

## NEXT DYNAMICS, INC.

226 N. Front St, Suite 143  
Wilmington, NC 28401

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1-888-480-1632

[www.nextdynamicscorp.com](http://www.nextdynamicscorp.com)

[info@nextdynamicscorp.com](mailto:info@nextdynamicscorp.com)

## Quarterly Report

For the period ending March 31, 2025 (the "Reporting Period")

### Outstanding Shares

The number of shares outstanding of our Common Stock was:

187,500,000 as of July 2, 2025

23,574,283 as of December 31, 2024

23,574,283 as of December 31, 2023

### Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

### Change in Control

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

## 1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

The name of the Issuer is Next Dynamics, Inc. Until September 2020, the issuer was named SW Innovative Holdings Inc. Until July 2014, the issuer was named Everybody's Phone Company.

Current State and Date of Incorporation or Registration: Texas; September 2, 2003

Standing in this jurisdiction: (e.g. active, default, inactive): Active

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

None.

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On January 7, 2025, Next Dynamics announced the acquisition of strategic military assets from BCL International Inc. ("BCL"). The acquisition enhances Next Dynamics' capabilities in advanced weaponry, military vehicle manufacturing, and distribution of proprietary military technologies, positioning the Company as a preeminent new player in the defense sector. The acquisition includes various state-of-the-art military technologies and assets, including exclusive distribution rights. As consideration for the acquisition and the settlement of outstanding liabilities, Next Dynamics issued a total of 163,925,717 newly issued shares of common stock, resulting in a total of 187,500,000 common shares outstanding post-closing.

On September 25, 2024, Next Dynamics announced the execution of a definitive agreement regarding the acquisition of Integrated Launcher Solutions Inc. ("ILS"), a developer and manufacturer of autonomously operated platform-agnostic remote launchers, focused on the defense, private security, public safety and maritime shipping segments. ILS's cutting-edge remote weapons systems offer reduced weight along with increased reliability, accuracy and safety, at significantly lower cost versus traditional support delivery systems, and are combat deployable from air, land, and sea platforms. The transaction was announced September 25, 2024 and is currently expected to close in the second quarter of 2025.

Address of the issuer's principal executive office:

226 N. Front St  
Suite 143  
Wilmington, NC 28401

Address of the issuer's principal place of business:

☒ *Check if principal executive office and principal place of business are the same address.*

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

## 2) Security Information

### Transfer Agent

Name: Olde Monmouth Stock Transfer Co., Inc.  
Phone: (732) 872-2727  
Email: [matt@oldemonmouth.com](mailto:matt@oldemonmouth.com)  
Address: 20 Memorial Parkway, Atlantic Highlands, NJ 07716

**Publicly Quoted or Traded Securities:**

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

Trading symbol:	<u>NEXD</u>	
Exact title and class of securities outstanding:	<u>Class A Common Stock</u>	
CUSIP:	<u>65343X106</u>	
Par or stated value:	<u>\$0.001</u>	
Total shares authorized:	<u>1,000,000,000</u>	as of date: <u>July 2, 2025</u>
Total shares outstanding:	<u>187,500,000</u>	as of date: <u>July 2, 2025</u>
Total number of shareholders of record:	<u>133</u>	as of date: <u>July 2, 2025</u>

*Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.*

**Other classes of authorized or outstanding equity securities:**

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

Exact title and class of the security:	<u>Class A Preferred Stock</u>	
Par or stated value:	<u>\$0.01</u>	
Total shares authorized:	<u>10,000,000</u>	as of date: <u>July 2, 2025</u>
Total shares outstanding:	<u>60,000</u>	as of date: <u>July 2, 2025</u>
Total number of shareholders of record:	<u>1</u>	as of date: <u>July 2, 2025</u>

*Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.*

N/A

**Security Description:**

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

**1. For common equity, describe any dividend, voting and preemption rights.**

Voting rights of one vote per share; no fixed dividend but shall receive dividends any time dividends are declared by the Company's Board of Directors.

**2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

Voting rights of 550,000 votes per share; no fixed dividend but shall receive dividends any time dividends are declared by the Company's Board of Directors in the same manner as Class A Common Stock; liquidation preference of \$0.05 per share payable before any distribution is made to Class A Common Stock.

**3. Describe any other material rights of common or preferred stockholders.**

N/A

**4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

N/A

### 3) Issuance History

*The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities in the past two completed fiscal years and any subsequent interim period.*

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

#### A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding <u>Opening Balance</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date <b>12/31/2023</b>		Common: <b>23,147,535</b> Preferred: <b>60,000</b>							
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to.  ***You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
5/22/2023	New Issuance	82,500	Common	\$0.001	N	Jacob Salk	Grant	Restricted	N/A
5/22/2023	New Issuance	100,000	Common	\$0.001	N	Samuel Mouallem	Grant	Restricted	N/A
5/22/2023	New Issuance	41,066	Common	\$0.001	N	Jonathan Potvin	Grant	Restricted	N/A
5/22/2023	New Issuance	41,066	Common	\$0.001	N	Dominic Renzetti	Grant	Restricted	N/A
5/22/2023	New Issuance	41,066	Common	\$0.001	N	Philippe Gaucher	Grant	Restricted	N/A
5/22/2023	New Issuance	16,800	Common	\$0.001	N	Valerie Bourgault	Grant	Restricted	N/A
5/22/2023	New Issuance	1,250	Common	\$0.001	N	SunnySide Consulting (Taras Kulyk)	Grant	Restricted	N/A
5/22/2023	New Issuance	3,000	Common	\$0.001	N	Pierre Jacobs	Grant	Restricted	N/A
5/22/2023	New Issuance	100,000	Common	\$0.001	N	Philippe Vintila	Grant	Restricted	N/A
3/27/2025	New Issuance	150,000,000	Common	\$0.001	N	Black Creek Labs International Inc. (Rob Macintyre)	Asset Purchase Consideration	Restricted	N/A

3/27/2025	New Issuance	13,925,717	Common	\$0.001	N	Clarity Investments Limited (Andre Beauchesne)	Settlement of Debt & Services Rendered	Restricted	N/A
Shares Outstanding on Date of This Report:									
<u>Ending Balance</u>									
Date <b><u>7/2/2025</u></b>	Common: <b><u>187,500,000</u></b>								
Preferred: <b><u>60,000</u></b>									

**Example:** A company with a fiscal year end of December 31<sup>st</sup> 2024, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2023 through December 31, 2024 pursuant to the tabular format above.

Any additional material details, including footnotes to the table are below:

N/A

## B. Convertible Debt

The following is a complete list of the Company's Convertible Debt which includes all promissory notes, convertible notes, convertible debentures, or any other debt instruments convertible into a class of the issuer's equity securities. The table includes all issued or outstanding convertible debt at any time during the last complete fiscal year and any interim period between the last fiscal year end and the date of this Certification.

☐ Check this box to confirm the Company had no Convertible Debt issued or outstanding at any point during this period.

Date of Note Issuance	Principal Amount at Issuance (\$)	Outstanding Balance (\$) (include accrued interest)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	# Shares Converted to Date	# of Potential Shares to be Issued Upon Conversion <sup>2</sup>	Name of Noteholder (entities must have individual with voting / investment control disclosed)	Reason for Issuance (e.g. Loan, Services, etc.)
6/18/2022	\$35,460	\$49,238	6/18/2024	40% conversion discount to next round (\$1.00 flr)	N/A	TBD	Simex Defence, Inc. (Sam Mouallem)	Loan
8/3/2022	\$72,955	\$99,862	8/3/2024	40% conversion discount to next round (\$1.00 flr)	N/A	TBD	Oncore, Inc. (Andre Beauchesne)	Loan

Total Outstanding Balance: **\$149,100**

Total Shares: **TBD**

Any additional material details, including footnotes to the table are below:

N/A

## 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on [www.OTCMarkets.com](http://www.OTCMarkets.com).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Company's business is research, development, manufacturing and/or licensing of defense products and services globally including small arms, machine guns, small arms ammunition technology, light manned and unmanned vehicles,

<sup>2</sup> The total number of shares that can be issued upon full conversion of the Outstanding Balance. The number should not factor any "blockers" or limitations on the percentage of outstanding shares that can be owned by the Noteholder at a particular time. For purposes of this calculation, please use the current market pricing (e.g. most recent closing price, bid, etc.) of the security if conversion is based on a variable market rate.

nutritional meal replacements and sniper training programs, specifically for the US military and allied nations, as well as private defense groups.

The Company has completed the initial version of its Nemesis A.S.A.P. small arms munitions, continues to further engage in testing/validation, and is currently working to license its products to military groups and private defense groups around the world including in the United States, Canada, and other NATO allied forces.

**B. List any subsidiaries, parents, or affiliated companies.**

The issuer, Next Dynamics, Inc., is the holding and parent company of Next Dynamics Corp., a wholly owned Canadian subsidiary corporation. Next Dynamics is also the holding company and owner of various assets formerly owned by BCL.

**C. Describe the issuers' principal products or services.**

Next Dynamics, Inc. is an emerging global leader in developing, engineering & licensing some of the world's best-performing small arms, nutritional meal replacements, specific sniper training programs, machine guns and light unmanned vehicles. The Company's patented Advanced Small Arms Projectile (A.S.A.P.®) munitions, which offer unparalleled ballistics, cover the full spectrum of ground force applications across small and medium NATO calibers and weapons platforms. Next Dynamics also offers engineering services focused on artillery modernization and holds numerous other patents in small-arms munitions, armaments, and military engineering upgrades.

**Mission Statement: Bringing Back the Unfair Advantage.**

Next Dynamics, Inc. seeks to develop, license and/or distribute patented and proprietary military technologies that provide an unfair advantage to America's military forces and allies.

**Technologies, Manufacturing & Distribution**

By way of the BCL assets acquisition, Next Dynamics owns the following state-of-the-art military technologies and assets:

- Firearms: Manufacturing rights for pistols, the SRV2 Badger semi-automatic rifle, and the Bolt Action Rifle.
- Military Vehicles: The Light Reconnaissance Vehicle, a cutting-edge tactical vehicle designed for high mobility and operational efficiency.
- Advanced Weaponry: Rotary and belt-fed machine guns tailored for versatile deployment.
- Military Apparel and Optics:
  - Exclusive distribution rights for Torakka Military Clothing, known for extreme durability and functionality.
  - Distribution rights for Night Force Optics, offering high-precision scopes and optical equipment for tactical and reconnaissance missions.
- Proprietary Manufacturing Technologies: Access to innovative light manufacturing and assembly technologies, enhancing production efficiency and scalability.

Next Dynamics has also developed patented ammunition technology called the Advanced Small Arms Projectile ("A.S.A.P.") and the related product line of small arms ammunition. In the last 150 years, there has not been relevant progress on the basic design of small arms bullets or projectiles; most emergent ammunition technologies are focused on reducing the logistics burden on armed forces and security agencies, and on reducing the carrying load of the individual combatant. Next Dynamics A.S.A.P. ammunition utilizes the gun gas generated when using a firearm to improve ammunition performance, enabling part of the otherwise-wasted gas to be "harvested" to increase gyroscopic stability, range and lethality. Compared to traditional ammunition, A.S.A.P. munitions provide outstanding comparative ballistic performance.

The advantages of the Company's ammunition technology include (a) reduced drag; (b) improved gyroscopic stability and ballistics; (c) extended maximum effective range; and (d) improved terminal ballistics and lethality, resulting in extreme precision, and outstanding armor defeating capabilities.



## 5) Issuer's Facilities

*The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.*

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

The Company's primary office space is located at The Common Desk, located at 226 N. Front St, Suite 143, Wilmington, NC 28401 USA where the Company has a private, secure, single-desk office. The lease is renewed annually.

The Company's legal counsel's offices are located at 420 Lexington Ave. Suite 2320, New York, NY, 10017. The Company uses its attorney's office for this purpose. There is no lease in-place and no lease is intended to be signed.

The Company's Canadian subsidiary in Quebec has an office which is provided to it free of charge by Clarity Investments LLC. The space is approximately 1,000 square feet in addition to common areas.

## 6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

*The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.*

Individual Name (First, Last) or Entity Name (Include names of control person(s) if a corporate entity)	Position/Company Affiliation (ex: CEO, 5% Control person)	City and State (Include Country if outside U.S.)	Number of Shares Owned (List common, preferred, warrants and options separately)	Class of Shares Owned	Percentage of Class of Shares Owned (undiluted)
Beauchesne Capital (Andre Beauchesne)	Founding Investor & Directors Group	Montreal, Quebec, Canada	60,000	Preferred	100.0%
Black Creek Labs International Inc (Robert Macintyre)	CEO, 5% Control	Ontario, Canada	150,000,000	Common	80.0%
Clarity Investments Limited (Andre Beauchesne)	Founding Investor & Directors Group	Montreal, Quebec, Canada	14,925,717	Common	8.0%
Beauchesne Capital (Andre Beauchesne)	Founding Investor & Directors Group	Montreal, Quebec, Canada	1,527,062	Common	0.8%
Jacob Salk	CFO	Wilmington, NC, USA	528,846	Common	0.3%

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, log in to [www.OTCIQ.com](http://www.OTCIQ.com) to update your company profile.

## 7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None.

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

None.

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

None.

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None.

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None.

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

None.

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None.

## 8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, update your company profile.

### Securities Counsel

Name:	Paul Goodman
Firm:	Cyruli Shanks & Zizmore LLP
Address 1:	420 Lexington Ave, Suite 2320
Address 2:	New York, NY 10016
Phone:	(212) 661-6800
Email:	<a href="mailto:pgoodman@cszlaw.com">pgoodman@cszlaw.com</a>



### Accountant or Auditor

Name: Frank La Posta  
Firm: La Posta & Associates CPAs  
Address 1: 8530 rue Champ-D'Eau  
Address 2: Saint-Leonard, Quebec, H1P 1Y3  
Phone: (514) 983-8499  
Email: [frlaposta@gmail.com](mailto:frlaposta@gmail.com)

### *All Other Means of Investor Communication*

LinkedIn <https://www.linkedin.com/company/nextdynamicsinc/>  
Facebook: <https://www.facebook.com/nextdynamicsinc>

## 9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: **Jacob Salk**  
Title: **CFO**  
Relationship to Issuer: **Issuer**

B. The following financial statements were prepared in accordance with:

- ☐ IFRS  
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: **Franco La Posta**  
Title: **Owner**  
Relationship to Issuer: **Auditor**

Describe the qualifications of the person or persons who prepared the financial statements:<sup>3</sup>

Registered CPA with over forty (40) years of accounting experience.

Provide the following qualifying financial statements:

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

### **Financial Statement Requirements:**

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable." Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

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<sup>3</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

**Please see p. 11 for the Company's reviewed financial statements for the quarter ending March 31, 2025.**

**10) Issuer Certification**

*Principal Executive Officer:*

I, Robert Macintyre certify that:

1. I have reviewed this Disclosure Statement for Next Dynamics, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

July 2, 2025

/s/ ROBERT MACINTYRE, CEO

*Principal Financial Officer:*

I, Jacob Salk certify that:

1. I have reviewed this Disclosure Statement for Next Dynamics, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

July 2, 2025

/s/ JACOB SALK, CFO

**NEXT DYNAMICS INC.**  
**Consolidated Interim Financial Statements**  
**March 31, 2025**  
**(in United States dollars)**  
**(Unaudited)**

# NEXT DYNAMICS INC.

Interim Consolidated Financial Statements  
March 31, 2025  
(in United States dollars)  
(Unaudited)

## **INDEX**

Interim Report	1
Consolidated Interim Financial Statements	
Consolidated Interim Balance Sheet	2
Consolidated Interim Statements of operations	3
Consolidated Interim Statement of cash flows	4
Consolidated Interim Statements of changes in stockholders' deficit	5
Notes to Consolidated Interim Financial Statements	6 - 15

## INDEPENDENT AUDITOR'S REVIEW

To the shareholders of and the Board of Directors of  
**NEXT DYNAMICS INC.**

I have reviewed the accompanying consolidated interim balance sheet of **NEXT DYNAMICS INC.** as of March 31, 2025 and the related consolidated interim statements of operations, interim statement of changes in stockholders' deficit and interim statement of cash flows for the period of three months then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

### Management Responsibility Paragraph

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

### Accountant's Responsibility

My responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of our procedures provide a reasonable basis for my report.

### Limited Assurance Paragraph

Based on my reviews, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



Montreal, Quebec, Canada

**June 12, 2025**

**CPA auditor, public accountancy permit No. A106908**

# NEXT DYNAMICS INC.

## Consolidated Interim Balance Sheet As at March 31, 2025 (in United States dollars) (Unaudited)

	Unaudited March 31 2025	Audited December 31 2024
<b>Current Assets</b>		
Cash	9,213	387
Prepaid expenses and other	10,911	22,244
Loan receivable - other	-	-
	<b>20,124</b>	<b>22,631</b>
<b>Long Term Assets</b>		
Equipment (note 2)	3,130	3,172
Operating lease-rights of use assets (note 3)	1,747	1,869
	<b>4,877</b>	<b>5,041</b>
Goodwill (note 11)	5,225,669	-
<b>TOTAL ASSETS</b>	<b>5,250,670</b>	<b>27,672</b>
<b>Current Liabilities</b>		
Trade and other payable (note 4)	330,186	281,423
Current portion-obligations rights of use assets	8,745	13,456
Loan payable-Director (note 5)	108,562	108,177
Loan Payable-Private companies (note 7)	306,994	288,197
	<b>754,487</b>	<b>691,253</b>
<b>Long-Term Liabilities</b>		
<b>TOTAL LIABILITIES</b>	<b>754,487</b>	<b>691,253</b>
<b>Shareholders' Deficit</b>		
<b>Share Capital (note 8)</b>		
Additional Paid in Capital	7,118,772	2,063,199
1,000,000,000 Authorized Common Shares-issued		
187,500,000 in 2025 and in 2024 17,503,940	187,440	17,344
60,000 issued Preferred Shares	60	60
<b>Accumulated other comprehensive income</b>	47,537	19,386)
<b>Accumulated deficit</b>	(2,857,626)	(2,763,570)
	4,496,183	(663,581)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>5,250,670</b>	<b>27,672</b>

SEE ACCOMPANYING NOTES

# NEXT DYNAMICS INC.

## Consolidated Interim Statement of operations For the Period ended March 31, 2025 (in United States dollars) (Unaudited)

	Unaudited March 31 2025	Audited December 31 2024
	\$	\$
<b>Revenue</b>	217,710	-
<b>Operating Expenses</b>		
Research & development	215,968	-
Accounting & legal	47,575	55,124
Consulting - Engineering	-	20,983
Licenses	8	71
Courier & postage	470	3,313
Depreciation expense	182	848
Bank charges	487	675
Rent	1,430	8,038
	266,120	89,082
<b>Loss from Operation</b>	(48,410)	(89,082)
<b>Other Income (Expense)</b>		
Foreign exchange loss	(28,522)	(66,236)
Interest	(17,124)	(60,554)
	(45,646)	(126,790)
<b>Net Loss</b>	<b>(94,056)</b>	<b>(215,872)</b>

SEE ACCOMPANYING NOTES

# NEXT DYNAMICS INC.

## Statement of Interim Cash Flows

2025-01-01 TO 2025-03-31

(in United States dollars)

(Unaudited)

	Unaudited March 31 2025 \$	Audited December 31 2024 \$
<b>Funds provided from (used in):</b>		
<b>Cash Flows from (used in) Operating activities</b>		
Net Loss	(94,056)	(215,872)
Depreciation expense	182	675
Prepaid expenses	11,333	6,157
Accounts payable	48,763	73,539
<b>Net Cash Provided from (used in) Operating activities</b>	<b>(33,778)</b>	<b>(135,501)</b>
<b>Cash Flows from (used in) Investing activities</b>		
Proceeds on sale of capital assets	(18)	688
Purchase of goodwill	5,225,669	-
<b>Net Cash Provided from (used in) Investing activities</b>	<b>5,225,687</b>	<b>688</b>
<b>Cash Flows from (used in) Financing activities</b>		
Increase in loan receivable – other	-	(5,000)
Increase in loans payable - Private companies	18,797	(16,250)
Decrease in loan payable – Director	385	20,733
Increase in APIC	5,055,573	-
Issuance of capital stock	170,096	-
Decrease obligations under rights of use assets	(4,711)	(22,767)
<b>Net Cash Provided by (used in) Investing activities</b>	<b>5,240,140</b>	<b>(13,284)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(28,538)</b>	<b>(148,097)</b>
Effect of exchange rate changes on cash	28,151	99,280
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>387</b>	<b>49,204</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>9,213</b>	<b>387</b>

SEE ACCOMPANYING NOTES



# NEXT DYNAMICS INC.

## Consolidated Interim Statement of changes in stockholders' deficit For the Period March 31, 2025 (in United States dollars) (Unaudited)

	Preferred Shares	Shares Amount	Common Shares	Shares Amount	Paid-In Capital	Other Comprehe nsive Income	Accumulated deficit	TOTAL DEFICIT
Balance, December 31, 2024	60,000	60	17,503,940	17,504	2,063,099	19,386	(2,763,570)	(663,581)
Issuance of common shares for purchase of goodwill (note 11)	-	-	169,996,060	169,996	5,055,673	-	-	5,225,669
Accumulated other comprehensive income						28,151		28,151
Net loss for the period							(94,056)	(94,056)
<b>Balance, March 31, 2025</b>	<b>60,000</b>	<b>60</b>	<b>187,500,000</b>	<b>187,500</b>	<b>7,118,772</b>	<b>47,537</b>	<b>(2,857,626)</b>	<b>4,496,183</b>
SEE ACCOMPANYING NOTES (AUDITED)								

	Preferred Shares	Shares Amount	Common Shares	Shares Amount	Paid-In Capital	Other Comprehensive Income	Accumulated deficit	TOTAL DEFICIT
Balance, December 31, 2023	60,000	60	17,503,940	17,504	2,063,099	(79,894)	(2,547,698)	(546,989)
Accumulated other comprehensive income						99,280		99,280
Net/(loss) for the period	-	-	-	-	-		((215,872)	(215,872)
<b>Balance, March 31, 2024</b>	<b>60,000</b>	<b>60</b>	<b>17,503,940</b>	<b>17,504</b>	<b>2,063,099</b>	<b>19,386</b>	<b>(2,763,570)</b>	<b>(663,581)</b>
SEE ACCOMPANYING NOTES (UNAUDITED)								

# NEXT DYNAMICS INC.

## Notes to Consolidated Interim Financial Statements For the Period ended March 31, 2025 (in United States dollars) (Unaudited)

### 1. Organization and summary of significant accounting policies and going concern

#### Organization

The Company and its wholly-owned subsidiaries Next Dynamics Canada Inc. (hereafter "the Group"), were incorporated under the laws of the State of Texas on September 3, 2003 and under the Canadian Business Corporations Act September 18, 2019 (R.S.C., 1985, c. C-44). The Group is engaged in research, development and licencing of patents and proprietary military defense technologies.

#### Basis of presentation and going concern

As reflected in the accompanying financial statements, the Company has a net loss in operations of \$ 94,056 and \$ 215,872, for the periods ended March 31, 2025 and December 31, 2024, respectively. This factor raises substantial doubt about the Company's ability to continue as a going concern for a period of 12 months from the date these financial statements were available to be issued. The ability of the Company to continue as a going concern is dependent on the Company's ability to implement its business plan, raise capital and generate more revenues. Currently, management is seeking capital to implement its business plan. Management believes that the actions presently being taken provide the opportunity for the Company to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The Group's consolidated financial statements are prepared in accordance with U.S. GAAP and presented in U.S. dollars.

#### Principles of consolidation

The Group's financial statements consolidate those of the Company and its wholly-owned subsidiaries as at March 31, 2025. The subsidiaries have a reporting date of December 31.

All transactions and balances between the consolidate companies are eliminated on consolidation, including unrealized gains and losses on transactions between the companies.

#### Risks and uncertainties for development stage company

The Company is considered to be in an early stage. Our activities since inception include devoting substantially all of the Company's efforts to business planning and development. Additionally, the Company has allocated a substantial portion of its time and investment to the completion of the Company's development activities to launch its marketing plan and generate revenues to raising capital. The Company has not generated revenue from operations and has not begun construction of any facilities. The Company's activities during this early stage are subject to significant risks and uncertainties.

# NEXT DYNAMICS INC.

## Notes to Consolidated Interim Financial Statements For the Period ended March 31, 2025 (in United States dollars) (Unaudited)

### 1. Organization and summary of significant accounting policies and going concern (continued)

#### Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the related disclosures at the date of the financial statements and during the reporting period. Actual results could materially differ from these estimates. Significant estimates include the valuation of prepaid licence fee, estimate of a contingent loss, and the valuation of deferred tax assets.

#### Fair value measurements and fair value of financial instruments

The Company adopted Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures" ("ASC 820"), for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that requires the use of fair value measurements, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The adoption of ASC 820 did not have an impact on the Company's financial position or operating results but did not expand certain disclosures.

ASC 820 defines fair value as 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. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

These inputs are prioritized below:

Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

The Company analyzes all financial instruments with features of both liabilities and equity under the Financial Accounting Standard Board's ("FASB") accounting standard for such instruments. Under this standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The estimated fair value of certain financial instruments, including accounts payable, accrued expenses and loans payable are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

# NEXT DYNAMICS INC.

## Notes to Consolidated Interim Financial Statements For the Period ended March 31, 2025 (in United States dollars) (Unaudited)

### 1. Organization and summary of significant accounting policies and going concern (continued)

#### Legal and Other Contingencies

The outcomes of legal proceedings and claims brought against the Company are subject to significant uncertainty. An estimated loss from a loss contingency such as a legal proceeding or claim is accrued by a charge to income if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. When legal costs that the entity expects to incur in defending itself in connection with a loss contingency accrual are expected to be material, the loss should factor in all costs and, if the legal costs are reasonably estimable, they should be accrued in accordance with ASC 450, regardless of whether a liability can be estimated for the contingency itself. Disclosure of a contingency is required if there is at least a reasonable possibility that a loss has been incurred. Changes in these factors could materially impact the financial statements.

#### Income taxes

The Company accounts for income taxes pursuant to the provision of ASC 740-10, "Accounting for Income Taxes" ("ASC 740-10"), which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach require the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.

The Company follows the provision of ASC 740-10 related to Accounting for Uncertain Income Tax Positions. When tax returns are filed, there may be uncertainty about the merits of positions taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

Tax positions that meet the more likely than not recognition threshold is measured at the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefit associated with tax positions taken that exceed the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all more likely than not to be upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits.

# NEXT DYNAMICS INC.

## Notes to Consolidated Interim Financial Statements

For the Period ended March 31, 2025

(in United States dollars)

(Unaudited)

### 1. Organization and summary of significant accounting policies and going concern (continued)

The Company has adopted ASC 740-10-25, "Definition of Settlement", which provides guidance on how an entity should determine whether a tax position can be effectively settled upon the completion and examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open. The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they are filed.

#### Net loss per share of common stock

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares during the period. Diluted net loss per share is computed using the weighted average number of common shares and potentially dilutive securities outstanding during the period. At March 31, 2025 and December 31, 2024, the Company has 187,500,000 and 17,503,940 common securities outstanding and 60,000 preferred securities outstanding respectively.

#### Recent accounting pronouncements

In July 2017, the FASB issued ASU 2017-11 "Earnings Per Share" (Topic 260). The amendments in the update change the classification of certain equity-linked financial instruments (or embedded features) with down round features. The amendments also clarify existing disclosure requirements for equity-classified instruments. For freestanding equity-classified financial instruments, the amendments require entities that present earnings per share ("EPS") in accordance with Topic 260. Earnings Per Share, to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. Convertible instruments with embedded conversion options that have down round features would be subject to the specialized guidance for contingent beneficial conversion features (in Subtopic 470-20, Debt – Debt with conversion and Other Options), including related EPS guidance (in Topic 260). For public business entities, the amendments in Part 1 of this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The adoption of this guidance had no material impact on its accounting and disclosures.

In June 2018, the FASB issued ASU No. 2018-07, Improvements to Nonemployee Share-Based Payment Accounting, which simplifies several aspects of the accounting for nonemployee share-based payment transactions by expanding the scope of the stock-based compensation guidance in ASC 718 to include share-based payment transactions for acquiring goods and services for non-employees. ASU No. 2018-07 is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods. Early adoption is permitted, but entities may not adopt prior to adopting the new revenue recognition guidance in ASC 606. The adoption of this guidance had no material impact on its accounting and disclosures.

# NEXT DYNAMICS INC.

## Notes to Consolidated Interim Financial Statements

For the Period ended March 31, 2025

(in United States dollars)

(Unaudited)

### 1. Organization and summary of significant accounting policies and going concern (continued)

In August 2018, the FASB issued ASU 2018-13, "Changes to Disclosure Requirements for Fair Value Measurements", which will improve the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements, and is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company is assessing ASU 2018-17 and does not expect it to have a material impact on its accounting and disclosures.

Other accounting standards which were not effective until after December 31, 2019 are not expected to have a material impact on the Company's financial position or results of operations.

#### Equipment

Equipment is accounted for at acquisition cost less accumulated depreciation. Depreciation is based on estimated useful life using the straight-line method and for the following period:

	<u>Period</u>
Furniture	3 years
<i>Useful lives of depreciable assets</i>	
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.	

#### Intangible assets

Intangible assets not subject to depreciation must be tested for impairment annually and, more frequently, when events or changes in circumstances occur that indicate that their carrying amount may not be recoverable.

Intangible assets with finite useful lives are depreciated over their estimated useful lives according to the straight-line method over five years.

Testing of intangible assets not subject to depreciation for impairment only when events or changes in circumstances occur that indicate that their carrying amount may not be recoverable.

The Company reviews its intangible assets not subject to depreciation annually and, more frequently, when events or changes in circumstances occur and its intangible assets with finite useful lives for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. The Company measures impairment by comparing the asset's estimated fair value to its carrying amount.

# NEXT DYNAMICS INC.

## Notes to Consolidated Interim Financial Statements For the Period ended March 31, 2025 (in United States dollars) (Unaudited)

### 1. Organization and summary of significant accounting policies and going concern (continued)

#### Convertible instruments

U.S. GAAP requires companies to bifurcate conversion options and certain other features from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract; (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not remeasured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in consolidated income as they occur; and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional, as that term is described under applicable U.S. G.A.A.P.

When the Company has determined that the embedded conversion options should not be bifurcated from their host instruments, the Company records, when necessary, discounts to convertible debentures for the intrinsic value of the conversion options embedded in the debt instruments based upon the differences between the fair value of the underlying common shares at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption. The Company has not recorded any beneficial conversion feature as at December 31, 2019 as the embedded conversion options in its notes payable do not meet the firm commitment criterion as described under applicable U.S. G.A.A.P.

#### Equity

Common shares and preferred shares represent the par value of the total number of shares issued by the Company. If shares are issued when warrants are exercised, the common shares account also comprises the compensation costs previously recorded as additional paid-in capital. If shares are issued upon the exercise of the conversion option related to the convertible instruments, the common shares account also comprises the equity component of the convertible instruments.

# NEXT DYNAMICS INC.

## Notes to Consolidated Interim Financial Statements For the Period ended March 31, 2025 (in United States dollars) (Unaudited)

### 1. Organization and summary of significant accounting policies and going concern (continued)

Additional paid-in capital includes charges related to the fair value of warrants until such equity instruments are exercised, in which case the amounts are transferred to common shares. If convertible instruments are not exercised at the expiry of the convertible instruments, the equity component of the convertible instrument is transferred to additional paid-in capital.

Accumulated other consolidated comprehensive income comprises foreign currency translation difference arising from the translation of financial statements of the Company's foreign subsidiary in Canadian dollars to the US dollar presentation currency of the Group.

Deficit includes all current and prior losses.

#### Share-based compensation

The Company accounts for share-based compensation under ASC 718 Compensation – Stock Compensation, which addresses the accounting for transactions in which an entity exchanges its equity instruments for goods or services, with a primary focus on transactions in which an entity obtains employee services in shares-based payment transactions. ASC 718-10 requires measurement of the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. Incremental compensation costs arising from subsequent modifications of awards after the grant-date must be recognized. The Company treats share-based transactions with its non-employee directors as if they were employees.

The Company accounts for share-based compensation awards to non-employees in accordance with ASC 505-50 Equity-based Payments to Non-Employees. Under ASC 505-50, the Company determines the fair value of the warrants or share-based compensation awards granted as either whichever is more reliably measurable. Any warrants issued to non-employees are recorded in expense and additional paid-in capital in shareholder's deficiency over the applicable service periods using variable accounting through the vesting dates based on the fair value of the warrants at the end of each period.



# NEXT DYNAMICS INC.

## Notes to Consolidated Interim Financial Statements For the Period ended March 31 2025 (in United States dollars) (Unaudited)

### 2. Equipment

				Unaudited March 31 2025	Audited December 31 2024
	COST	ADDITIONS/ DISPOSITIONS	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
FURNITURE	55,449	-	52,319	3,130	3,172
	<b>\$ 55,449</b>	<b>\$ -</b>	<b>\$ 52,319</b>	<b>\$ 3,130</b>	<b>\$ 3,172</b>

### 3. Capital Lease rights of use assets

				March 31 2025	December 31 2024
	COST	ADDITIONS/ DISPOSITIONS	ACCUMULATED DEPRECIATION	NET BOOK VALUE	NET BOOK VALUE
FURNITURE	110,049	(52,574)	55,728	1,747	1,869
	<b>\$ 110,049</b>	<b>\$ (52,874)</b>	<b>\$ 55,728</b>	<b>\$ 1,747</b>	<b>\$ 1,869</b>

### 4. Trade and other payable

	Unaudited March 31 2025	Audited December 31 2024
TRADE PAYABLE	216,145	281,423
	<b>\$ 216,145</b>	<b>\$ 281,423</b>

### 5. Loan Payable

The loan payable is to the Director of the Company and bears interest at 14% monthly and is not currently due.

Convertible loan payable bearing interest at 12% per annum.

Bank demand loan payable – non interest bearing.

# NEXT DYNAMICS INC.

## Notes to Consolidated Interim Financial Statements For the Period ended March 31, 2025 (in United States dollars) (Unaudited)

### 6. Obligation Under Rights of Use Assets

Monthly interest and capital payments of \$1,848 due in 2025.  
Capital Payments for the next year.

2025	8,745
Less: Current Portion	<u>(8,745)</u>
	-

### 7. Loan Payable - Private companies

The loans payable – Private companies consist of the following:

Loan payable – 14% P.A. due May 04, 2025 \$119,526  
Loan payable – 12% P.A. due August 03, 2025 \$78,111 conversion discount 40%  
Loan payable – 14% P.A. due January 13, 2025 \$17,393  
Loan payable – 14% P.A. due January 31, 2025 \$136,646  
Loan payable – 14% P.A. due December 31, 2025 \$27,870  
Loan payable – 12% P.A. due June 18, 2025 \$36,008, conversion discount 40%.

### 8. Share Capital

During the period ended March 31, 2025 and December 31, 2024, 169,996,060 common shares were issued for a consideration of \$5,225,669 in March 31, 2025 and nil in December 31, 2024.

### 9. Concentrations

#### Concentration of credit risk

The Company considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. The Company places its cash with high credit quality financial institution. The Company's account at this institution is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$ 25,000. As of March 31, 2025 and December 31, 2024, the Company has not reached bank balances exceeding the FDIC insurance limit. To reduce its risk associated with the failure of such financial institution, The Company evaluated at least annually the rating of the financial institution in which it holds deposits.

## NEXT DYNAMICS INC.

### Notes to Consolidated Interim Financial Statements For the Period ended March 31, 2025 (in United States dollars) (Unaudited)

#### 10. Income taxes

The Company has incurred aggregate net operating losses of approximately \$2,857,626 and \$2,763,570 for income tax purposes as of March 31, 2025 and December 31, 2024 respectively. The net operating loss carries forward for United States income taxes, which may be available to reduce future years' taxable income. Management believes that the realization of the benefits from these losses appears not more than likely due to the Company's limited operating history and continuing losses for United States income tax purposes. Accordingly, the Company has provided a 100% valuation allowance periodically and make adjustments as necessary.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was signed into law. The Act decreases the U.S. corporate federal income tax rate from a maximum of 35% to a flat 21% effective January 1, 2018. The Act also includes a number of other provisions including, among others, the elimination of net operating loss carrybacks and limitations on the use of future losses, the repeal of the Alternative Minimum Tax regime and the repeal of the domestic production activities deduction. These provisions are not expected to have a material effect on the Corporations.

Given the significant complexity of the Act and anticipated additional implementation guidance from the Internal Revenue Service, further implications of the Act may be identified in future periods.

#### 11. Goodwill

On January 8, 2025, Next Dynamics, Inc. ("Next Dynamics" or the "Company") completed the acquisition of strategic military assets from BCL International Inc. ("BCL"). As consideration for the transaction and the settlement of certain liabilities, the Company issued 169,996,060 shares of newly issued common stock, increasing its total shares outstanding to 187,500,000 upon closing. The assets acquired include manufacturing rights for firearms such as pistols, the SRV2 Badger semi-automatic rifle, and bolt-action rifles; military vehicles including the Light Reconnaissance Vehicle; advanced weaponry such as rotary and belt-fed machine guns; and exclusive distribution rights for Torakka Military Clothing and Night Force Optics. The acquisition also includes proprietary light manufacturing technologies intended to enhance production scalability and efficiency.

