

**BENEFICIAL HOLDINGS, INC.
CONSOLIDATED FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

(UNAUDITED)

BENEFICIAL HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	AS AT DECEMBER 31,	
	2023	2022
ASSETS		
Cash	\$ 200	\$ 1,209
Accounts receivable	346,000	346,000
Notes receivable	665,876	579,354
Investment in solar projects	232,436	232,436
Investment in joint venture	21,687	21,687
Total assets	\$ 1,266,199	\$ 1,180,686
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Liabilities:		
Accounts payable and accrued liabilities	\$ 52,309	\$ 61,674
Accrued liabilities- related party	4,852,156	3,631,967
Accrued liabilities- employees	9,348,470	7,976,470
Series A Notes payable	175,000	175,000
Note payable- related party	5,931,085	5,930,755
Other notes payable	165,000	200,000
Total liabilities	20,524,020	17,975,866
Minority Interest	87,218	87,218
Stockholders' deficit:		
Series B preferred stock, par value \$0.000001; 2,000,000 shares authorized; 2,000,000 shares issued and outstanding	20	20
Common stock, par value \$0.000001; 200,000,000 shares authorized; 10,941,069 shares issued and outstanding at December 31, 2023 and 2022	11	11
Additional paid in capital	5,211,926	5,211,926
Accumulated deficit	(24,556,995)	(22,094,355)
Total stockholders' deficit	(19,345,038)	(16,882,398)
Total liabilities and stockholders' deficit	\$ 1,266,199	\$ 1,180,686

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

BENEFICIAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	FOR THE YEARS ENDED DECEMBER 31,	
	2023	2022
Fee Income	\$ -	\$ 5,000
Interest income	86,522	75,280
Total Revenue	86,522	80,280
Operating expense:		
General and administrative expense	1,376,349	1,376,213
Interest expense	1,229,063	1,089,665
Total expenses	2,605,412	2,465,878
Net loss from operations	(2,518,890)	(2,385,598)
Gain on extinguishment of debt	56,250	-
Net loss	\$ (2,462,640)	\$ (2,385,598)
Net loss per common share - basic and diluted	\$ (0.23)	\$ (0.22)
Weighted average common shares outstanding - basic and diluted	10,941,069	10,941,069

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

BENEFICIAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(UNAUDITED)

	<u>Series B Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid -In Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance at January 1, 2022	2,000,000	\$ 20	10,941,069	\$ 11	\$ 5,211,926	\$ (19,708,757)	\$ (14,496,800)
Net loss	-	-	-	-	-	(2,385,598)	\$ (2,385,598)
Balance at January 1, 2023	2,000,000	\$ 20	10,941,069	\$ 11	\$ 5,211,926	\$ (22,094,355)	\$ (16,882,398)
Net loss	-	-	-	-	-	(2,462,640)	\$ (2,462,640)
Balance at December 31, 2023	<u>2,000,000</u>	<u>\$ 20</u>	<u>10,941,069</u>	<u>\$ 11</u>	<u>\$ 5,211,926</u>	<u>\$ (24,556,995)</u>	<u>\$ (19,345,038)</u>

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

BENEFICIAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	FOR THE YEARS ENDED DECEMBER 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (2,462,640)	\$ (2,385,598)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Increase in accounts receivable	-	-
Increase in notes receivable	(86,522)	(75,280)
Decrease in accounts payable and accrued liabilities	(9,365)	(21,687)
Increase in accrued liabilities – related party	1,220,188	12,957
Increase in accrued liabilities - employees	1,372,000	1,079,665
Decrease in other notes payables	(35,000)	1,372,000
Net cash generated by/ (used in) operating activities	(1,339)	(17,943)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable, related party	330	17,615
Implied proceeds from exercise of stock option	-	-
Net cash provided by financing activities	330	17,615
Net change in cash	(1,009)	(328)
Cash, beginning of year	1,209	1,537
Cash, end of period	\$ 200	\$ 1,209

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

BENEFICIAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – ORGANIZATION AND BUSINESS

Beneficial Holdings, Inc., a Nevada Corporation, (the "Company") was incorporated on December 20, 1990. Since its formation, the Company has been engaged in several lines of business.

The Company operates businesses which provide solutions and technology to the built environment. As such it competes in the real estate services sector, the infrastructure sector and the clean energy sector.

The Company's common stock is quoted on the OTC Expert Market under the symbol "BFHJ."

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and its controlled joint ventures. All intercompany balances have been eliminated.

The accompanying financial statements have been prepared in conformity with General Accepted Accounting Principles in the United States ("GAAP"), which contemplates continuation of the Company as a going concern, dependent upon the Company's ability, among other matters, to establish itself as a profitable business. As of December 31, 2023, the Company had an accumulated deficit of \$24,556,995. For the years ended December 31, 2023 and 2022 the Company incurred losses of \$2,462,640 and \$2,385,598, respectively.

Going Concern Uncertainty

The Company has suffered recurring losses from operations and has a working capital deficit that raise substantial doubt about its ability to continue as a going concern. The Company plans to raise cash from public or private debt or equity financing, on an as needed basis and in the longer term, revenues from operations. The Company's ability to continue as a going concern is dependent upon obtaining sufficient financing and attaining profitable operations. However, there can be no assurance that management will be successful in obtaining additional funding or in attaining profitable operations, and therefore, these matters raise substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties, nor do they include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers amounts held by financial institutions and short-term investments with an original maturity of 90 days or less to be cash and cash equivalents. The Company had no interest-bearing amounts on deposit in excess of federally insured limits at December 31, 2023 and 2022.

Fair value measurements

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and requires certain disclosures about fair value measurements. In general, fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments

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are recorded at fair value. Any such valuation adjustments are applied consistently over time. Management has determined that it will not, at this time, adopt fair value accounting for nonfinancial assets or liabilities currently recorded in the financial statements. The estimated fair value of the Company's current assets and current liabilities approximates their carrying amount due to their readily available nature and short maturity.

Revenue

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectability is probable.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the related temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized when the rate change is enacted. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized. The Company recognizes the effect of uncertain income tax positions only if the positions are more likely than not of being sustained in an audit, based on the technical merits of the position. Recognized uncertain income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which those changes in judgment occur. The Company recognizes both interest and penalties related to uncertain tax positions as part of the income tax provision.

Earnings per Common Share ("EPS")

Basic EPS is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted EPS is computed based on the weighted average number of common shares outstanding plus all potentially dilutive common shares outstanding during the period. As at December 31, 2023 and 2022, potentially dilutive common shares consist of options to purchase 21,275,000 shares of the Company's common shares, respectively. Potentially dilutive common shares also include 2,000,000 shares of Series B Preferred Stock convertible to 2,000,000 of common stock at December 31, 2023 and 2022. The options and preferred stock were excluded from the calculation of the diluted EPS as their inclusion would have been anti-dilutive.

Stock-Based Compensation

The Company recognizes compensation expense for all share-based payments granted based on the grant date fair value estimated. Compensation expense is generally recognized on a straight-line basis over the employee's requisite service period based on the award's estimated lives for fixed awards with ratable vesting provisions.

Use of Estimates

The Company's financial statements have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. Management evaluates estimates, including those related to contingencies, on an ongoing basis. Estimates are based upon historical experience and on various other assumptions that are believed to be reasonable under the

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circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Subsequent Events

The Company's management reviewed all material events from December 31, 2023 through the issuance date of this report for disclosure consideration.

Note 3 – BUSINESS ACTIVITIES

The Company has been engaged in the business of providing services to the Built Environment since March, 2012.

The Company carries out its activities through its wholly owned subsidiaries and various joint ventures. The Company's principal subsidiaries and joint ventures and their activities are as follows:

BFHJ Project Solutions, LLC ("Project Solutions") engages in real estate management and development. Project Solutions is currently developing a multifamily project in joint venture with a local landowner in New Jersey. In the past, Project Solutions had managed a portfolio of multifamily and retail properties.

Genco International Technologies, LLC ("Genco") made a \$125,000 loan to an LED lighting technology company. The principal of the LED Company defaulted on the Note and several other agreements associated with the transaction. The Company has been successful in obtaining a judgement against LED Company, its subsidiaries and affiliates, as well as the principal of the LED Company. The balance of the Note, along with accrued interest and penalties is \$665,876 and \$579,354 at December 31, 2023 and 2022, respectively. Genco is vigorously pursuing collection.

BFHJ Energy Solutions, LLC ("BES") is engaged in providing and operating energy conservation measures for commercial properties. BES has interests in solar streetlight technology (developed with a Malaysian technology company) and building sensor technology (developed with a Taiwanese technology company). BES also has developed a sensor-based building monitoring system "the Virtual Property ManagerSM" for application in the United States commercial property market. Working prototypes of the sensors were produced as well as monitoring protocols. BES retains rights to the technology and the service mark.

BFHJ Clean Energy LLC ("Clean Energy") is engaged in the development of solar energy, battery storage and waste to energy projects. Clean Energy has developed several small scale (1MW or less) solar projects in joint venture with local developers and a Taiwanese solar panel manufacturer. Clean Energy has retained the rights to develop 11 small scale solar projects in the Southeast and New England.

Beneficial Power, LLC ("BP") is engaged in larger, utility scale solar power and battery storage projects through joint ventures with institutional investors and global energy companies. Joint ventures include:

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- Acquiring and repowering older operating solar projects with a publically held domestic clean energy investor (“Repowering JV”).
- Developing and operating utility scale solar and battery projects in Virginia and Puerto Rico with a consortium of Korean companies that include a large scale regional utility, a global EPC and operations contractor and several power engineering companies (“Korean JV”).
- Developing utility scale solar and battery projects in Texas with a Texas-based development company.

At December 31, 2023, the Company, through its subsidiaries, was participating in the following renewable energy projects:

UNDER DEVELOPMENT

Projects under development have, or are negotiating local, site approvals, utility approvals and off-take agreements. Such projects will start when financing is committed by institutional lenders and equity partners. Presently the Company has 6 projects with a total of 339.5 MW_{dc} of solar (PV) capacity and 1040MWH_{ac} of battery storage capacity. While discussions are underway to secure financing for each project, there can be no assurance that the Company will be successful in its efforts to secure financing.

Project	Type	Size PV_{Wdc}/BATTERY_{MWHac}	Estimated Start Date	Estimated Completion Date
Texas 1	Utility Scale	187MW/400MWH	5/15/24	12/31/25
Puerto Rico 1	Utility Scale	125MW/640MWH	1/1/25	12/31/26
Virginia 1	Utility Scale	13.5MW	9/1/25	12/31/26
Virginia 2	Community Solar	6MW	1/1/25	12/31/25
New Jersey 1	Community Solar	8MW	1/1/26	12/31/26

FEASIBILITY

Projects in the Feasibility Stage are projects where the Company has or is negotiating for site control. The negotiations include long term land leases for site control and a development joint venture with the land owner. Presently the Company has 10 projects with a total of 873.5 MW_{dc} of solar (PV) capacity and 1,840MWH_{ac} of battery storage capacity. There is no assurance that the Company will be proceed with these projects unless the feasibility studies are favorable, all approvals are obtained and financing is secured.

Project	Type	Size PV_{Wdc}/BATTERY_{MWHac}
Texas 2	Utility Scale	187MW/400MWH
Texas 3	Utility Scale	187MW/400MWH
Puerto Rico 2	Utility Scale	125MW/320MWH
Puerto Rico 3	Utility Scale	125MW/320MWH
Virginia 3	Utility Scale	6MW
New Jersey 2	TBD	35MW
New Jersey 3	TBD	30MW
New Jersey 3	Community Solar	5MW
New Hampshire 3-12	TBD	23.5MW
Tennessee 5	TBD	1.3MW
Idaho 1	Utility Scale	150MW/400MWH

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BFHJ Resource Solutions, LLC (“Resource Solutions”) has developed a process to use recycled plastics and ground up windmill blades to create a reinforced plastic building material. As of the date of this report, initial test production has confirmed the viability of the process and the efficacy of the product. The process was funded by a global wind power equipment manufacturer seeking a green method to dispose of retired windmill blades. Resource Solutions has secured a manufacturing facility for initial production and is negotiating a forward sale contract of the finished product to a national logistics company. We expect this contract to be finalized upon successful testing of the product by an independent laboratory. At this time, there is no assurance that a transaction will be consummated.

NOTE 4 – NOTE PAYABLE, RELATED PARTY

The Company maintains a line of credit arrangement with an affiliate of Management (the “Credit Agreement”). The Credit Agreement, as amended, allows the Company to borrow up to \$6,500,000 through December 31, 2025 when the Credit Agreement matures and is due and payable. The Credit Agreement bears interest at a rate of 12% per annum, compounded monthly. Substantially all of the Company’s assets are pledged to secure borrowings under the Credit Agreement. A total of \$5,931,085 and \$5,930,755 was advanced under the Credit Agreement at December 31, 2023 and 2022, respectively. As at December 31, 2023 and 2022 accrued interest related to the Credit Agreement was \$4,852,156 and \$3,631,967, respectively.

NOTE 5 – SERIES A NOTES PAYABLE

In 2013 the Company issued Series A Notes to third parties for a total of \$175,000 in cash. These notes bear interest at a rate of 9% per annum with warrants to purchase 1,400,000 shares of the Company’s common stock at \$0.01 per share through December 31, 2033.

NOTE 6 – EQUITY

Preferred Stock

The Company is authorized to issue up to 2,000,000 shares of \$0.000001 par value Preferred Stock with designations, rights and preferences determined from time to time by the Board of Directors. Accordingly, the Board of Directors is empowered, without stockholder approval, to issue Preferred Stock with dividend, liquidation, conversion, voting, or other rights which could adversely affect the voting power or other rights of the holders of the Common Stock.

On February 22, 2021 the Company’s board of directors approved a modification to the conversion and voting rights of the Series B Preferred Stock. With this re-designation, the Series B Preferred Stock is convertible into 2,000,000 shares of common stock and pays a dividend of \$0.001 per share in arrears, cumulative, commencing August 10, 2021. The Series B Preferred Shares have no voting rights, unless converted into common shares under the provisions of the amended designation.

The Company’s board of directors did not declare a dividend for the years ended December 31, 2023 or 2022.

Common Stock

On February 22, 2021 the Company granted certain holders of options and warrants to acquire the Company’s common stock the ability to offset the exercise price under such agreements against amounts owed to them by the Company, in effect making those agreements a cashless exercise. In November, 2021 one such holder, through

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an affiliate, exercised an option to acquire 10,000,000 shares under the provisions of the aforementioned grant. Other warrant holders included in the grant hold warrants on a total of 5,000,000 shares of the Company's common stock.

Options/Warrants

A summary of activities in employee and non-employee options/warrants and the related information is as follows:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Remaining Contractual Term (years)</u>
Outstanding balance, January 1, 2022	21,275,000	\$0.04	8.3
Granted	-0-	NA	NA
Expired without exercise	-0-	NA	NA
Exercised	-0-	NA	NA
Outstanding balance, January 1, 2023	<u>21,275,000</u>	<u>\$0.04</u>	<u>7.3</u>
Granted	-0-	NA	NA
Expired without exercise	-0-	NA	NA
Exercised	-0-	NA	NA
Outstanding balance, December 31, 2023	<u>21,275,000</u>	<u>\$0.04</u>	<u>6.3</u>

NOTE 7 – INCOME TAXES

The Company had federal net operating tax loss carry-forwards ("NOL") of approximately \$9,484,220 as of December 31, 2023. The NOL is available to offset future taxable income and begins to expire in 2030. Under Section 382 of the Internal Revenue Code, the NOL will be limited as a result of a change in control.

The Company periodically assesses the likelihood that it will be able to recover its deferred tax assets. The Company considers all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible profits. As at December 31, 2023 and 2022 the Company established valuation allowances equal to the full amount of the net deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

For the years ended December 31, 2023 and 2022, no amounts have been recognized for uncertain tax positions and no amounts have been recognized related to interest or penalties related to uncertain tax positions. The Company has determined that it is not reasonably likely for the amounts of unrecognized tax benefits to significantly increase or decrease within the next twelve months. The Company is currently subject to a three-year statute of limitations by major tax jurisdictions.

NOTE 8 – RELATED PARTY TRANSACTIONS

Management of the Company has agreed to defer all compensation payable to them until the Company achieves sustainable operations. Management has deferred compensation in the amount of \$1,372,000 for each of the years ended December 31, 2023 and 2022. At December 31, 2023 and 2022, Management has deferred an

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aggregate of \$15,072,775 and \$13,700,775, respectively, of compensation under amendments to employment contracts approved by the Company.

As described in Note 4 herein, an affiliate of a member of Management has provided substantial funding to the Company under the terms of a Credit Agreement which is secured by all the assets of the Company.

As described in Notes 6 herein, in November 2021, a member of Management, through an affiliate, exercised an option to acquire 10,000,000 common shares of the Company by offsetting the exercise price of such option in the amount of \$300,000 against amounts owed by the Company.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent to December 31, 2023, the Company was able to advance several of its solar pv and battery storage projects and its recycling operations as more completely described in Note 3.