

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

FORM 10-Q

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

For the quarterly period ended: **September 30, 2025**

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

For the transition period from _____ to _____

NEXT TECHNOLOGY HOLDING INC.

(Exact name of small business issuer as specified in its charter)

Wyoming

*(State or other jurisdiction of
incorporation or organization)*

84-4948289

(I.R.S. Tax. I.D. No.)

**Room 519, 05/F Block T3
Qianhai Premier Finance Centre Unit 2
Guiwan Area, Nanshan District, Shenzhen, China
*(Address of Principal Executive Offices)***

44-7421477289

(Registrant's Telephone Number, Including Area Code)

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☒
Emerging growth company	☒		

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

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

As of October 8, 2025, there were 2,865,730 shares of common stock outstanding.

TABLE OF CONTENTS

<u>Cautionary Note Regarding Forward-Looking Statements</u>	ii
<u>PART I – Financial Information</u>	1
Item 1. <u>Financial Statements</u>	1
<u>Unaudited Condensed Consolidated Balance Sheets as of September 30, 2025 and Audited Condensed Consolidated Balance Sheets as of December 31, 2024</u>	1
<u>Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the Three and Nine Months Ended September 30, 2025 and September 30, 2024</u>	2
<u>Unaudited Condensed Consolidated Statement of Changes in Stockholders' Equity for the Three and Nine Months Ended September 30, 2025 and September 30, 2024</u>	3
<u>Unaudited Condensed Consolidated Statements of Cash Flows for the Nine Months ended September 30, 2025 and September 30, 2024</u>	4
<u>Notes to Unaudited Consolidated Financial Statements as of September 30, 2025</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	22
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	27
Item 4. <u>Controls and Procedures</u>	27
<u>PART II – Other Information</u>	28
Item 1. <u>Legal Proceedings</u>	28
Item 1A. <u>Risk Factors</u>	29
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	29
Item 3. <u>Defaults Upon Senior Securities</u>	29
Item 4. <u>Mine Safety Disclosures</u>	29
Item 5. <u>Other information</u>	29
Item 6. <u>Exhibits</u>	29
<u>Signatures</u>	30

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”). These forward-looking statements are generally located in the material set forth under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” but may be found in other locations as well. These forward-looking statements are subject to risks and uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. You should not unduly rely on these statements.

We identify forward-looking statements by use of terms such as “may,” “will,” “expect,” “anticipate,” “estimate,” “hope,” “plan,” “believe,” “predict,” “envision,” “intend,” “will,” “continue,” “potential,” “should,” “confident,” “could” and similar words and expressions, although some forward-looking statements may be expressed differently. You should be aware that our actual results could differ materially from those contained in the forward-looking statements.

Forward-looking statements are based on information available at the time the statements are made and involve known and unknown risks, uncertainties and other factors that may cause our results, levels of activity, performance or achievements to be materially different from the information expressed or implied by the forward-looking statements in this report. These factors include, among others:

- our ability to execute on our growth strategies;
- our ability to find manufacturing partners on favorable terms;
- declines in general economic conditions in the markets where we may compete;
- our anticipated needs for working capital; and

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis.

Forward-looking statements speak only as of the date of this report or the date of any document incorporated by reference in this report. Except to the extent required by applicable law or regulation, we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

PART I – FINANCIAL INFORMATION**Item 1. Financial Statements**

NEXT TECHNOLOGY HOLDING INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(All amounts shown in U.S. Dollars, except share data) (Unaudited)

	As of September 30, 2025	As of December 31, 2024 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,357,568	\$ 668,387
Digital assets	666,804,429	78,322,430
Accounts receivable, net	69,747	1,800,000
Prepayments and other current assets	306,720	12,125,500
Total current assets	679,538,464	92,916,317
Non-current assets:		
Investment in associate company	—	—
Total non-current assets	—	—
Total assets	\$679,538,464	\$ 92,916,317
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ —	\$ 730,000
Contract liabilities	3,370,542	—
Amount due to related parties	264,887	972,000
Income tax payable	130,415	130,415
Other payable	2,187,320	1,221,337
Total current liabilities	5,953,164	3,053,752
Non-current liabilities:		
Deferred tax liabilities	98,478,710	8,234,503
Total non-current liabilities	98,478,710	8,234,503
Total liabilities	\$104,431,874	\$ 11,288,255
Stockholders' Equity:		
Common stock: no par value; 2,865,730 and 34,882 issued and outstanding on September 30, 2025 and December 31, 2024, respectively*	270,890,679	71,718,790
Retained earnings	304,215,911	9,909,272
Total Stockholders' Equity	\$575,106,590	\$ 81,628,062
Total Liabilities and Stockholders' Equity	\$679,538,464	\$ 92,916,317

* On September 16, 2025, the Company effected a 200-for-1 reverse stock split of its common stock, resulting in the consolidation of every two hundred issued and outstanding shares into one share. The reverse stock split reduced the number of outstanding shares from approximately 566,265,135 to approximately 2,865,730.

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

NEXT TECHNOLOGY HOLDING INC.
CONDENSED CONSOLIDATED STATEMENTS OF
OPERATIONS AND COMPREHENSIVE INCOME(LOSS)
(All amounts shown in U.S. Dollars, except share data) (Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue:				
Service revenue	\$ 1,788,205	\$ —	\$ 1,788,205	\$ —
Total service revenue	1,788,205	—	1,788,205	—
Cost of revenue	(981,356)	—	(981,356)	—
Gross Profit	806,849	—	806,849	—
Operating expenses:				
General and administrative expense	(488,975)	(566,983)	(1,194,795)	(1,242,128)
Selling expense	(276,068)	—	(276,068)	—
Share-based compensation expense	(44,367,409)	—	(44,367,409)	—
Total operating expenses	(45,132,452)	(566,983)	(45,838,272)	(1,242,128)
Loss from operations	(44,325,603)	(566,983)	(45,031,423)	(1,242,128)
Other income, net	34,736,876	2,303,789	430,398,332	17,899,568
(Loss) income before income taxes	(9,588,727)	1,736,806	385,366,909	16,657,440
Income tax expenses	(7,303,523)	(364,730)	(90,244,207)	(2,666,078)
Net (loss) income from continuing operation	\$(16,892,250)	\$ 1,372,076	\$295,122,702	\$ 13,991,362
Net income from discontinued operation^(a)	—	6,296	—	6,296
Total comprehensive (loss) income	(16,892,250)	1,378,372	295,122,702	13,997,658
Net (loss) income per share, basic and diluted from continuing operation	\$ (6.86)	\$ 39.33	\$ 171.85	\$ 517.80
Net comprehensive income per share, basic and diluted from discontinued operation	—	0.18	—	0.23
Weighted-average shares outstanding, basic and diluted*	2,461,018	34,882	1,717,348	27,021

* On September 16, 2025, the Company effected a 200-for-1 reverse stock split of its common stock, resulting in the consolidation of every two hundred issued and outstanding shares into one share. The reverse stock split reduced the number of outstanding shares from approximately 566,265,135 to approximately 2,865,730.

(a) In July 2024, the Company dissolved its subsidiary, WeTrade Technology (Shanghai) Co., Ltd. in the PRC, which qualified as a discontinued operation under ASC 205-20. The Company retrospectively adjusted the above comparative statements of change in stockholders' equity for the three and nine months ended September 30, 2024. (Note 18)

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

NEXT TECHNOLOGY HOLDING INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(All amounts shown in U.S. Dollars, except share data) (Unaudited)

For the Three Months ended September 30, 2025

	Common Stock		Additional	Retained	Total
	Shares*	Amount	Paid in	Earnings	Shareholder
			Capital		Equity
Balance as of June 30, 2025	2,181,326	\$ —	\$217,676,957	\$321,924,224	\$539,601,181
Net loss for the period	—	—	—	(16,892,250)	(16,892,250)
Share-based compensation to advisors	350,000	—	44,367,409	—	44,367,409
Issuance of common shares and pre-funded warrants from securities purchase agreement	300,000	—	8,030,250	—	8,030,250
Common stock issuance from fractional share elimination	34,404	—	816,063	(816,063)	—
Balance as of September 30, 2025	2,865,730	\$ —	\$270,890,679	\$304,215,911	\$575,106,590

For the Three Months ended September 30, 2024

	Common Stock		Additional	Retained	Total
	Shares*	Amount	Paid in	Earnings	Shareholder
			Capital		Equity
Balance as of June 30, 2024	34,882	\$ —	\$ 71,718,790	\$ 979,012	\$ 72,697,802
Net income for the period	—	—	—	1,372,076	1,372,076
Gain from discontinued operation ^(a)	—	—	—	6,296	6,296
Balance as of September 30, 2024	34,882	\$ —	\$ 71,718,790	2,357,384	74,076,174

For the Nine Months ended September 30, 2025

	Common Stock		Additional	Retained	Total
	Shares*	Amount	Paid in	Earnings	Shareholder
			Capital		Equity
Balance as of December 31, 2024	34,882	\$ —	\$ 71,718,790	\$ 9,909,272	\$ 81,628,062
Stock issued for the acquisition of Bitcoin during the period	2,146,444	—	145,958,167	—	145,958,167
Net income for the period	—	—	—	295,122,702	295,122,702
Share-based compensation to advisors	350,000	—	44,367,409	—	44,367,409
Issuance of common shares and pre-funded warrants from securities purchase agreement	300,000	—	8,030,250	—	8,030,250
Common stock issuance from fractional share elimination	34,404	—	816,063	(816,063)	—
Balance as of September 30, 2025	2,865,730	\$ —	\$270,890,679	\$304,215,911	\$575,106,590

For the Nine Months ended September 30, 2024

	Common Stock		Additional	(Accumulated	Total
	Shares*	Amount	Paid in	Deficits)/	Shareholder
			Capital	Retained	Equity
				Earnings	
Balance as of December 31, 2023	13,126	\$ —	\$ 56,348,650	\$ (11,640,274)	\$ 44,708,376
Stock issued during the period	21,756	—	15,370,140	—	15,370,140
Net income for the period	—	—	—	13,991,362	13,991,362
Gain from discontinued operation ^(a)	—	—	—	6,296	6,296
Balance as of September 30, 2024	34,882	\$ —	\$ 71,718,790	2,357,384	74,076,174

* On September 16, 2025, the Company effected a 200-for-1 reverse stock split of its common stock, resulting in the consolidation of every two hundred issued and outstanding shares into one share. The reverse stock split reduced the number of outstanding shares from approximately 566,265,135 to approximately 2,865,730.

- (a) In July 2024, the Company dissolved its subsidiary, WeTrade Technology (Shanghai) Co., Ltd. in the PRC, which qualified as a discontinued operation under ASC 205-20. The Company retrospectively adjusted the above comparative statements of change in stockholders' equity for the three and nine months ended September 30, 2024. (Note 18)

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

NEXT TECHNOLOGY HOLDING INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(All amounts shown in U.S. Dollars, except share data) (Unaudited)

	For the Nine Months ended September 30,	
	2025	2024^(a)
Cash Flows from Operating Activities:		
Net income from continuing operation	\$ 295,122,702	\$ 13,991,362
Net income from discontinued operation	—	6,296
Fair value gain on digital assets	(430,398,332)	(17,899,568)
Deferred tax expenses	90,244,207	2,666,078
Share-based compensation expense	44,367,409	—
Changes in Operating Assets and Liabilities:		
Accounts receivables	1,730,253	1,000,000
Prepayments and other current assets	(306,720)	—
Accounts payable	(730,000)	(800,000)
Director fee payable	(707,113)	92,000
Contract liabilities	3,370,542	—
Accrued expense and other payable	965,983	943,832
Net cash flows provided by continued operating activities:	3,658,931	—
Net cash flows provided by discontinued operating activities:	—	—
Net cash flows provided by operating activities:	3,658,931	—
Cash flow from Investing activities:		
Net cash flows provided by continued investing activities:	—	—
Net cash flows provided by discontinued investing activities:	—	—
Net cash flows provided by investing activities:	—	—
Cash flow from financing activities:		
Net proceeds from issuance of common shares and pre-funded warrants from securities purchase agreement	8,030,250	—
Net cash flows provided by continued financing activities	8,030,250	—
Net cash flows provided by discontinued financing activities:	—	—
Net cash flows provided by financing activities:	8,030,250	—
Change in Cash and Cash Equivalents:	11,689,181	—
Cash and Cash Equivalents, Beginning of the Period	668,387	668,387
Cash and Cash Equivalents, End of the Period	\$ 12,357,568	\$ 668,387
Supplemental Cash Flow Information:		
Cash paid for interest	\$ —	\$ —
Cash paid for income taxes	\$ —	\$ —
Supplemental disclosure of non-cash financing activities:		
Issuance of common stock to acquire digital assets	\$ 145,958,167	\$ —
Advance payment for acquisition of digital assets	\$ 12,125,500	\$ —
Received of operating assets and repayment of liabilities through former executives and other third parties	\$ 1,243,690	\$ 512,808
Repayment of other payable through issuance of common stock	\$ —	\$ 1,380,000
Repayment of former executives through issuance of common stock	\$ —	\$ 594,140

(a) In July 2024, the Company dissolved its subsidiary, WeTrade Technology (Shanghai) Co., Ltd. in the PRC, which qualified as a discontinued operation under ASC 205-20. The Company retrospectively adjusted the above comparative statements of cash flows for the nine months ended September 30, 2024. (Note 18)

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

NEXT TECHNOLOGY HOLDING INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(All amounts shown in U.S. Dollars, except share data) (Unaudited)

NOTE 1 – NATURE OF BUSINESS

Business

Next Technology Holding Inc. (the “Company”) was incorporated in the State of Wyoming on March 28, 2019, under the name “WeTrade Group, Inc.” and served as a holding company with substantially all operations conducted through subsidiaries in the People’s Republic of China (“PRC”), engaging in the business of providing technical services and solutions to corporate and individual users. On March 18, 2024, the Company changed its name to Next Technology Holding Inc. In the third quarter of 2024, the Company terminated all operations in the PRC to shift its software development services to overseas markets and commenced another business strategy of acquiring and holding bitcoin. The Company currently pursues two corporate strategies. One business strategy is to continue providing software development services, and the other strategy is to acquire and hold bitcoin.

Software development

The Company provides AI-enabled software development services to its customers in Hong Kong, Singapore, and other Asian countries. The Company’s business operates under a “SaaS+AI” model, which currently emphasizes customized and entrusted development projects designed in response to specific market demands. Through this approach, the Company designs, develops and deploys software platforms that integrate cloud computing, big data analytics and AI-driven algorithms to support enterprises across diverse industries, including retail, e-commerce, tourism, healthcare and industrial sectors. The Company’s current customers include property management chain enterprises, cryptocurrency mining investment operators and energy and resource businesses. The Company is expanding the scope of its customer base and is in discussions with potential customers in new media, financial services, transportation, education and healthcare industries.

The Company’s current product portfolio includes several AI-driven platforms and applications:

- *Smart Cloud Collaboration Platform.* The Company has developed a cloud collaboration platform that incorporates intelligent tools to analyze user behavior, recommend resources and enable real-time collaboration across geographies. It is built on a Model-View-Controller (MVC) architecture with a template engine and integrated continuous integration and deployment (CI/CD) pipelines to support scalability, optimization and security.
- *AI-Enabled Data Analytics and Decision Support.* The Company’s platform provides real-time data analysis and reporting capabilities, designed to help customers generate insights from customer behavior, market trends and operational data. These features are intended to support more informed decision-making and improve marketing and business strategies.
- *Fully Automated Workflow.* The Company’s SaaS platform incorporates automation tools that streamline repetitive tasks such as data entry, report generation and email classification. By reducing human error and manual effort, these tools are intended to improve efficiency and allow customers to focus resources on higher-value activities.
- *Comprehensive Security and Compliance Assurance.* The Company’s platform integrates monitoring and compliance functions that utilize AI to identify potential security risks and support adherence to applicable regulatory requirements across different jurisdictions.
- *Personalized Customer Relationship Management (CRM).* The Company has developed CRM tools that integrate customer data from multiple channels, build profiles and provide insights to support personalized product recommendations and improve customer engagement.
- *AI Optimization for Supply Chain and Inventory Management.* The Company’s SaaS solutions also include modules designed to assist with supply chain and inventory optimization, applying AI to improve forecasting, reduce inefficiencies and support operational planning.

NOTE 1 – NATURE OF BUSINESS (CONTINUED)**Bitcoin Acquisition Strategy**

The Company's bitcoin acquisition strategy generally involves acquiring bitcoin with its liquid assets that exceed working capital requirements, and from time to time, subject to market conditions, issuing debt or equity securities or engaging in other capital raising transactions with the objective of using the proceeds to purchase bitcoin.

The Company views its bitcoin holdings as being held for trading and expects to continue to accumulate bitcoin. The Company has not set any specific target for the amount of bitcoin it seeks to hold, and the Company will continue to monitor market conditions in determining whether to engage in additional financing to purchase additional bitcoin.

This overall strategy also contemplates that the Company may (i) periodically sell bitcoin for general corporate purposes, including to generate cash for treasury management or in connection with strategies that generate tax benefits in accordance with applicable law, (ii) enter into additional capital raising transactions that are collateralized by its bitcoin holdings, and (iii) consider pursuing additional strategies to create income streams or otherwise generate funds using its bitcoin holdings.

The following table presents a roll—forward of the Company's bitcoin holdings, including additional information related to its bitcoin purchases, and digital asset impairment losses during the period:

	Digital asset original cost basis	Fair value change in digital asset	Digital asset fair value	Number of bitcoin held
Balance on December 31, 2023	\$ 24,990,000	\$ 10,147,576	\$ 35,137,576	833
Fair value gain on digital asset	—	43,184,854	43,184,854	—
Balance on December 31, 2024	\$ 24,990,000	\$ 53,332,430	\$ 78,322,430	833
Digital asset purchase	158,083,667	—	158,083,667	5,000
Fair value gain on digital asset	—	430,398,332	430,398,332	—
Balance on September 30, 2025	\$183,073,667	\$483,730,762	\$666,804,429	5,833

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Preparation of Financial Statements**

The condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The condensed consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant inter-company transactions and balances have been eliminated in consolidation.

The condensed consolidated financial statements of the Company as of September 30, 2025 and for the nine months ended September 30, 2025 and 2024 are unaudited. In the opinion of management, all adjustments (including normal recurring adjustments) that have been made are necessary to fairly present the financial position of the Company as of September 30, 2025, the results of its operations for the three and nine months ended September 30, 2025 and 2024, and its cash flows for the three and nine months ended September 30, 2025 and 2024. Operating results for the quarterly periods presented are not necessarily indicative of the results to be expected for a full fiscal year.

The statements and related notes have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted pursuant to such rules and regulations. These financial statements should be read in conjunction with the financial statements and other information included in the Company's Annual Report on Form 10-K as filed with the SEC for the fiscal year ended December 31, 2024.

(b) Consolidation

The Company's consolidated financial statements include the financial statements of the Company and its subsidiaries. All transactions and balances among the Company and its subsidiaries have been eliminated upon consolidation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***(c) Use of Estimates and Assumptions***

The preparation of financial statements in conformity with U.S. GAAP requires management to make judgement estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes that the estimates used in preparing the financial statements are reasonable and prudent; however, actual results could differ from these estimates. Significant accounting estimates include the allowance for credit loss, valuation of deferred tax assets, estimation of total contract costs for revenue recognition, the valuation and recognition of share-based compensation expense arrangements, and certain accrued liabilities such as contingent liabilities.

(d) Fair Value Measurements

The Company follows guidance for accounting for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Additionally, the Company adopted guidance for fair value measurement related to non-financial items that are recognized and disclosed at fair value in the financial statements on a non-recurring basis. The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Digital assets are classified as Level 1.

The Company classifies its digital assets within Level 1 of the fair value hierarchy. The Company has the ability to access these markets and execute transactions at the quoted prices on the measurement date without adjustment.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. The carrying amounts of financial assets such as cash approximate their fair values because of the short maturity of these instruments.

(e) Functional Currency and Foreign Currency Translation

The accompanying consolidated financial statements are presented in US\$. The functional currency of the Company and the Company's subsidiaries is the United States dollar ("US\$").

Transactions denominated in a currency other than the functional currencies are re-measured into the functional currency of the entity at the exchange rates prevailing on the transaction dates. Financial assets and liabilities denominated in a currency other than the functional currency are re-measured at the balance sheet date exchange rate. The resulting exchange differences are recorded in the consolidated statements of comprehensive income (loss) as foreign exchange related gain/loss.

(f) Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity period of three months or less to be cash or cash equivalents. The carrying amounts reported in the accompanying consolidated balance sheets for cash and cash equivalents approximate their fair value. Part of the Company's cash of \$668,387 that is held in bank accounts in Hong Kong is not protected by Federal Deposit Insurance Corporation ("FDIC") insurance or Hong Kong Deposit Protection Scheme.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***(g) Goodwill and Other - Crypto Assets***

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-08, Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets, which provides guidance on the measurement, recognition, and disclosure of certain crypto assets. Bitcoin held by the Company meets the defined criteria under this standard. ASU 2023-08 is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted.

The Company has elected early adoption of ASU 2023-08 in 2024 fiscal year. Upon adoption, a cumulative-effect adjustment is made to the opening balance of retained earnings as of December 31, 2023. The Company's crypto assets (classified as digital assets on the balance sheet) are measured at fair value, with unrealized gains and losses recognized as "other income" in net income during the period.

The following table summarizes the Company's digital asset holdings as of:

	September 30, 2025	December 31, 2024
Approximate number of bitcoins held	5,833	833
Digital assets carrying value	\$ 666,804,429	\$ 78,322,430
Gain on digital assets during the period/ year	\$ 430,398,332	\$ 43,184,854

As of September 30, 2025, the Company held approximately 5,833 bitcoins, which had a carrying value of approximately \$666.8 million.

(h) Accounts Receivable, net

Accounts receivable represents those receivables derived in the ordinary course of business, net of an allowance for any potentially uncollectible amounts. The Company makes estimates of expected credit and collectability trends for the allowance for credit losses based upon its assessment of various factors, including historical experience, the age of the accounts receivable balances, credit quality of its customers, current economic conditions, reasonable and supportable forecasts of future economic conditions that may vary by geography, customer-type, or industry sub-vertical, and other factors that may affect its ability to collect from customers. Expected credit losses are recorded as general and administrative expenses on the Company's consolidated statements of comprehensive income (loss).

Although the Company has historically not experienced significant credit losses, they may experience increasing credit loss risks from accounts receivable in future periods if its customers are adversely affected by economic pressures or uncertainty associated with local or global economic recessions, or other customer-specific factors, and actual experience in the future may differ from their past experiences or current assessment.

(i) Investment in Associate Company

Investment in associate companies, where the Company has significant influence but does not control the investee, is accounted for using the equity method. In accordance with ASC Topic 323 ("ASC 323"), "Investments—Equity Method and Joint Ventures," the Company applies the equity method of accounting to its investment in entities over which it can exercise significant influence but does not hold a majority equity interest or control.

Under this method, the initial investment is recorded at cost, and the carrying amount is subsequently adjusted to recognize the Company's share of the investee's net income or loss. Additionally, any dividends received from the associate reduce the carrying amount of the investment. the Company evaluates these investments for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment losses deemed other-than-temporary are recognized in the consolidated financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management regularly evaluates the impairment of these investments based on the performance and financial position of the investee as well as other evidence of market value. Such evaluation includes, but is not limited to, reviewing the investee's cash position, recent financing, projected and historical financial performance, cash flow forecasts and financing needs. An impairment loss is recognized in earnings equal to the excess of the investment's cost over its fair value at the balance sheet date of the reporting period for which the assessment is made. The fair value would then become the new cost basis of investment.

The Company evaluates the equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment might not be recoverable. Factors considered by the Company when determining whether an investment has been other than temporarily impaired, includes, but not limited to, the length of the time and the extent to which the market value has been less than cost, the financial performance and near term prospect of the investee, and the Company's intent and ability to retain the investment until the recovery of its cost. An impairment loss on the equity method investments is recognized in earnings when the decline in value is determined to be other-than-temporary.

(j) Revenue Recognition

The Company follows the guidance of Accounting Standards Codification (ASC) 606, Revenue from Contracts. ASC 606 creates a five-step model that requires entities to exercise judgment when considering the terms of contracts, which includes (1) identifying the contracts or agreements with a customer, (2) identifying its performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the services it transfers to its clients.

Software Development Revenue Recognition

The Company derives revenue primarily from custom software development contracts, which involve the design, development, and delivery of tailored software solutions. These contracts are generally accounted for as a single performance obligation satisfied over time in accordance with ASC 606.

Revenue is recognized over time as services are performed, as the criteria in ASC 606-10-25-27 are met. The Company applies this method because the customized work-in-process has no alternative use, and the Company has an enforceable right to payment for performance completed to date, including a reasonable profit margin, throughout the contract term.

To measure progress toward complete satisfaction of the Company's performance obligation, the Company applies the cost-to-cost input method in accordance with ASC 606-10-55-20. Under this approach, revenue is recognized based on the ratio of costs incurred to date to the total estimated costs of the contract. The use of this input method provides a faithful depiction of the value transferred and aligns revenue recognition with the Company's efforts. The estimate of total contract costs is a significant accounting estimate in accordance with ASC 606-10-25-31 and is subject to regular review and adjustment as necessary.

The transaction price is determined as the fixed amount stated in the contract. In evaluating variable consideration, such as performance incentives or penalties, the Company applies the constraint guidance in ASC 606-10-32-11. Based on the assessment of factors in ASC 606-10-32-12, including the Company's proven track record of performance and contractual caps on penalties, the Company has concluded that no variable consideration should be included in the transaction price, as it is probable that no significant reversal of cumulative recognized revenue would occur.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***(k) Software Development Costs***

The Company applies ASC 985-20, Software—Costs of Software to Be Sold, Leased, or Marketed, in analyzing its software development costs. ASC 985-20 requires the capitalization of certain software development costs subsequent to the establishment of technological feasibility for a software product in development. Research and development costs associated with establishing technological feasibility are expensed as incurred. Based on the Company's software development process, technological feasibility is established upon the completion of a working model. In these reviews, all costs incurred during the preliminary project stages are expensed as incurred. Once the projects have been committed to and it is probable that the projects will meet functional requirements, costs are capitalized.

(l) Contract Liabilities

Contract liabilities consist of advance billings and payments received from customers prior to the Company satisfying the related performance obligations under contractual terms. These liabilities are recognized when the Company has an unconditional right to consideration for a contract that involves a single performance obligation satisfied over time.

The Company recognizes revenue related to contract liabilities over the period of performance as software development services are rendered. For these contracts, revenue is recognized based on the extent of progress toward complete satisfaction of the Company's performance obligation, measured using the cost-to-cost input method. As the Company incurs costs and progresses towards complete satisfaction of its performance obligation, contract liabilities are systematically recognized as revenue in the Company's consolidated statements of operations.

These liabilities are classified as current or non-current based on the expected timing of revenue recognition, which corresponds with the satisfaction of performance obligations. Current contract liabilities represent those expected to be recognized as revenue within the next twelve months, while non-current portions represent amounts expected to be recognized as revenue beyond one year.

As of September 30, 2025 and December 31, 2024, the Company's contract liabilities were \$3,370,542 and nil, respectively.

(m) General and Administrative Expenses

General and administrative expenses consist of (i) salary and welfare for general and administrative personnel, (ii) office expenses, and (iii) professional service fees and others.

(n) Selling Expense

Selling expenses consist of (i) salary and welfare for selling personnel, and sales bonus, (ii) office expenses, and (iii) other related expenses.

(o) Related Parties

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 or significant influence, such as a family member or relative, shareholder, or a related corporation.

(p) Dividends

On August 8, 2025, the Company's board of directors unanimously approved a dividend policy (the "Policy"), which took effect on September 8, 2025. Under the Policy, the Company will distribute no less than 80% of annual profits to its shareholders as dividends, payable in cash, stock or other forms approved by the board. Dividend declarations under the Policy remain subject to the board's quarterly assessment of liquidity, cash flow generation, capital allocation needs for growth, regulatory and compliance constraints, and overall financial condition. After assessment by board of directors, no dividends were declared for the three and nine months ended September 30, 2025 and 2024, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***(q) Leases***

In accordance with ASC Topic 842, Leases (“ASC 842”), the Company, using the modified retrospective transition approach through a cumulative-effect adjustment in the period of adoption rather than retrospectively adjusting prior periods and the package of practical expedients, categorizes leases with contractual terms longer than twelve months as either operating or finance lease. However, the Company has no finance leases for any of the periods presented.

Right-of-use (“ROU”) assets represent the Company’s rights to use underlying assets for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized on the commencement date based on the present value of lease payments over the lease term, reduced by lease incentives received, plus any initial direct costs, using the discount rate for the lease on the commencement date. As the implicit rate in lease is not readily determinable for the Company’s operating leases, the Company generally uses the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments on the commencement date. the Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. the Company accounts for lease and non-lease components separately.

(r) Capital Structure

The Company currently has unlimited authorized shares of \$0.00 par value common stock, with 2,865,730 and 34,882 shares issued and outstanding as of September 30, 2025 and December 31, 2024.

(s) Earning(loss) Per Share

Basic net income per share of common stock attributable to common stockholders is calculated by dividing net income attributable to common stockholders by the weighted-average shares of common stock outstanding for the period. Potentially dilutive shares, which are based on the weighted-average shares of common stock underlying outstanding stock-based awards, warrants, options, or convertible debt using the treasury stock method or the if-converted method, as applicable, are included when calculating diluted net income per share of common stock attributable to common stockholders when their effect is dilutive.

(t) Share-based Compensation Expense

The Company grants restricted share units (“RSUs”) and common shares of the Company to eligible employees and non-employees. The Company accounts for share-based awards issued to employees in accordance with ASC Topic 718 Compensation – Stock Compensation.

Employees’ share-based awards and non-employees’ share-based awards are measured at the grant date fair value of the awards and recognized as expenses: a) immediately at grant date if no vesting conditions are required; or b) using graded vesting method, net of estimated forfeitures, over the requisite service period, which is the vesting period.

The Company recognizes the estimated compensation cost of RSUs and common shares based on the fair value of common shares on the date of the grant. The Company recognizes the compensation cost, net of estimated forfeitures, over a vesting term for service-based RSUs.

The Company also recognizes the compensation cost of performance-based share awards, net of estimated forfeitures, if it is probable that the performance condition will be achieved at the end of each reporting period. Forfeitures are estimated at the time of grant and revised in the subsequent periods if actual forfeitures differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***(u) Income Tax***

Income taxes are determined in accordance with the provisions of ASC Topic 740, “Income Taxes” (“ASC Topic 740”). Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. Any effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

ASC 740 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. Under ASC 740, tax positions must initially be recognized in the financial statements when it is more likely than not that the position will be sustained upon examination by the tax authorities. Such tax positions must initially and subsequently be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts.

The Company has a subsidiary in Hong Kong and BVI. The Hong Kong subsidiary is subject to tax in Hong Kong, and the BVI subsidiary is generally not subject to income tax under BVI laws. As a result of its future business activities, the Company will be required to file tax returns that are subject to examination by the Inland Revenue Authority of Hong Kong.

(v) Commitments and Contingencies

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters, including, among others, government investigations and shareholder lawsuits. An accrual for a loss contingency is recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed.

(w) Recently Issued and Adopted Financial Accounting Standards

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, requiring public entities to disclose information about their reportable segments’ significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. The Company adopted ASU 2023-07 during the year ended December 31, 2024. See Note 14 Segment and Geographic Information in the accompanying notes to the consolidated financial statements for further detail.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”), which improves income tax disclosures. The amendments require the disclosure of specific categories in the rate reconciliation and additional information for reconciling items that meet a quantitative threshold. The amendments also require disaggregated information about the amount of income taxes paid (net of refunds received), Income (or loss) from continuing operations before income tax expense (or benefit) and Income tax expense (or benefit) from continuing operations. The new guidance is required to be applied either prospectively or retrospectively. This guidance is effective for the Group’s fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company adopted ASU 2023-09 during the year ended December 31, 2024. See Note 13 income taxes in the accompanying notes to the condensed consolidated financial statements for further detail.

NOTE 3 – CASH AND CASH EQUIVALENTS

As of September 30, 2025, the Company held cash in bank amounting to \$12,357,568, which consists of the following:

	September 30, 2025	December 31, 2024
Bank Deposits- Outside USA	\$ 4,437,518	\$ 668,387
Bank Deposits- Inside USA	7,920,050	—
Total	<u>\$ 12,357,568</u>	<u>\$ 668,387</u>

NOTE 4 – DIGITAL ASSETS

As of September 30, 2025, digital assets holdings are as follows:

	September 30, 2025	December 31, 2024
Opening balance	\$ 78,322,430	\$ 35,137,576
Purchase of BTC	158,083,667	—
Fair value gain on digital assets	430,398,332	43,184,854
Ending balance	<u>\$666,804,429</u>	<u>\$ 78,322,430</u>

During the year ended December 31, 2023, the Company acquired 833 bitcoin (BTC) at a total cost of \$24,990,000. In March 2025, the Company acquired 5,000 BTC at a total consideration of \$158,083,667. For the nine months ended September 30, 2025 and for the year ended December 31, 2024, the Company accumulated recognized gain of \$430,398,332 and \$43,184,854, respectively, which are recorded under “Other Income” in the consolidated financial statements.

For the nine months ended September 30, 2025, the Company recognized unrealized gain of \$ 430,398,332 on digital assets which is included in fair value gain on digital assets. The Company computed gains and losses on BTC based on specific identification measurement, which is based on the difference between the cost of BTC held at the end of each reporting period and the lowest bid quoted (unadjusted) prices at the end of each reporting period.

Digital assets are available for sales and there is no term of maturity, it will be held for trading and can be sold at any time. The Company expects to continue to accumulate BTC, when its price is low and expects to sell when its price is high.

BTC Trading Contract

As previously disclosed in a Form 8-K filed on September 28, 2023, the Company entered into a BTC Trading Contract (the “BTC Contract”) with an autonomous organization (the “Association Seller”), which supports its members in the sale of BTC. While the Association Seller provides services to facilitate the sale of BTC by its members, it does not exert control over them by ownership or contract, nor does it make decisions for its members relating to the sale of BTC. None of the members of the Association Seller hold equity, serve as director or officer, or otherwise have voting power or management rights of the Association Seller.

Under the BTC Contract, the Company has the right to purchase up to 6,000 BTC from the members of the Association Seller (each, a “BTC Seller”) through the Association Seller at a locked price of \$30,000/BTC over a 12-month period commencing on September 25, 2023, with payment to be made in the form of cash or the Company’s shares. Although the BTC Contract states that the Association Seller (Party B) “owns the virtual currency”, to our knowledge, this statement was mistakenly made. As of the date of the BTC Contract, it were the individual members of the Association Seller, not the Association Seller itself, who own the BTC to be sold under the BTC Contract. The Company believe the Association Seller will coordinate with its members to fulfill the Company’s purchase of BTC, however, the Company cannot guarantee that the Company will be able to purchase BTC from the BTC Sellers. The BTC Contract was entered into solely between the Company and the Association Seller and no BTC Sellers owe any legal obligation to the Company in connection with the purchase and sale of BTC.

Following the execution of the BTC Contract, the Company purchased 833 BTC from the BTC Sellers and decided to purchase an additional 1,000 BTC (the “1,000 BTC Purchase”). As of December 31, 2023, the Company made a prepayment to the BTC Sellers through the Association Seller of approximately \$12,125,500 (the “Prepayment Amount”), representing 40% of the total purchase price for 1000 BTC. The prepayment was made to secure favorable pricing and demonstrate the Company’s commitment to completing the 1,000 BTC Purchase. This prepayment is refundable if the 1,000 BTC Purchase is not completed. While negotiating the terms of the 1,000 BTC Purchase with the BTC Sellers, the Company decided to exercise its right under the BTC Contract to purchase 5,000 BTC (the “5,000 BTC Purchase”), which includes the previously planned 1,000 BTC. To reflect the then price

increase in BTC and finalize the transaction details of the 5,000 BTC Purchase, the Company and the Association Seller entered into that certain Amendment Agreement (the “Amendment Agreement”) on May 2, 2024, which was previously disclosed in a Form 8-K filed by the Company on May 6, 2024.

NOTE 4 – DIGITAL ASSETS (CONTINUED)

According to the Amendment Agreement, the Company agreed to pay the aggregate price for the 5,000 BTC through the issuance of 40,000,000 shares of the Company's common stock (the "Common Stock") valued at \$3.75 per share, which was the closing market price of the Common Stock as of May 1, 2024 (the "Then FMV") and warrants to purchase 80,000,000 shares of the Common Stock with the exercise price of \$2.6 per share (equal to 70% of the Then FMV). In connection with the 5,000 BTC Purchase, on May 8, 2024, the Company filed a Preliminary Information Statement on Schedule 14C (the "Preliminary 14C"). Subsequently, the Company decided to cease pursuing the 5,000 BTC Purchase due to the market fluctuations in BTC and further discussions with the BTC Sellers, which was previously disclosed on a Form 8-K filed by the Company on June 26, 2024.

Amended and Restated BTC Trading Contract

On September 24, 2024, the Company and the Association Seller entered into an Amended and Restated BTC Trading Contract (the "Amended BTC Contract"), which amended and restated the BTC Contract. Under the Amended BTC Contract, the Company is entitled to purchase up to 5,167 BTC (the "Total BTC") from the BTC sellers set forth on Schedule I to the Amended BTC Contract (the "Schedule I BTC Sellers") through the Association Seller at a purchase price of US\$30,000 per BTC (subject to an additional purchase price by issuance of warrants to purchase shares of Common Stock at a nominal exercise price as described below) over a 12-month period commencing on the date of the Amended BTC Contract. The purchase price for the Total BTC will be paid by the Company in cash or shares of Common Stock. Although the Amended BTC Contract states that the Association Seller (Party B) "owns the virtual currency", to our knowledge, this statement was mistakenly made. As of the date of the Amended BTC Contract, it were the Schedule I BTC Sellers who are the individual members of the Association Seller, not the Association Seller itself, who own the BTC to be sold under the Amended BTC Contract.

To our knowledge, the Association Seller entered into a cooperation agreement with each Schedule I BTC Sellers (the "Cooperation Agreement") on the same day when the Amended BTC Contract was entered. Under the Cooperation Agreement, each Schedule I BTC Seller agrees to transfer a specified number of BTC (as set forth in the Cooperation Agreement) to a BTC wallet address designated by the Association Seller for the transactions contemplated under the Amended BTC Contract.

Completion of the Acquisition

At the time when the Amended BTC Contract was signed, the Company indicated its intent to exercise the option to purchase 5,000 BTC out of the Total BTC pursuant to the Amended BTC Contract (the "Amended 5,000 BTC Transaction"). According to the terms of the Amended BTC Contract, the previously-made prepayment amount of \$12,125,500 was applied towards the total purchase price for the Amended 5,000 BTC Transaction and the Company paid the remaining balance through (i) the issuance of 135,171,078 shares of Common Stock (the "Shares") valued at \$1.02 per share and (ii) the issuance of warrants to purchase 294,117,647 shares of Common Stock at a nominal exercise price of nil (the "Warrants", and the shares issuable under the Warrants, the "Warrant Shares"). Using the same per share valuation, the Warrants were worth approximately \$300,000,000. The exercise period for each Warrant is five (5) years from the initial exercise of such Warrant.

On March 12, 2025 (the "Closing Date"), the Company consummated the Amended 5,000 BTC Transaction pursuant to which the Company acquired 5,000 BTC and in exchange it issued the Shares and the Warrants. Concurrently with the issuance of the Warrants, the Schedule I BTC Sellers indicated to the Company of their intent to immediately exercise the Warrants to purchase all of the Warrant Shares thereunder. Accordingly, the Company issued to each Schedule I BTC Seller the respective Warrant Shares at the Closing Date. The total outstanding shares of the Company increased to 436,265,135 shares on the same date.

As of the Closing Date, the market price was \$0.34 per share and total consideration for acquisition of 5,000 BTC was \$158.08 million.

NOTE 5 – PREPAYMENTS

As of September 30, 2025, prepayments consist of the following:

	September 30, 2025	December 31, 2024
Prepayment for digital assets*	\$ —	\$ 12,125,500
Advance to suppliers	306,720	—
Total	<u>\$ 306,720</u>	<u>12,125,500</u>

* As of September 30, 2025, there were no prepayments for digital assets. As of December 31, 2024, the Company had made prepayments of approximately \$12.1 million, representing 40% of the total purchase consideration for 1,000 BTC. For further details, refer to “NOTE 4 – DIGITAL ASSETS–BTC Trading Contract”.

NOTE 6 – ACCOUNTS RECEIVABLE, NET

As of September 30, 2025, accounts receivable are related to the software development fees receivable from customers as follows:

	September 30, 2025	December 31, 2024
Accounts Receivable	\$ 69,747	\$ 1,800,000
Less: Allowance for credit loss	—	—
Accounts Receivable, net	<u>\$ 69,747</u>	<u>\$ 1,800,000</u>

The Company does not require collateral for accounts receivable. The Company maintains an allowance for credit losses. The Company records the allowance against credit loss expense through the consolidated statements of operations, included in general and administrative expenses, up to the amount of revenues recognized to date. Receivables are written off and charged against the recorded allowance when the Company has exhausted collection efforts without success.

NOTE 7 – INVESTMENT

As of September 30, 2025, investment consists of the following:

	September 30, 2025	December 31, 2024
Investment in an associate company	\$ 13,396,000	\$ 13,396,000
Impairment of the investment	<u>(13,396,000)</u>	<u>(13,396,000)</u>
	<u>\$ —</u>	<u>\$ —</u>

In April 2024, 3,940,000 shares were issued with the total amount of \$13,396,000 for the acquisition of 20% of an associate company. The officers, directors and selling shareholders of the associate company are not related parties and are independent of each other, and are not acting in concert with others.

Investment in an associate company that the Company has significant influence but does not have control over the investee are accounted for under the equity method. The Company periodically reviews the investment for impairment. The initial measurement and periodic subsequent adjustments of the investment are calculated by applying the ownership percentage to the net assets or equity of the partially owed entity under ASC323. The Company has conducted an impairment test on this long-term equity investment in accordance with ASC323 and has fully provided for impairment losses.

NOTE 8 – AMOUNT DUE TO RELATED PARTIES

	September 30, 2025	December 31, 2024
Director fee payable	<u>\$ 264,887</u>	<u>\$ 972,000</u>

The director fee payable of \$ 264,887 and \$972,000 represented the accrual of director fees from the appointment date to September 30, 2025 and December 31, 2024, respectively.

The amount due to related parties is interest-free and has no fixed terms of repayment.

NOTE 9 – OTHER PAYABLES

As of September 30, 2025, other payable consist of unpaid professional fee as follows:

	September 30, 2025	December 31, 2024
Professional fees and operating expenses ⁽¹⁾	\$ 168,007	\$ 460,985
Short term loans ⁽²⁾	2,004,042	760,352
Payroll	15,271	—
Total	<u>\$ 2,187,320</u>	<u>\$ 1,221,337</u>

(1): As of September 30, 2025, the professional fees balance of \$168,007 comprised outstanding legal fees in relation to shareholders' litigation, audit fee, listing compliance fee owing to professional parties and other operating expenses.

(2): The Company borrowed funds from former executives and third parties to cover daily operational expenses. The payable is unsecured, interest-free, and is expected to be repaid either in cash or through the issuance of the Company's common stock, subject to mutual agreement between the parties.

NOTE 10 – SHAREHOLDERS' EQUITY

The Company has an unlimited number of authorized ordinary shares and has issued 34,882 and 2,865,730 shares with no par value as of December 31, 2024 and September 30, 2025, respectively.

On July 21, 2022, the Company completed the uplisting of its common stock to the Nasdaq Capital Market, and the closing of its public offering of 10,000,000 shares of common stock with the gross proceeds of \$40,000,000 and net proceeds of \$37,057,176 after deducting the total offering cost of \$2,942,824. The shares were priced at \$4.00 per share, and the offering was conducted on a firm commitment basis. The Company's total issued and outstanding common stock has increased to 195,032,503 shares after the offering.

On July 22, 2022, the Company issued 25,000 shares of common stock to certain service providers for services in connection with the public offering, the fair value of the shares was \$477,500. The Company's total issued and outstanding common stock increased to 195,057,503 shares in 2022.

On June 9, 2023, the Wyoming Secretary of State approved the Company's certificate of amendment to amend its Articles of Incorporation to effect 1 for 185 reverse stock split. The total issued and outstanding shares of the Company's common stock decreased from 195,057,503 to 1,054,530 shares, with the par value unchanged at zero.

In September 2023, 1,570,600 shares were issued for a total amount of \$12,616,454, and the Company's common stock issued increased to 2,625,130 shares as of December 31, 2023.

NOTE 10 – SHAREHOLDERS' EQUITY (CONTINUED)

In April 2024, 3,940,000 shares were issued for a total amount of \$13,396,000 for the acquisition of 20% of an associate company.

On April 9, 2024, the Company converted \$1,974,140 of outstanding liabilities into 411,280 shares of common stock at \$4.80 per share (based on the 10-day average trading price). These liabilities represented: (1) Advance from shareholders to pay outstanding legal fee, salaries, Edgar filing fee, audit fee, which accumulated from January 2023 to March 2024 of \$594,140; (2) accounting and compliance fee, which accumulated from January 2023 to March 2024 of \$420,000; (3) legal advisory fee in relation to BTC transaction which accumulated from January 2023 to March 2024 of \$480,000; (4) BTC Consultant fee, which accumulated from January 2023 to March 2024 of \$480,000. Prior to conversion, these interest-free, unsecured obligations with no fixed repayment terms were recorded as current liabilities. The conversion resulted in the decrease of \$1,974,140 of liabilities (including \$594,140 due to related parties and \$1,380,000 of other payable) and the related increase of stockholders' equity by the same amount.

In March 2025, 135,171,078 shares and warrants to purchase 294,117,647 shares of Common Stock at a nominal exercise price (the "Warrants", and the shares issuable under the Warrants, the "Warrant Shares") were issued for the acquisition of 5,000 bitcoin. The market price was \$0.34 per share and total consideration for acquisition of 5,000 bitcoin was \$158.08 million. On the same date as the issuance of the Warrants, the Warrants were exercised, and the Company issued all of the Warrant Shares. The total outstanding shares of the Company increased to 436,265,135 shares.

On July 3, 2025, the Company filed a Registration Statement on Form S-8 with the U.S. Securities and Exchange Commission (SEC) to register 80 million of common stocks under the Next Technology Holding Inc. 2025 Equity Incentive Plan (the "2025 Equity Incentive Plan"). The registration became effective upon filing. These shares are reserved for future issuance to employees, directors, advisors and other eligible participants under the Plan. On July 8, 2025 and August 8, 2025, respectively, the Company granted 20 million and 50 million of common stock under the 2025 Equity Incentive Plan, respectively. The total outstanding shares of the Company increased to 456,265,135 shares and 506,265,135 shares, respectively.

On September 2, 2025, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain institutional investors. Pursuant to the Purchase Agreement, the Company completed a registered direct offering (the "Offering") on September 3, 2025 and issued: (1) 25,313,256 shares of its common stock, no par value, at a purchase price of \$0.15 per share; and (2) pre-funded warrants to purchase up to 34,686,744 shares of common stock at a purchase price of \$0.149 per warrant. The pre-funded warrants were issued to investors whose purchase of common stock in the Offering would have resulted in them, together with their affiliates, beneficially owning more than 9.99% of the Company's outstanding share capital. Each pre-funded warrant is exercisable for one share of common stock at an exercise price of \$0.001 per share and is exercisable immediately until exercised in full, subject to beneficial ownership limitations. Subsequent to the Offering, the investors fully exercised all pre-funded warrants, resulting in the issuance of 34,686,744 shares of common stock. Net proceeds from the offering amounted to approximately \$8,030,250 after deducting placement agent fees and other offering expenses. These proceeds are designated exclusively for working capital purposes. Pursuant to standard lock-up provisions, the Company has agreed to refrain from issuing additional equity securities or filing new registration statements for a period of 60 days following the closing date.

On September 16, 2025, the Company effected a 200-for-1 reverse stock split of its common stock, resulting in the consolidation of every two hundred issued and outstanding shares into one share. The reverse stock split reduced the number of outstanding shares from approximately 566,265,135 to approximately 2,865,730 as of the date of this report. The par value per share and the number of authorized shares remained unchanged. The reverse stock split was applied uniformly to all stockholders and did not alter relative ownership percentages, except for minor changes due to rounding. Stockholders holding shares in brokerage accounts or in book-entry form were not required to take any action. The reverse stock split did not adjust the number of reserved but unissued shares under the Company's 2025 Equity Incentive Plan.

NOTE 11 – REVENUE

The Company's primary revenue is derived from providing AI-enabled software development services, which include developing, designing, and implementing various SAAS software solutions for businesses of all types and sectors, including industrial and other customers.

For the three and nine months ended September 30, 2025, the revenue generated from custom software development were \$1,788,205 and \$1,788,205, respectively.

NOTE 12 – SHARE-BASED COMPENSATION EXPENSE

For the nine months ended September 30, 2025 and 2024, total share-based compensation expenses recognized were US\$44.37 million and nil, respectively.

On April 24, 2025, the board of directors approved the 2025 Equity Incentive Plan, which was subsequently approved by the Company's shareholders at the annual meeting held on June 20, 2025. On July 3, 2025, the Company registered 80 million shares of common stock with the Securities and Exchange Commission for issuance under the 2025 Equity Incentive Plan. The registration statement became effective upon filing.

These shares are reserved for future issuance to employees, directors, consultants, and other eligible service providers under the terms of the 2025 Equity Incentive Plan. As of the date of this report, the Company has granted awards representing 70 million shares of common stock under the 2025 Equity Incentive Plan.

On July 8, 2025, the Company granted 18,000,000 fully vested and immediately exercisable stock awards under the 2025 Equity Incentive Plan to certain advisors in recognition of their significant contributions to the acquisition of 5,000 BTC. Consistent with the accounting policy under Accounting Standards Codification Topic 718 for awards with no future service requirements, the Company recognized the total share-based compensation expense of \$42,840,000 in full upon the grant date.

In July 2025, the Company purchased advisory services and granted 2,000,000 fully vested and immediately exercisable shares of common stock under the 2025 Equity Incentive Plan as compensation, and in August 2025, the Company granted an additional 50,000,000 shares of common stock under the 2025 Equity Incentive Plan, which are subject to a four-year service-based vesting period. In accordance with Accounting Standards Codification Topic 718, the total share-based compensation expense is being recognized over the respective service periods. For the nine months ended September 30, 2025, the Company recognized \$1,527,409 of share-based compensation expense related to these awards.

All the award is subject to the Company's Clawback Policy, which allows recovery of shares in cases of financial restatements or misconduct.

NOTE 13 – INCOME TAXES

The Company is subject to U.S. Federal tax laws at a tax rate of 21%.

There is one subsidiary incorporated in Hong Kong and is subject to Hong Kong profits tax at a tax rate of 16.5%. The Company owns a subsidiary incorporated in the British Virgin Islands (BVI). Under the current tax laws of BVI, the subsidiary's income tax rate is nil.

NOTE 13 – INCOME TAXES (CONTINUED)

The following table reconciles the statutory rate to the Company's effective tax rate:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
US Statutory income tax rates	21.0%	21.0%	21.0%	21.0%
Share-based compensation expense	(97.2)%	—	—	—
Changes in valuation allowance	—	—	2.4%	(5.0)%
Effective Income Tax Rate	(76.2)%	21.0%	23.4%	16.0%

The income tax expense for domestic and foreign components' are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
US	\$ 7,303,523	\$ 364,730	\$ 90,244,207	\$ 2,666,078
Hongkong and BVI	—	—	—	—
Total	\$ 7,303,523	\$ 364,730	\$ 90,244,207	\$ 2,666,078

For the three months ended September 30, 2025 and 2024, the Company paid nil and nil for income expense (net of refunds received), respectively. For the nine months ended September 30, 2025 and 2024, the Company paid nil and nil for income expense (net of refunds received), respectively.

The current and deferred portions of income tax expense included in the consolidated statements of comprehensive (loss) income are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Current income tax expense	\$ —	\$ —	\$ —	\$ —
Deferred income tax expense	7,303,523	364,730	90,244,207	2,666,078
Total	\$ 7,303,523	\$ 364,730	\$ 90,244,207	\$ 2,666,078

The principal components of deferred tax liabilities are as follows:

	As of September 30, 2025	As of December 31, 2024
Fair value gain of Bitcoin	\$ 98,478,710	\$ 8,234,503
Total deferred tax liabilities	\$ 98,478,710	\$ 8,234,503

NOTE 14 – SEGMENT INFORMATION*Reportable Segments*

The Company operates as a single reportable segment, which is consistent with how the Chief Operating Decision Maker (“CODM”), the Chief Executive Officer, allocates resources and assesses performance. The Company’s operations are centralized and integrated, with financial results reviewed and managed on a consolidated basis. Accordingly, management has determined that the Company has one reportable segment under ASC Topic 280, Segment Reporting.

Measure of Segment Profit or Loss

The CODM reviews financial information on a consolidated basis, using Net Income as the primary measure of segment performance to monitor budget versus actual results and decide where to allocate and invest additional resources to achieve continued growth. Net Income is defined as revenue less cost of goods sold and operating expenses, and other segment items (including interest income, interest expense, other income and other expenses), and income taxes.

Significant Segment Expense Categories Provided to the CODM

The CODM regularly receives and reviews the following expense categories, which are included in the segment’s measure of profit or loss.

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2025	2024	2025
Revenues	\$ —	\$ 1,788,205	\$ —	\$ 1,788,205
Cost of revenues	—	(981,356)	—	(981,356)
Operating expenses				
– Payroll and welfare expenses	(10,000)	(344,621)	(92,000)	(455,287)
– Professional service expenses	(556,983)	(411,422)	(1,150,128)	(988,576)
– Rental and related expenses	—	(9,000)	—	(27,000)
– Share-based compensation expense	—	(44,367,409)	—	(44,367,409)
Other income	2,303,789	34,736,876	17,899,568	430,398,332
Income tax expenses	(364,730)	(7,303,523)	(2,666,078)	(90,244,207)
Net income (loss)	\$ 1,372,076	\$ (16,892,250)	\$ 13,991,362	\$ 295,122,702

NOTE 15 – BASIC AND DILUTED NET INCOME PER SHARE

Basic (loss) income per share and diluted (loss) income per share have been calculated in accordance with ASC 260 on computation of earnings per share for the three and nine months ended September 30, 2025 and 2024 as follows:

Potential dilutive securities are excluded from the calculation of diluted EPS in loss periods as their effect would be anti-dilutive.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Statement of Operations Summary Information:				
Net (loss) income	\$(16,892,250)	\$ 1,378,372	\$295,122,702	\$ 13,997,658
Weighted-average common shares outstanding - basic and diluted	2,461,018	34,882	1,717,348	27,021
(Loss) earnings per share, basic and diluted	\$ (6.86)	\$ 39.51	\$ 171.85	\$ 518.03

As of September 30, 2025 and December 31, 2024, there were no potentially dilutive shares.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Since September 2023, unauthorized individuals including Zheng Dai and Pijun Liu have repeatedly attempted to illegally interfere with the Company's operations through the submission of false documents and initiation of multiple lawsuits. In response, the Chancery Court of Wyoming issued a preliminary injunction on January 5, 2024, explicitly prohibiting these individuals from acting on behalf of the Company, including contacting regulatory authorities and service providers, or issuing shares of the Company. The Company's board of directors and management remain stable, and operations continue unaffected.

Although the related parties subsequently filed additional lawsuits (including claims for corporate records inspection and alleged loan contract disputes), the Company has actively taken legal measures to defend against them. Among these, the court denied the opposing party's motion to prohibit the Company from issuing shares on April 9, 2025. Several other motions remain pending. The Company firmly believes that the claims made by the opposing party are without factual or legal basis and will continue to take all necessary measures to protect the Company's and shareholders' rights and interests.

The Company did not have any other significant capital or other commitments or guarantees or contingencies as of September 30, 2025 and December 31, 2024.

NOTE 17 – SUBSEQUENT EVENTS

There have been no other material events occurring after September 30, 2025 that would require disclosure in this report, including but not limited to significant business combinations, dispositions, or litigation matters.

NOTE 18 – DISCONTINUED OPERATIONS

On June 21, 2024, the Company's board of directors passed a resolution to approve the termination of all operations in the PRC. In July 2024, the Company proceeded to dissolve its subsidiary "WeTrade Technology (Shanghai) Co., Ltd.", in the PRC. Net income from discontinued operations for the year ended December 31, 2024 is nil.

The transaction qualified as a discontinued operation under ASC 205-20. The Company retrospectively adjusted the above comparative consolidated financial statements in the prior year.

The following table provides information for loss on disposal of discontinued operation for the nine months ended September 30, 2024. These amounts reflect the closing balance sheet of the discontinued operation upon the closing of the sale in July 2024.

	July 18, 2024
Total consideration, net of transaction costs	\$ —
Total net assets value of discontinued business	(6,296)
Disposal of discontinued operation	\$ 6,296

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read in conjunction with our financial statements and related notes included elsewhere in this report. This discussion contains forward-looking statements that involve risks, uncertainties and assumptions. See "Cautionary Note Regarding Forward-Looking Statements." Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors discussed elsewhere in this report.

Business

Next Technology Holding Inc. was incorporated in the State of Wyoming on March 28, 2019, under the name "WeTrade Group, Inc." and served as a holding company with substantially all operations conducted through subsidiaries in the PRC, engaging in the business of providing technical services and solutions to corporate and individual users. On March 18, 2024, the Company changed its name to Next Technology Holding Inc.. In the third quarter of 2024, the Company terminated all operations in the PRC to shift its software development services to overseas markets and commenced another business strategy of acquiring and holding bitcoin. We currently pursue two corporate strategies. One business strategy is to continue providing software development services, and the other strategy is to acquire and hold bitcoin.

Software development

We provide AI-enabled software development services to our customers, which include developing, designing, and implementing various SAAS software solutions for businesses of all types, including industrial and other businesses.

Our AI-enabled software development services are primarily provided in Hong Kong, Singapore, and other Asian markets under a SaaS+AI model focused on customized development projects. Its platforms integrate cloud computing, big data, and AI algorithms to support industries including retail, e-commerce, tourism, healthcare, and industrial sectors. Current customers include property management enterprises, cryptocurrency mining operators, and energy businesses. We are actively expanding into sectors, including new media, financial services, transportation, education, and healthcare.

We are a provider of an intelligent cloud collaboration platform and integrated SaaS solutions designed to enhance productivity, derive actionable insights, and automate complex processes for our customers.

Bitcoin Acquisition Strategy

Our bitcoin acquisition strategy generally involves acquiring bitcoin with our liquid assets that exceed working capital requirements, and from time to time, subject to market conditions, issuing debt or equity securities or engaging in other capital raising transactions with the objective of using the proceeds to purchase bitcoin.

We view our bitcoin holdings as being held for trading and expect to continue to accumulate bitcoin. We have not set any specific target for the amount of bitcoin we seek to hold, and we will continue to monitor market conditions in determining whether to engage in additional financing to purchase additional bitcoin.

This overall strategy also contemplates that we may (i) periodically sell bitcoin for general corporate purposes, including to generate cash for treasury management or in connection with strategies that generate tax benefits in accordance with applicable law, (ii) enter into additional capital raising transactions that are collateralized by our bitcoin holdings, and (iii) consider pursuing additional strategies to create income streams or otherwise generate funds using our bitcoin holdings.

We believe that, due to its limited supply, bitcoin offers the opportunity for appreciation in value if its adoption increases and has the potential to serve as a hedge against inflation in the long term.

Our Employees

As of the date hereof, we have 21 full-time employees. The following table sets forth the number of our employees by function:

Functional Area	Number of Employees
Sales	7
Technology	9
General and Administrative	5
Total	21

Our employees have not formed any employee union or association. We believe we maintain a good working relationship with our employees and have not experienced any difficulty in recruiting staff for our operations.

Results of Operations

Results of Operations for the Six-months Period Ended September 30, 2025 and 2024

The following tables provide a comparison of a summary of our results of operations for the nine months ended September 30, 2025 and 2024.

	For the period ended September 30, 2025	For the period ended September 30, 2024
Revenue:		
Service revenue	\$ 1,788,205	\$ —
Cost of Revenue	(981,356)	—
Gross profit	<u>806,849</u>	<u>—</u>
Operating expenses		
General and administrative expense	(1,194,795)	(1,242,128)
Selling expense	(276,068)	—
Share-based compensation expense	(44,367,409)	—
Total operating expenses	<u>(45,838,272)</u>	<u>(1,242,128)</u>
Loss from operations	<u>(45,031,423)</u>	<u>(1,242,128)</u>
Other income	430,398,332	17,899,568
Income before income tax	<u>385,366,909</u>	<u>16,657,440</u>
Income tax expense	(90,244,207)	(2,666,078)
Net income	<u>\$295,122,702</u>	<u>\$ 13,991,362</u>

Revenue from Operations

For the nine-month period ended September 30, 2025 and 2024, total revenue were \$1,788,205 and \$nil, respectively.

Between June 2025 and August 2025, the Company entered into three commercial customer agreements (each, a “Service Agreement”) with customers in the hotel management, smart water-system management, and crypto mining industries. Under the Agreements, the Company agrees to provide AI-enabled monitoring and management systems, and relevant training and support services tailored to each customer’s specific business needs, in exchange for service fees.

The Service Agreements provide for an aggregate committed contract value of approximately \$12.59 million, consisting of recurring subscription and service fees to be paid by installments over the contract term. As of September 30, 2025, the Company has received approximately \$5.09 million in service fees under the Service Agreements. In compliance with ASC 606, the Company recognized revenue of \$1.79 million.

General and Administrative Expenses

For the nine-month period ended September 30, 2025 and 2024, general and administrative expenses were \$1,194,795 and \$1,242,128, respectively. The decrease of approximately \$47,000, or 3.8% for the nine months ended September 30, 2025, compared to the same period in 2024, was primarily due to higher professional and legal fees incurred in the prior year period related to a specific legal matter that did not recur to the same extent in the current period. Excluding the impact of these non-recurring legal costs, general and administrative expenses remained relatively consistent year-over-year.

Selling Expense

For the nine-month period ended September 30, 2025 and 2024, selling expenses were \$276,068 and nil, respectively. The increase in selling expenses was primarily attributable to the new contracts signed during the year, which totaled \$12.59 million in contract value, with \$5.09 million already collected in repayments.

Share-based Compensation Expense

For the nine months ended September 30, 2025 and 2024, we recognized total share-based compensation expense of US\$44.37 million and nil, respectively.

On April 24, 2025, our board of directors approved the 2025 Equity Incentive Plan, which was subsequently approved by our shareholders at the annual meeting held on June 20, 2025. On July 3, 2025, we registered 80 million shares of common stock with the Securities and Exchange Commission for issuance under the 2025 Equity Incentive Plan. The registration statement became effective upon filing.

These shares are reserved for future issuance to our employees, directors, consultants, and other eligible service providers under the terms of the 2025 Equity Incentive Plan. As of September 30, 2025, we have granted awards representing 70 million shares of common stock under the 2025 Equity Incentive Plan.

On July 8, 2025, we granted 18,000,000 fully vested and immediately exercisable stock awards to certain advisors in recognition of their significant contributions to our acquisition of 5,000 BTC. Consistent with our accounting policy under ASC 718 for awards with no future service requirements, we recognized the total stock-based share-based compensation expense of \$42,840,000 in full upon the grant date.

In July 2025, we purchased advisory services and granted 2,000,000 fully vested and immediately exercisable shares of common stock as compensation. In August 2025, we granted an additional 50,000,000 shares of common stock, which are subject to a four-year service-based vesting period. In accordance with ASC 718, we are recognizing the total share-based compensation expense over the respective service periods. For the nine months ended September 30, 2025, we recognized \$1,527,409 of share-based compensation expense related to these awards.

All awards are subject to our Clawback Policy, which allows us to recover shares in cases of financial restatements or misconduct.

Other Income

For the nine-month period ended September 30, 2025 and 2024, other income was \$430,398,332 and \$17,899,568, respectively, which was mainly due to fair value gain from digital assets during the period.

Net Income

As a result of the factors described above, there was a net income of \$295.1 million and \$14.0 million for the period ended September 30, 2025 and 2024, respectively. The increase in net income is mainly due to fair value gain of \$430.40 million from digital assets and gross profit increased of \$0.81 million during the period, partly offset by (1) the increase of share-based compensation expense of \$44.37 million, and (ii) the increase of income tax expense of \$87.58 million.

Liquidity and Capital Resources

As of September 30, 2025, we had cash on hand of \$12.4 million. To date, we have financed our operations primarily through net cash flow from operations and the financing ability of existing shareholders. We believe that our current levels of cash and digital assets from operations will be sufficient to meet our anticipated cash needs for our operations and expansion plans for at least the next 12 months.

Operating activities

For the nine-month period ended September 30, 2025 and 2024, the operating cash flow is \$3.7 million and nil, respectively. We borrowed funds from former executives and third parties to cover daily operational expenses.

Financing activities

For the nine-month period ended September 30, 2025 and 2024, the financing cash flow is \$8.03 million and nil, respectively.

On September 2, 2025, we entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain institutional investors. Pursuant to the Purchase Agreement, we completed a registered direct offering on September 3, 2025 and issued: (1) 25,313,256 shares of its common stock, no par value, at a purchase price of \$0.15 per share; and (2) pre-funded warrants to purchase up to 34,686,744 shares of common stock at a purchase price of \$0.149 per warrant. Net proceeds from the offering amounted to approximately \$8,030,250 after deducting placement agent fees and other offering expenses. These proceeds are designated exclusively for working capital purposes.

Inflation

Inflation does not materially affect our business or the results of our operations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies

We prepare our financial statements in accordance with generally accepted accounting principles of the United States ("GAAP"). GAAP represents a comprehensive set of accounting and disclosure rules and requirements. The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Our actual results could differ from those estimates. We use historical data to assist in the forecast of our future results. Deviations from our projections are addressed when our financials are reviewed on a monthly basis. This allows us to be proactive in our approach to managing our business. It also allows us to rely on proven data rather than having to make assumptions regarding our estimates.

Recent Accounting Pronouncements

We have reviewed all the recently issued, but not yet effective, accounting pronouncements and we do not believe any of these pronouncements will have a material impact on the Company financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a “smaller reporting company” as defined by Item 10(f)(1) of Regulation S-K, and as such are not required to provide the information contained in this item pursuant to Item 305 of Regulation S-K.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures.

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company’s internal control over financial reporting is a process designed under the supervision of the Company’s Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

With respect to the period ended September 30, 2025 under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934.

Based upon our evaluation regarding the period ended September 30, 2025 the Company’s management, including its Principal Executive Officer, has concluded that its disclosure controls and procedures were not effective due to the Company’s limited internal resources and lack of ability to have multiple levels of transaction review. Material weaknesses noted are, lack of a majority of outside directors on the board of directors, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures; and management is dominated by two individuals, without adequate compensating controls. However, management believes the financial statements and other information presented herewith are materially correct.

Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2025. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control - Integrated Framework - Guidance for Smaller Public Companies (the COSO criteria). Based on our assessment, management identified material weaknesses related to: (i) our internal audit functions; (ii) a lack of segregation of duties within accounting functions; and the lack of multiple levels of review of our accounting data. Based on this evaluation, our management concluded that as of September 30, 2025 we did not maintain effective internal control over financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with any policies and procedures may deteriorate. Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. To the extent possible, we will implement procedures to assure that the initiation of transactions, the custody of assets and the recording of transactions will be performed by separate individuals. With proper funding we plan on remediating the significant deficiencies identified above, and we will continue to monitor the effectiveness of these steps and make any changes that our management deems appropriate.

A material weakness is a control deficiency (within the meaning of Public Company Accounting Oversight Board Auditing Standard No.5) or combination of control deficiencies, that results in a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Since mid-September 2023, Mr. Zheng Dai, Mr. Pijun Liu, and certain individuals under their control (the “Unauthorized Persons”) had been falsely and repeatedly holding themselves out as representing and/or authorized to represent the Company. For example, the Unauthorized Persons caused to be filed certain current reports on Forms 8-K dated September 28, 2023 and October 10, 2023, in which they purported to appoint new officers and directors. These filings were false and should be disregarded.

On September 28, 2023, a derivative lawsuit was filed by certain purported shareholders affiliated with the Unauthorized Persons in the United States District Court for the District of Wyoming (the “WY District Court”) against certain officers and directors of the Company, seeking control of the Company. This case was dismissed without prejudice on October 18, 2023.

On October 18, 2023, the same individuals who previously filed the above-described derivative suit initiated a direct action against the Company in the Chancery Court of the State of Wyoming (the “Chancery Court”), once again seeking control of the Company. In response, the Company contested to the lawsuit and sought a temporary restraining order to prevent the plaintiff-shareholders and their affiliates (including the Unauthorized Persons) from asserting control over the Company.

On November 7, 2023, the Chancery Court granted a temporary restraining order substantially restraining Mr. Zheng Dai and his affiliates from claiming to act on behalf of the Company.

On November 30, 2023, the Company responded to plaintiffs’ allegations, demonstrating that their claims—brought by Mr. Zheng Dai and his affiliates—were largely based upon forged signatures and other fabricated materials. In response, the plaintiffs withdrew their opposition to the Company’s request for an injunction.

On January 5, 2024, the Chancery Court issued a preliminary injunction order (attached hereto), which specifically restrained Mr. Zheng Dai and his affiliates from the following conduct:

- (i) acting as or holding themselves out as majority shareholders, directors, executives, or employees of the Company and its affiliates;
- (ii) making any attempts to contact the SEC, Nasdaq, government authorities, or make any filing or press release on behalf of the Company;
- (iii) making any attempts to change the board composition and executive team;
- (iv) disseminating false statements regarding the Company and its leadership;
- (v) making any attempts to contact the Company’s service providers, including auditors, stock transfer agents, and filing agents;
- (vi) making any attempts to issue the Company’s shares.

The Company remains under the control of its current board of directors, which, as of the date of this report, consists of the following personnel: Lichen Dong (Chairman of the Board), Tian Yang, Mahesh Thapaliya, and Jianbo Sun.

On April 8, 2024, the Chancery Court dismissed the plaintiffs’ case with prejudice, allowing the Company to reserve its right to seek fees. The Company’s counterclaims against plaintiffs were later dismissed without prejudice upon stipulation on June 11, 2024.

On September 6, 2024, the same individuals initiated a new lawsuit against the Company in the WY District Court, with a sole cause of action seeking inspection of certain corporate records.

On October 30, 2024, the Company responded to the complaint, denying plaintiffs’ allegations and arguing that plaintiffs had failed to satisfy the statutory requirements necessary for corporate records inspection.

On December 9, 2024, one of the plaintiffs, Wenwen Yu, filed a motion for preliminary injunction to enjoin future share issuances by the Company (the “Motion”).

On December 27, 2024, the Company opposed Yu’s Motion, asserting that it was entirely without merit.

On April 9, 2025, the WY District Court conducted a hearing and, finding no good cause to grant the Motion, denied the Motion.

On September 3, 2025, the Company moved for summary judgment on plaintiffs’ claims, and the plaintiffs filed a cross-motion for summary judgment. As of the date of this report, the summary judgment motions remain pending before the WY District Court.

Separately, on May 15, 2024, another lawsuit was filed against the Company in the New York County Supreme Court (the “NY Court”), seeking repayment of certain loans allegedly guaranteed by the Company.

On September 9, 2024, the Company moved to dismiss the case on the grounds of *forum non conveniens* and lack of personal jurisdiction, given that the alleged guarantees—signed by Zheng Dai and Pijun Liu—were unauthorized and, therefore, null and void.

On April 9, 2025, the WY District Court conducted a hearing and, finding no good cause to grant the Motion, denied the Motion.

In addition, on June 20, 2025, Zheng Dai and his affiliates filed a new action against the Company in the Wyoming Chancery Court, asserting claims for breach of loan contracts and related causes of action.

On August 11, 2025, the Company moved to dismiss the case on the grounds of forum non conveniens, and stated in its motion that it intended to dispute the existence of the alleged loans.

As of the date of this report, the Company’s motion to dismiss remains pending before the Wyoming Chancery Court.

ITEM 1A. RISK FACTORS

We are a “smaller reporting company” as defined by Item 10(f)(1) of Regulation S-K, and as such are not required to provide the information contained in this item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

No senior securities were issued and outstanding during the nine months ended September 30, 2025.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable to our Company.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit No.	Description
31.1	Certification of Principal Executive Officer filed pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Filed herewith
31.2	Certification of Principal Financial Officer filed pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Filed herewith
32.1	Certification of Chief Executive Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 Filed herewith
32.2	Certification of Chief Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 Filed herewith

- 101 Financial statements from the quarterly report on Form 10-Q of Next Technology Holding Inc. for the fiscal quarter ended September 30, 2025, formatted in XBRL: (i) the Balance Sheet; (ii) the Statement of Income; (iii) the Statement of Cash Flows; and (iv) the Notes to the Financial Statements *Filed herewith*
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

NEXT TECHNOLOGY HOLDING INC.

Dated: October 8, 2025

By: /s/ Wei Hong Liu

Wei Hong Liu

Chief Executive Officer

/s/ Eve Chan

Eve Chan

Chief Financial Officer