

Form 51-102F4
Business Acquisition Report

Item 1 Identity of Company

1.1 Name and Address of Company

BLOCKCHAINK2 CORP.

(the "Company")

Head Office:

400 - 837 West Hastings Street
Vancouver, BC V6C 3N6

Registered and Records Office:

1000, 250 - 2nd Street SW
Calgary, Alberta T2P 0C1

1.2 Executive Officer

The following individual is knowledgeable about the particulars described in this Business Acquisition Report.

Yuying Liang
Chief Financial Officer
604.630.8746

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

On February 7, 2024, the Company completed its acquisition (the "Transaction") of Enverxergy Inc., commonly referred to as "RealBlocks", a modern blockchain investment network providing global access to alternative investments. The amount of the Company's investment is U.S.\$225,000 acquiring 1,001,730,300 shares of RealBlocks representing over 99.3% of the equity interest in RealBlocks.

Founded in 2017 in New York City, RealBlocks has built the most advanced alternative investment experience for fund managers and their investors worldwide through its online platform. RealBlocks is a pioneer in using advanced Technology to offer a fully digital, white-label solution for today's fund managers wishing to expand their firm's investor base by allowing them to offer more funds in more locations with lower investor minimums.

The firm's Software Infrastructure-As-A-Service Platform is built for global scale and uniquely bundles all front, middle, and back office functionality into one easy-to-use online interface. RealBlocks reduces operational expenses, provides the technology

for expanding distribution globally, and delivers a powerful tool for built-in secondary trading. For more information, please visit <http://www.realblocks.com>

Following the Transaction, RealBlocks is operated as a wholly-owned subsidiary of the Company.

2.2 Acquisition Date

The Transaction was completed on February 7, 2024.

2.3 Consideration

The amount of the Company's investment is U.S.\$225,000 acquiring 1,001,730,300 shares of RealBlocks representing over 99.3% of the equity interest in RealBlocks. The source of funds for the consideration was from a private placement offering completed by the Company.

2.4 Effect on Financial Position

Following the Transaction, RealBlocks became a wholly-owned subsidiary of the Company and will focus B2B services for the investment firm industry.

2.5 Prior Valuations

To the knowledge of the Company, there has not been any valuation opinion obtained within the last twelve months by RealBlocks or the Company. A valuation of RealBlocks was not required by securities legislation or a Canadian exchange or market to support the consideration paid by the Company as part of the Transaction.

2.6 Parties to Transaction

The Transaction was not with an informed person, associate or affiliate of the Company.

2.7 Date of Report

May 9, 2025

Item 3 Financial Statements and Other Information

To address the requirements of Part 8 of National Instrument 51-102, attached as Appendix "A" to this Business Acquisition Report are the audited annual financial statements of RealBlocks for the financial year ended December 31, 2023.

APPENDIX "A"

REALBLOCKS AUDITED ANNUAL FINANCIAL STATEMENTS

(See attached)

ENVEXERGY, INC. DBA REALBLOCKS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

ENVEXERGY, INC. DBA REALBLOCKS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Envexergy, Inc. dba RealBlocks

Opinion

We have audited the accompanying consolidated financial statements of Envexergy, Inc. dba RealBlocks (a New York corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of operations, shareholders' equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Envexergy, Inc. dba RealBlocks as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the periods then ended in accordance with International Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Envexergy, Inc. dba RealBlocks and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has negative working capital and is expected to continue incurring operating losses which raises substantial doubt about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Envexergy, Inc. dba RealBlocks's ability to continue as a going concern for at least twelve months from the end of the reporting period, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless management either intends to liquidate Envexergy, Inc. dba RealBlocks or to cease operations or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Envexergy, Inc. dba RealBlocks's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Envexergy, Inc. dba RealBlocks's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Aprilo, LLP

Atlanta, Georgia
February 28, 2025

ENVEXERGY, INC. DBA REALBLOCKS

Consolidated Statements of Financial Position

As at December 31,

(Expressed in US dollars)

	2023	2022
Assets		
Current assets:		
Cash	\$ 404,279	\$ 7,584,115
Trade and other receivables, net	248,208	305,790
Prepaid expenses and other assets	125,880	193,344
	778,367	8,083,249
Non-current assets:		
Investments (Note 4)	89,082	100,100
Property and equipment (Note 5)	-	575
	89,082	100,675
	\$ 867,449	\$ 8,183,924
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 211,313	\$ 797,427
Loan payable (Note 6)	1,600,000	533,333
	1,811,313	1,330,760
Non-current liabilities:		
Loans payable (Note 6)	1,866,667	3,466,667
	3,677,980	4,797,427
Shareholders' Equity (Deficiency)		
Series Seed preferred stock, \$0.0001 par value, 1,456,131 shares authorized, issued, and outstanding at December 31, 2023 and 2022 (liquidation preference of \$3,922,234 at December 31, 2023 and 2022)	146	146
Series Seed II preferred stock, \$0.0001 par value, 503,457 shares authorized, issued, and outstanding at December 31, 2023 and 2022 (liquidation preference of \$1,570,383 at December 31, 2023 and 2022)	50	50
Series A preferred stock, \$0.0001 par value, 4,447,488 shares authorized and 3,743,734 shares issued and outstanding at December 31, 2023 and 2022 (liquidation preference of \$15,613,243 at December 31, 2023 and 2022)	374	374
Common stock, \$0.0001 par value, 11,000,000 shares authorized and 2,873,815 shares issued and outstanding at December 31, 2023 and 2022, respectively	287	287
Additional paid-in capital	22,141,567	21,939,283
Deficit	(24,952,955)	(18,553,643)
	(2,810,531)	3,386,497
	\$ 867,449	\$ 8,183,924

See accompanying notes to the consolidated financial statements.

ENVEXERGY, INC. DBA REALBLOCKS
Consolidated Statements of Stockholders' Equity (Deficiency)
For the years ended December 31, 2023 and 2022
(Expressed in US dollars)

	2023	2022
Sales	\$ 829,486	\$ 722,961
Cost of sales	(120,305)	(769,870)
Gross profit (loss)	709,181	(46,909)
Expenses		
Advertising and promotion	302,562	249,360
Bad debts	71,446	-
Business development	299,634	60,669
Consulting fees	271,282	113,464
Depreciation	575	2,862
General and administrative	1,317,714	1,781,803
Professional fees	784,631	1,257,359
Salaries	3,509,128	3,654,916
Share-based compensation	202,284	69,420
	(6,759,256)	(7,189,853)
Loss before financing costs and other income	(6,050,075)	(7,236,762)
Other items		
Other income	12,093	152,886
Finance costs	(361,330)	(242,870)
	(349,237)	(89,984)
Net loss for the year	\$ (6,399,312)	\$ (7,326,746)

See accompanying notes to the consolidated financial statements.

ENVEXERGY, INC. DBA REALBLOCKS

Consolidated Statements of Stockholders' Equity (Deficiency)

For the years ended December 31, 2023 and 2022

(Expressed in US dollars)

	Series Seed		Series Seed II		Series A		Common Shares		Additional Paid-in Capital	Deficit	Stockholders' Equity (Deficiency)
	Number	Amount	Number	Amount	Number	Amount	Number	Amount			
Balance, December 31, 2021	1,456,131	\$ 146	503,457	\$ 50	1,330,361	\$ 133	2,873,815	\$ 287	\$ 11,968,393	\$ (11,226,897)	\$ 742,112
Issuance of preferred shares	-	-	-	-	2,413,373	241	-	-	9,901,470	-	9,901,711
Share-based compensation	-	-	-	-	-	-	-	-	69,420	-	69,420
Net loss for the year	-	-	-	-	-	-	-	-	-	(7,326,746)	(7,326,746)
Balance, December 31, 2022	1,456,131	146	503,457	50	3,743,734	374	2,873,815	287	21,939,283	(18,553,643)	3,386,497
Share-based compensation	-	-	-	-	-	-	-	-	202,284	-	202,284
Net loss for the year	-	-	-	-	-	-	-	-	-	(6,399,312)	(6,399,312)
Balance, December 31, 2023	1,456,131	\$ 146	503,457	\$ 50	3,743,734	\$ 374	2,873,815	\$ 287	22,141,567	\$ (24,952,955)	\$ (2,810,531)

See accompanying notes to the consolidated financial statements.

ENVEXERGY, INC. DBA REALBLOCKS

Consolidated Statements of Cash Flows

For the years ended December 31,

(Expressed in US dollars)

	2023	2022
Cash provided by (used in):		
Operating activities:		
Net loss for the year	\$ (6,399,312)	\$ (7,326,746)
Items not affecting cash:		
Finance costs	361,330	242,870
Bad debts	24,763	-
Change in fair value of investment	11,018	-
Depreciation expense	575	2,862
Paycheck Protection Program forgiveness	-	(147,540)
Share-based compensation	202,284	69,420
Cash flows before non-cash operating working capital	(5,799,342)	(7,159,134)
Change in non-cash operating working capital:		
Trade and other receivables	32,819	(265,613)
Prepaid expenses and other assets	67,464	(85,082)
Accounts payable and accrued liabilities	(586,114)	(151,516)
Cash flows from non-cash operating working capital	(485,831)	(502,211)
Cash flows used in operating activities	(6,285,173)	(7,661,345)
Investing activities		
Purchase of equipment	-	(2,858)
Purchase of investment	-	(100,100)
Cash flows used in investing activities	-	(102,958)
Financing activities:		
Proceeds (payments) from long-term debt	(533,333)	1,000,000
Interest paid	(361,330)	(242,870)
Issuance of preferred shares	-	9,901,712
Cash flows provided by (used in) financing activities	(894,663)	10,658,842
Net change in cash	(7,179,836)	2,894,539
Cash, beginning of year	7,584,115	4,689,576
Cash, end of year	\$ 404,279	\$ 7,584,115

See accompanying notes to the consolidated financial statements.

ENVEXERGY, INC. DBA REALBLOCKS

Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in US dollars)

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Envexergy Inc. (doing business as RealBlocks), founded in 2017 in New York City, built an alternative investment experience for fund managers and their investors worldwide through its online platform. RealBlocks is a pioneer in using advanced technology to offer a fully digital, white-label solution for today's fund managers wishing to expand their firm's investor base by allowing them to offer more funds in more locations with lower investor minimums.

The Company's principal place of business is Sixth Floor, 43 W 23rd St, New York, NY 10010, United States.

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), including all applicable individual IFRS's and International Accounting Standards Interpretations issued by the IASB. The date of the Company's transition to IFRS's was determined to be September 2017, being the beginning of the earliest period of operations. The consolidated financial statements include the accounts of the Company and its subsidiaries: RealBlocks Investment Advisors, Inc., Realblocks Private Securities Inc., Realblocks Technology Inc., and Realblocks GP. Significant intercompany balances and transactions have been eliminated in consolidation. Envexergy, Inc. DBA RealBlocks and its wholly-owned subsidiaries will be collectively referred to as "the Company."

Basis of Preparation

The U.S. dollar is the functional currency of the Company's continuing operations. The statements of financial position, and related statements of operations, stockholders' equity (deficit), and cash flows of the Company as well as the related footnotes, are measured using its functional currency. The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

NOTE 2 - GOING CONCERN

The Company's financial statements are prepared using International Financial Reporting Standards applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of and for year ended December 31, 2023, the Company has an accumulated deficit of \$24,952,955 (2022 - \$18,553,643).

Management anticipates that the Company will continue to have negative working capital and incur operating losses. Management's plans with regard to these matters include seeking additional financing arrangements. Although management continues to pursue this plan, there is no assurance that the Company will be successful in obtaining sufficient revenues from its products, financing or equity investments on terms acceptable to the Company. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES

Use of Estimates:

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosures at the date of the financial statement. Estimates are used for, but not limited to, the accounting for credit losses, certain

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accrued liabilities, stock compensation, revenues, expenses, and contingencies. Actual results could differ from these estimates.

Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:

The Company maintains cash balances at three commercial banks, these balances can at times exceed the Federal Deposit Insurance Corporation (FDIC) insured deposit limit of \$250,000 per financial institution. At December 31, 2023 and 2022, the Company's cash balances held at the commercial banks exceeded the FDIC limit by approximately \$46,000 and \$7,000,000, respectively. The Company has not experienced any losses in these accounts through the date when the financial statements were available to be issued.

Marketable Equity Securities:

Marketable securities are stated at fair value based upon quoted market prices. The Company's investments in marketable equity securities are held for an indefinite period and are deemed available-for-sale securities.

Marketable securities are reviewed for impairment. If the decline in their fair value is judged to be other than temporary, the cost basis of the individual security is written down to fair value, and the amount of the write-down is accounted for as a realized loss.

Fair Value Hierarchy:

In specific circumstances, certain assets and liabilities are reported or disclosed at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the Company's principal market for such transactions. If the Company has not established a price for such transactions, fair value is determined based on the most advantageous price.

Valuation inputs used to determine fair value are arranged in a hierarchy that categorizes the inputs into three broad levels, which are as follows:

- | | |
|---------|--|
| Level 1 | Valuations based on the unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment. As of December 31, 2023 and 2022, all investments held by the Company were valued using Level 1 inputs. |
| Level 2 | Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. As of December 31, 2023 and 2022, there were no investments held by the Company valued using Level 2 inputs. |
| Level 3 | Valuations based on inputs that are unobservable and significant to the overall fair value measurement. During the year ended December 31, 2023 and 2022, no Level 3 investments were held by the Company. |

Inputs are used in applying various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management. Management considers observable data to be that market data which is readily

ENVEXERGY, INC. DBA REALBLOCKS

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available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to management's perceived risk of that instrument.

Accounts Receivable - Trade:

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable - trade. Estimates of expected credit losses are based on historical collection experience and other factors, including current market factors and forecasted economic conditions.

The activity in the allowance for credit losses for each period, include the following:

	December 31, 2023	December 31, 2022
Allowance for credit losses - beginning balance	\$ -	\$ -
Current provision for expected credit losses	71,446	-
Write-offs charged against allowance	<u>(46,683)</u>	<u>-</u>
Allowance for credit losses - ending balance	<u>\$ 24,763</u>	<u>\$ -</u>

Receivables are recorded at the time of billing. Accounts receivable - trade are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan or failure to make contractual payments for a period of greater than 180 days past due.

Property and Equipment:

Property, plant and equipment are stated at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation of property, plant and equipment is provided using the straight-line method over the estimated useful lives of the assets, which are as follows:

Furniture and equipment	5 years
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Depreciation expense for the year ended December 31, 2023 and 2022, totaled \$575 and \$2,862, respectively.

Accounts Payable – Trade:

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Accounts payable are presented as current liabilities unless payment is not due within 12 months after the reporting period.

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Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Short-Term Leases and Leases of Low-Value Assets:

The Company elected not to recognize right-of-use assets and lease liabilities for short-term leases of office space that have a lease term of 12 months or less and leases of low-value assets, including office equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As of December 31, 2023 and 2022, the Company did not have any leases that had an expected lease term that was greater than 12 months that required recording a right-of-use asset or lease liability.

Financial Statement Authorization:

The Company's Board of Directors authorized the issuance of these financial statements on February 28, 2025. In addition, neither the Board of Directors nor the shareholders' have the power to amend the financial statements after issuance.

Revenue Recognition:

The Company's revenue is derived from developing and maintaining an online platform for the world's alternative investment managers throughout the United States. Revenue is recognized when the performance obligations under the terms of the contracts with customers are satisfied. The Company accounts for contracts that contain multiple performance obligations by allocating the total transaction price to each performance obligation based on relative standalone selling prices of the services. The Company uses observable standalone sales to determine the standalone selling price.

The Company's performance obligations include the initial setup of the platform and the ongoing monitoring and maintaining of the platform's functionality throughout the life of the subscription agreement. Revenue for the

ENVEXERGY, INC. DBA REALBLOCKS

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performance obligations is recognized over time, and the Company has determined that control of services is transferred evenly over time as the customer utilizes the software.

The Company invoices the customer the initial setup fee at the time of signing a contract, which creates deferred revenue representing a contract liability for the initial setup period. The Company's annual subscription fee is typically a fixed fee or a fee dependent on the number of funds using the services and are invoiced quarterly in arrears. The following table provides information about the Company's receivables and deferred revenue:

	December 31, 2023		December 31, 2022		January 1, 2022	
Trade and other receivables	\$	272,620	\$	305,790	\$	40,177
Deferred revenue	\$	-	\$	-	\$	50,000

Below is a summary of the Company's revenue streams:

	December 31, 2023		December 31, 2022	
Recurring revenue	\$	574,485	\$	568,793
Non-recurring revenue		255,000		154,168
	\$	829,485	\$	722,961

Advertising:

The Company expenses advertising costs as incurred. Advertising expenses were approximately \$302,562 and \$249,360 for the years ended December 31, 2023 and 2022, respectively.

Related Parties and Transactions:

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Income Taxes:

The income tax expense for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting

ENVEXERGY, INC. DBA REALBLOCKS

Notes to the Consolidated Financial Statements
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period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss.

Fair Value of Financial Instruments:

The Company's financial instruments, including cash, accounts receivable, accounts payable, and accrued liabilities are carried at cost, which approximates their fair value because of the short-term nature of these financial instruments. The carrying value of long-term debt is based on the instrument's interest rate, terms, maturity date, and collateral, if any, in comparison to the Company's incremental borrowing rate for similar financial instruments.

Equity Compensation:

The Company values incentive unit awards at the time of grant using a Black Scholes Model approach and records that fair market value as compensation expense over the vesting period of the incentive unit awards. New and modified equity awards with employees are recorded in the consolidated financial statements based on fair value at the time of grant and recognized as compensation expense over the applicable vesting period.

NOTE 4 – INVESTMENT

Balance, December 31, 2021	\$	2,000
Addition		100,100
Change in fair value		-
Balance, December 31, 2022		100,100
Change in fair value		(11,018)
Balance, December 31, 2023	\$	89,082

Investment in Starwood Real Estate Income Trust, Inc. ("SREIT")

In September 2022, the Company purchased 3,643 shares of SREIT for \$100,100. As of December 31, 2023, the market value of the investment decreased and an unrealized loss of \$11,018 was recognized in the consolidated statement of operations.

ENVEXERGY, INC. DBA REALBLOCKS

Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in US dollars)

NOTE 5 – PROPERTY AND EQUIPMENT

	Furniture and Equipment (\$)
Cost:	
Balance, December 31, 2021	1,500
Additions	2,862
Balance, December 31, 2023 and 2022, respectively	4,362

	Furniture and Equipment (\$)
Accumulated Depreciation:	
Balance, December 31, 2021	925
Depreciation for the year	2,862
Balance, December 31, 2022	3,787
Depreciation for the year	575
Balance, December 31, 2023	4,362

NOTE 6 – LOAN PAYABLE

During 2021, the Company received a \$3,000,000 loan advance from a commercial bank. The loan is due on February 1, 2026 but was paid off in 2024 (See Note 12), bears interest at the greater of 6.50% or the prime rate, as defined, plus the prime rate margin, as defined (effective rates of 9.25% and 10.75% at December 31, 2023 and 2022, respectively). The loan is collateralized by substantially all the Company's assets. Monthly principal payments are due, as defined, with a final payment of all outstanding principal and accrued interest at the maturity date.

During the year ended December 31, 2022, the Company borrowed additional funds of \$1,600,000 and repaid \$600,000. During the year ended December 31, 2023, the Company had no additional borrowings and repaid \$533,333. At December 31, 2023, loan balance outstanding is \$3,466,667 (2022 - \$4,000,000).

Under the debt agreement, the Company must maintain certain financial requirements. In September 2023, the Company entered a Default Waiver and Second Amendment in which the bank waived its rights and remedies against the Company for the defined covenant defaults during the year ended December 31, 2023. The Company was not in default during the year ended December 31, 2022.

Paycheck Protection Program:

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act was enacted. The Act provided relief to small businesses under the Paycheck Protection Program ("PPP") via U.S. Small Business Administration loans. The Company received a PPP loan in 2020, with interest accruing at 1.00%. During the year ended December 31, 2022, \$147,540 of PPP loans were forgiven, including accrued and unpaid interest, and are recorded on the consolidated statement of operations as other income.

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NOTE 7 – STOCKHOLDERS' EQUITY

Certification of Incorporation

The authorized capital of the Company consists of common stock, Series Seed preferred shares, Series Seed II preferred shares, and Series A preferred shares. Holders of common stock are entitled to one vote for each share of stock. Holders of preferred shares are entitled to cast the number of votes equal to the number of whole shares of common stock into which the shares of preferred stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter.

Dividends

The Company shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Company (other than dividends on shares of common stock payable in shares of common stock) unless the holders of the preferred shares then outstanding shall first receive or simultaneously receive a dividend on each outstanding share of preferred stock in an amount at least equal to a minimum requirement, as defined.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of shares of preferred stock then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to stockholders on a pari passu basis based on their applicable liquidation amounts, as defined, before any payment shall be made to holders of common stock. The preferred stock payments shall be an amount per share equal to the greater of (i) one times the applicable original issue price plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of such series of preferred stock been converted into common stock immediately prior to such liquidation event. If upon any such liquidation event, the assets of the Company available for distribution to its stockholders shall be insufficient to pay the holders of shares of preferred stock the full amount to which they shall be entitled, the holders of shares of preferred stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. After payment to preferred stockholders, the remaining proceeds shall be distributed to holders of shares of common stock, pro rata based on the number of shares held by each such holder.

Conversion

For holders of preferred stock, each share shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder, into such number of fully paid and non-assessable shares of common stock as determined by dividing the applicable original issue price by the applicable conversion price, as defined, in effect at the time of conversion.

Upon a Qualified IPO event, as defined, or a Mandatory Conversion Time vote, as defined, all outstanding shares or preferred stock shall automatically convert into shares of common stock at the then effective conversion rate and such shares may not be reissued by the Company.

NOTE 8 – STOCK OPTIONS

Pursuant to the Company's 2018 Equity Incentive Plan, certain service providers may be eligible to be granted awards under the Plan. The Board has the authority to determine which service providers will receive awards, the amount of awards granted, and to determine the terms and conditions of the awards. The option price is to be the

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fair market value on the date of grant. The vesting of options is dependent on the service provider and typically ranges from ratable vesting over six months to four years. The vesting period of some or all of each outstanding option can become accelerated upon determination of the Board.

A summary of the Company's common stock option activity and related information is as follows:

	Options	Weighted Average Exercise Price
Outstanding at January 1, 2022	568,283	\$ 1.02
Granted	175,902	1.52
Forfeited	(70,850)	1.35
Outstanding at December 31, 2022	673,335	1.11
Granted	265,336	1.52
Forfeited	(122,388)	1.16
Outstanding at December 31, 2023	816,283	\$ 1.26

The Black-Scholes option pricing model included the below weighted average assumptions:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Risk-free interest rate	3.74%	4.06%
Dividend yield	-	-
Volatility factor of expected market price	50%	50%
Weighted average expected life of option (years)	7.00	7.00

As of December 31, 2023 and 2022, there was approximately \$226,392 and \$428,676, respectively, unrecognized stock option expense related to unvested share options.

NOTE 9 – KEY MANAGEMENT COMPENSATION

Compensation of key management personnel

Years ended December 31,	2023	2022
Directors' salaries	\$ 785,084	\$ 918,893

NOTE 10 – INCOME TAXES

The Company has available at December 31, 2023 and 2022, unused net operating loss carry-forwards of approximately \$22,308,000 and \$16,158,000, respectively, which may be applied against future taxable income. This resulted in a deferred tax asset at December 31, 2023 and 2022 of approximately \$7,174,000 and \$5,251,000, respectively. The net operating loss carry-forwards may be carried forward indefinitely. As of December 31, 2023 and 2022, the Company recognized a valuation allowance in the amount of \$7,174,000 and \$5,251,000, respectively, that fully offsets the deferred tax asset. The Company had a change in the valuation allowance of approximately \$1,923,000 and \$2,379,000 as of December 31, 2023 and 2022, respectively.

The federal statutory rate and the combined city and state tax rate were 21% and 11.50%, respectively, for each of the years ended December 31, 2023 and 2022.

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NOTE 11 – REVENUE CONCENTRATION

Significant Customer:

A significant customer is defined as one from whom at least 10% of annual revenue is derived. The Company had sales to one customer totaling \$829,485 and \$722,961, respectively, which comprised approximately 81% and 86% of annual revenues, respectively, for the years ended December 31, 2023 and 2022. The accounts receivable balance included approximately \$32,245 and \$86,250 from this customer at December 31, 2023 and 2022, respectively.

NOTE 12 – EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Company evaluated subsequent events through February 28, 2025, when these consolidated financial statements were available to be issued. Other than below, management is not aware of any significant events that occurred subsequent to the balance sheet date but prior to the filing of this report that would have a material impact on the consolidated financial statements.

In February 2024, 100% of the Company's equity interest was acquired by Blockchain K2, Corp., a Canadian entity, for a total consideration of \$225,000. The transaction consideration was used to pay down the outstanding principal of the debt (Note 6), and after this payment, the remaining unpaid principal and interest balance was forgiven.