lots the Company with the obligation continues to absorb losses and the right to receive benefits based recognize on fees that are below market rates. Additionally, the Company enters into lot option purchase agreements with the same related party to procure land or lots for the construction of homes and has its Condensed Consolidated Balance Sheets as Real estate inventory not owned.

Management determined that while this related party qualifies as the land banker is a VIE, it does not however, qualify for consolidation as the Company is not the primary beneficiary of the VIE nor as it does it not have the power to direct the VIE’s significant activities. Refer activities related to *Note 3 - Summary of significant accounting policies* in the notes of the UHG Condensed Consolidated Financial Statements for additional information.

Recently Issued/Adopted Accounting Standards

Refer to the section titled *“Recent Accounting Pronouncements”* in *Note 3 - Summary of significant accounting policies* in the notes to the UHG Condensed Consolidated Financial Statements for more information.land development.

Off-Balance Sheet Arrangements

UHG currently has no off-balance sheet arrangements. Land-Light Acquisition Strategy

The Company operates a land-light and capital efficient lot acquisition strategy primarily through lot purchase agreements. These contracts generally allow the Company to forfeit its right to purchase the lots for any reason, and its sole legal obligation and economic loss as a result of such forfeitures is limited to the amount of the deposits paid pursuant to such agreements. The Company does not have any financial guarantees or completion obligations, and does not guarantee lot purchases on a specific performance basis under these agreements.

UHG’s pipeline as of March 31, 2024 consists of approximately 10,900 lots, which includes lots that are owned or controlled by Land Development Affiliates, and which UHG expects to obtain the contractual right to acquire, in addition to lots that UHG may acquire from third party lot option contracts. The entire risk of loss pertaining to the aggregate purchase price of contractual commitments resulting from non-performance under finished lot purchase agreements is limited to approximately $38.7 million in Lot purchase agreement deposits as of March 31, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

UHG’s operations are interest rate sensitive. As overall housing demand is adversely affected by increases in interest rates, a significant increase in interest rates may negatively affect the ability of homebuyers to secure adequate financing. Higher interest rates could adversely affect UHG’s revenues, gross profits and net income.

UHG is subject to market risk on its debt instruments primarily due to fluctuations in interest rates. UHG utilizes both fixed-rate and variable-rate debt. For fixed-rate debt, changes in interest rates generally affect the fair value of the debt instrument but not earnings or cash flows. Conversely, for variable-rate debt, changes in interest rates generally do not impact the fair value of the debt instrument, but may affect the Company's future earnings and cash flows. UHG has not entered into, nor does it intend to enter into in the future, derivative financial instruments for trading or speculative purposes or to hedge against interest rate fluctuations

The interest rate on the borrowings under our the Syndicated Line is based upon adjusted daily simple SOFR plus an applicable margin ranging between 275 basis points and 350 basis points, based upon our UHG's leverage ratio. We are therefore Therefore, UHG is exposed to market risks related to fluctuations in interest rates on our its outstanding debt under our the Syndicated Line. As of September 30, 2023 March 31, 2024, we UHG had $62.2 $69.2 million outstanding under our the Syndicated Line, which carried a weighted average interest rate of 8.02% 8.57%. A 100 basis point increase in overall interest rates would negatively affect the Company's net income by approximately $0.6 million. We did not utilize swaps, $0.7 million.

The fair value of the outstanding Notes is subject to market risk and other factors due to the convertible features. The Notes are convertible at the holder's option into UHG Class A Common Shares at any time after March 30, 2024 through March 30, 2028, at $5.58 per share. Going forward, or option contracts on the fair value of the Notes will generally increase as the common stock price increases and will generally decrease as the common stock price declines in value. The Notes are

Table of Contents

carried at amortized cost and the fair value is presented for disclosure purposes only. The interest rates or commodities, or other types and market value changes affect the fair value of derivative financial instruments as of or during the three and nine months ended September 30, 2023. During the three and nine months ended September 30, 2023, we did not enter into and currently Notes, but do not hold, derivatives for trading impact UHG's financial position, cash flows, or speculative purposes.

Our Convertible Note accrues interest at a results of operations due to the fixed rate, thus this instrument is not subject to interest rate sensitivity. nature of the debt obligation.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

A company's internal controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Prior to the Business Combination, Legacy UHG was not required to maintain an effective system of internal controls as defined by Section 404 of the Sarbanes-Oxley Act. Upon consummation of the Business Combination, UHG's management is required to certify financial and other information in its quarterly and annual reports and provide an annual management report on the effectiveness of internal control over financial reporting.

UHG has identified material weaknesses in its internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of its annual or interim financial statements will not be prevented or detected on a timely basis. UHG identified material weaknesses in UHG's internal controls in the following areas: (i) failure to properly evaluate certain transactions in accordance with GAAP; (ii) ineffective tax review controls; lack of appropriate documented review of related party transactions; (iii) a lack of or improper segregation of duties and second level reviews in certain areas; (iv) failure to retain evidence of review of multiple key controls and business processes; lack of formal control review and documentation required by COSO principles; principles; ineffective Information Technology General Controls ("ITGCs") related to certain systems, applications, and (v) multiple IT related control deficiencies. tools used for financial reporting; and the Company did not establish effective user access and segregation of duties controls across financially relevant functions.

Each of the material weaknesses described above involves control deficiencies that could result in a misstatement of one or more account balances or disclosures that would result in a material misstatement misstatements to the UHG financial statements that would not be prevented or detected, and, accordingly, it has determined that these control deficiencies constitute material weaknesses.

UHG is currently in the process of implementing measures and has taken the below steps to address the underlying causes of these material weaknesses and the control deficiencies. Its efforts to date have included the following:

- updated processes around the accounting for custom revenue in consideration reviewing and enhancing its system of ASC 606; internal controls across all departments to ensure that financial statement line items and disclosures are addressed by sufficiently precise controls;
- updated processes around accounting for warranty expense;
- implemented changes continuing to correct enhance the classification adoption of intercompany charges and inventory;
- adopting the COSO framework in order to develop and deploy control activities and assess the effectiveness of internal controls over financial reporting;
- implemented a related party transaction committee to provide oversight of related party transactions; assessing and
- hired new personnel to facilitate second level reviews, and financial reporting oversight.

UHG is also currently implementing additional measures which include:

- reviewing and enhancing its system of internal controls across all departments to ensure that financial statement line items and disclosures across segments are addressed by sufficiently precise controls;
- reviewing and enhancing updating its internal controls related to the financial statement review process, including review controls over manual journal entries and account reconciliations;

- reviewing evaluating and enhancing of improving IT general controls over information systems relevant to financial reporting, including privileged access and segregation of duties; and
- realignment of realigning existing personnel and the addition of adding both internal and external personnel to strengthen management's review and documentation over internal control over financial reporting. reporting; and
- implementing a more thorough second level review process over the tax provision.

UHG will continue to review and improve its internal controls over financial reporting to address the underlying causes of the material weaknesses and control deficiencies. Such material weaknesses and control deficiencies will not be remediated until UHG's remediation plan has been fully implemented, and it has concluded that its internal controls are operating effectively for a sufficient period of time.

UHG cannot be certain that the steps it is taking will be sufficient to remediate the control deficiencies that led to its material weaknesses in its internal control over financial reporting or prevent future material weaknesses or control deficiencies from occurring. In addition, UHG cannot be certain that it has identified all material weaknesses and control deficiencies in its internal control over financial reporting or that in the future it will not have additional material weaknesses or control deficiencies in its internal control over financial reporting.

Changes in Internal Control over Financial Reporting

During the nine months ended September 30, 2023, we completed the Business Combination and the internal controls of Legacy UHG became our internal controls. Except for the efforts to begin remediating the material weaknesses described above, there were no changes during the quarter ended September 30, 2023 March 31, 2024 in Legacy UHG's internal control over financial reporting that have materially affected, or are reasonably likely to material affect, our internal control over financial reporting.

Table of Contents

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to *Note 12 - Commitments and contingencies*, incorporated herein by reference, to our condensed consolidated financial statements the Company's Condensed Consolidated Financial Statements included elsewhere in this report.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A in the Company's Annual Report on Form S-1/A registration statement filed with 10-K for the SEC on July 17, 2023, as amended. year ended December 31, 2023. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) During the quarter ended September 30, 2023 March 31, 2024, there were no unregistered sales of our securities that were not reported in a Current Report on Form 8-K.

(b) None.

(c) None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) None.

(b) None.

(c) Not applicable. None.

Item 6. Exhibits

The exhibits required to be filed with this report are set forth on the Exhibit Index hereto and incorporated by reference herein.

Table of Contents

EXHIBIT INDEX

The following exhibits are included in this report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 (and are numbered in accordance with Item 601 of Regulation S-K).

Exhibit No.	Description
2.1 2.1†	Business Combination Agreement, dated September 10, 2022, by and between DiamondHead Holdings Corp., Merger Sub and Great Southern Homes, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Registration Statement on Form S-4 filed on February 9, 2023)
3.1	Amended and Restated Certificate of Incorporation of United Homes Group, Inc. (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K, filed on April 5, 2023)
3.2	Amended and Restated Bylaws of United Homes Group, Inc. (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K filed on April 5, 2023)
4.1	Warrant Agreement, dated January 25, 2021, by and between ContinentalAmerican Stock Transfer & Trust Company and DiamondHead Holdings Corp. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 25, 2021)
4.2	Senior Convertible Promissory Note, dated March 30, 2023, by and between the Company and Conversant Opportunity Master Fund LP (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-1 filed on April 28, 2023)
4.3	Senior Convertible Promissory Note, dated March 30, 2023, by and between the Company and Dendur Master Fund Ltd. (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1 filed on April 28, 2023)
10.1 10.1†	Employment Agreement, dated July 17, 2023, by and between the Company and John G. Micenko Jr. (incorporated by reference to Exhibit 10.1 Second Amendment to the Company's Current Report on Form 8-K filed on July 17, 2023)
10.2†	Second Amended and Restated Credit Agreement and Omnibus Amendment to Loan Documents, dated as of August 10, 2023 January 26, 2024, among United Homes Group, Inc., Great Southern Homes, Inc., Rosewood Communities, Inc., Wells Fargo Bank, National Association, Wells Fargo Securities, LLC, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 11, 2023 January 29, 2024)
10.2	Form of Time-Based Stock Option Award and Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 23, 2024)
10.3	Form of Performance Stock Unit Award and Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 23, 2024)
31.1*	Certification of Principal Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

† Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). Upon request, the Company agrees to furnish copies of such omitted exhibits and schedules. Filed or furnished herewith.

** Certain of the exhibits and schedules to the Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Company agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

† Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K.

Certain instruments defining rights of holders of long-term debt of the company and its consolidated subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. Upon request, the company agrees to furnish to the SEC copies of such instruments.

Table of Contents

SIGNATURES

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

UNITED HOMES GROUP, INC.

(Registrant)

Dated: November 14, 2023 May 10, 2024

By: /s/ Keith Feldman

Keith Feldman

Chief Financial Officer

(Principal Financial and Accounting Officer)

EXHIBIT 31.1

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Nieri, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of United Homes Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023 May 10, 2024

By: /s/ Michael Nieri
Michael Nieri
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Keith Feldman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of United Homes Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023 May 10, 2024	By:	/s/ Keith Feldman
		Keith Feldman
		Chief Financial Officer
		(Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with this Quarterly Report on Form 10-Q of United Homes Group, Inc. for the quarter ended June 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, Michael Nieri, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: November 14, 2023 May 10, 2024	By:	/s/ Michael Nieri
		Michael Nieri
		Chief Executive Officer
		(Principal Executive Officer)

Exhibit 32.2

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

In connection with this Quarterly Report on Form 10-Q of United Homes Group, Inc. for the quarter ended June 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, Keith Feldman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: November 14, 2023 May 10, 2024	By:	/s/ Keith Feldman
		Keith Feldman
		Chief Financial Officer
		(Principal Financial and Accounting Officer)