

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

FORM 10-Q/A

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

For the quarterly period ended: **September 30, 2024**

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

For the transition period from _____ to _____

NEXT TECHNOLOGY HOLDINGS INC

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

Wyoming

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

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

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

(86) 158 2117 2322

(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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 December 9, 2024, there were 6,976,410 shares of common stock outstanding.

TABLE OF CONTENTS

<u>Cautionary Note Regarding Forward-Looking Statements</u>	iii
<u>PART I - Financial Information</u>	1
Item 1. <u>Financial Statements</u>	1
<u>Unaudited Condensed Consolidated Balance Sheets as of September 30, 2024 and Audited Condensed Consolidated Balance Sheets as of December 31, 2023</u>	1
<u>Unaudited Condensed Consolidated Statements of Operations for the Nine Months Ended September 30, 2024 and September 30, 2023</u>	2
<u>Unaudited Condensed Consolidated Statement of Changes in Stockholders' Equity for the Nine Months Ended September 30, 2024 and September 30, 2023</u>	3
<u>Unaudited Condensed Consolidated Statements of Cash Flows for the Nine Months ended September 30, 2024 and September 30, 2023</u>	4
<u>Notes to Unaudited Consolidated Financial Statements as of September 30, 2024</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	21
Item 4. <u>Controls and Procedures</u>	21
<u>PART II – Other Information</u>	22
Item 1. <u>Legal Proceedings</u>	22
Item 1A. <u>Risk Factors</u>	22
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	22
Item 3. <u>Defaults Upon Senior Securities</u>	22
Item 4. <u>Mine Safety Disclosures</u>	22
Item 5. <u>Other information</u>	23
Item 6. <u>Exhibits</u>	24
<u>Signatures</u>	25

Explanatory Note

Next Technology Holding Inc (formerly known as WeTrade Group Inc. (the “Company”)) is filing this Amendment (the “Amendment”) to the Quarterly Report on Form 10-Q for the period ended September 30, 2024, originally filed with the Securities and Exchange Commission (the “SEC”) on November 15, 2024 (the “Original Filing”), to amend our disclosures in relation to the digital assets and prepayment of digital assets.

In accordance with the applicable SEC rules, this Amendment includes new certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, as amended, from our Chief Executive Officer and Chief Financial Officer.

Except as described above, this Form 10-Q/A does not amend, update or change any other items or disclosures contained in the Original Filing, and accordingly, this Form 10-Q/A does not reflect or purport to reflect any information or events occurring after the original filing date of the Original Filing or modify or update those disclosures affected by subsequent events. Accordingly, this Form 10-Q/A should be read in conjunction with the Original Filing and the Company’s other filings with the SEC.

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 HOLDINGS INC
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(All amounts shown in U.S. Dollars)	As of September 30, 2024	As of December 31, 2023 (Audited) Restated
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 668,387	\$ 668,387
Digital assets	53,037,144	35,137,576
Accounts receivable-third parties, net	-	1,000,000
Amount due from related parties	206,724	-
Prepayments	12,125,500	12,125,500
Total current assets	66,037,755	48,931,463
Non-current assets:		
Investment in associate company	13,396,000	-
Total assets	79,433,755	\$ 48,931,463
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Account payables	-	800,000
Amount due to related parties	1,478,588	1,692,672
Tax payable	130,415	130,415
Other payables	1,082,500	1,600,000
Total current liabilities	2,691,503	4,223,087
Non-current liabilities:		
Deferred tax liabilities	2,666,078	—
Total liabilities	5,357,581	4,223,087
Stockholders' equity:		
Common stock; no par value; 6,976,410 and 2,625,130 issued and outstanding on September 30, 2024 and December 31, 2023 respectively	71,718,790	56,348,650
Retained Earnings /(Accumulated Deficits)	2,357,384	(11,640,274)
Total stockholders' equity	74,076,174	44,708,376
Total liabilities and stockholders' equity	\$ 79,433,755	\$ 48,931,463

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

NEXT TECHNOLOGY HOLDINGS INC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

	For the Three Months End September 30, 2024	For the Three Months End September 30, 2023	For the Nine Months End September 30, 2024	For the Nine Months Ended September 30, 2023
Revenue:				
Service revenue	\$ —	\$ 1,500,000	\$ —	\$ 1,500,000
Total service revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cost of revenue	—	(270,864)	—	(270,864)
Gross Profit	<u>—</u>	<u>1,229,136</u>	<u>—</u>	<u>1,229,136</u>
Operating expenses				
General and administrative expense	(566,983)	(234,800)	(1,242,128)	(537,576)
Total operating expenses	<u>(566,983)</u>	<u>(234,800)</u>	<u>(1,242,128)</u>	<u>(537,576)</u>
(Loss)/ Profit from operations	(566,983)	994,336	(1,242,128)	691,560
Other income/(loss)	2,303,789	(14,406,397)	17,899,568	(14,406,396)
Profit/ (loss) before income taxes	<u>1,736,806</u>	<u>(13,412,061)</u>	<u>16,657,440</u>	<u>(13,714,836)</u>
Income tax expenses	<u>(364,730)</u>	<u>—</u>	<u>(2,666,078)</u>	<u>—</u>
Net profit/ (loss) from continuing operation	<u>\$ 1,372,076</u>	<u>\$ (13,412,061)</u>	<u>\$ 13,991,362</u>	<u>\$ (13,714,836)</u>
Net profit/ (loss) from discontinued operation	<u>6,296</u>	<u>301,392</u>	<u>6,296</u>	<u>(1,552,178)</u>
Total comprehensive profit/ (loss)	<u>\$ 1,378,372</u>	<u>\$ (13,110,669)</u>	<u>\$ 13,997,658</u>	<u>\$ (15,267,014)</u>
Earnings /(Loss) per share, basic and diluted from continuing operation	<u>\$ 0.20</u>	<u>\$ (9.47)</u>	<u>\$ 2.59</u>	<u>\$ (11.66)</u>
Earnings /(Loss) per share, basic and diluted from discontinued operation	<u>\$ 0.001</u>	<u>\$ 0.21</u>	<u>\$ 0.001</u>	<u>\$ (1.32)</u>
Weighted-average shares outstanding, basic and diluted	<u>6,976,410</u>	<u>1,416,813</u>	<u>5,404,232</u>	<u>1,176,618</u>

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

NEXT TECHNOLOGY HOLDINGS INC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

Three months ended September 30, 2024

	Common Stock		Retained Earnings	Total Shareholder Equity
	Shares	Amount		
Balance as of June 30, 2024	6,976,410	\$ 71,718,790	\$ 979,012	\$ 72,697,802
Net profit for the period	—	—	1,372,076	1,372,076
Gain from discontinued operation	—	—	6,296	6,296
Balance as of September 30, 2024	6,976,410	\$ 71,718,790	\$ 2,357,384	\$ 74,076,174

Nine months ended September 30, 2024

	Common Stock		(Accumulated Deficits)/ Retained Earnings	Total Shareholder Equity
	Shares	Amount		
Balance as of December 31, 2023	2,625,130	\$ 56,348,650	\$ (11,640,274)	\$ 44,708,376
Stock issued during the period	4,351,280	15,370,140	—	15,370,140
Net profit for the period	—	—	13,991,362	13,991,362
Gain from discontinued operation	—	—	6,296	6,296
Balance as of September 30, 2024	6,976,410	\$ 71,718,790	\$ 2,357,384	\$ 74,076,174

Three months ended September 30, 2023

	Common Stock		Accumulated Deficits	Total Shareholder Equity
	Shares	Amount		
Balance as of June 30, 2023	1,054,530	\$ 43,732,196	\$ (3,871,203)	\$ 39,860,993
Stock issued during the period	1,570,600	12,616,454	—	12,616,454
Gain from discontinued operation	—	—	301,392	301,392
Net loss for the period	—	—	(13,412,061)	(13,412,061)
Balance as of September 30, 2023	2,625,130	\$ 56,348,650	\$ (16,981,872)	\$ 39,366,778

Nine months ended September 30, 2023

	Common Stock		Accumulated Deficits	Accumulated Other Comprehensive Income	Total Shareholder Equity
	Shares	Amount			
Balance as of December 31, 2022	1,054,530	\$ 43,732,196	\$ (1,714,858)	\$ (310,576)	\$ 41,706,762
Stock issued during the period	1,570,600	12,616,454	—	—	12,616,454
Foreign currency translation adjustment	—	—	—	310,576	310,576
Loss from discontinued operation	—	—	(1,552,178)	—	(1,552,178)
Net loss for the period	—	—	(13,714,836)	—	(13,714,836)
Balance as of September 30, 2023	2,625,130	\$ 56,348,650	\$ (16,981,872)	\$ —	\$ 39,366,778

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

NEXT TECHNOLOGY HOLDINGS INC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Nine months Ended September 30, 2024	For the Nine months Ended September 30, 2023
Cash flows from operating activities:		
Net Profit/ (loss)	\$ 13,991,362	\$ (13,714,836)
Fair value (gain)/loss from digital assets	(17,899,568)	3,059,342
Gain/ (loss) from discontinued operation	6,296	(1,552,178)
Changes in operating assets and liabilities:		
Accounts receivables	1,000,000	—
Prepayments	—	50,000
Account payables	(800,000)	—
Director fee payable	92,000	—
Accrued expenses	49,500	270,864
Other payables	813,000	—
Deferred tax liabilities	2,666,078	—
Net cash flows used in continued operating activities	(81,332)	(11,886,808)
Net cash flows used in discontinued operating activities	—	32,881,236
Net cash flows (used in)/ provided by operating activities	(81,332)	20,994,428
Cash flow from Investing activities:		
Prepayment for digital assets	—	(12,125,500)
Digital assets	—	(24,990,000)
Net cash flows used in investing activities	—	(37,115,500)
Cash flow from financing activities:		
Shareholders' loan	(512,808)	87,440
Proceeds from stock issuances	594,140	12,616,454
Net cash flows from financing activities	81,332	12,703,894
Net cash flows from discontinued activities	—	4,500,000
Net cash flows provided by financing activities	81,332	17,203,894
Effect of exchange rate changes on cash	—	310,576
Change in cash and cash equivalents:	—	1,393,398
Cash and cash equivalents, beginning of period	\$ 668,387	\$ 22,926
Cash and cash equivalents, end of period	\$ 668,387	\$ 1,416,324
Supplemental cash flow information:		
Cash paid for interest	\$ —	\$ —
Cash paid for taxes	\$ —	\$ —

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

NEXT TECHNOLOGY HOLDINGS INC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – NATURE OF BUSINESS

Business

Next Technology Holdings Inc (formerly known as WeTrade Group, Inc) was incorporated in the State of Wyoming on March 28, 2019. 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.

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 long-term holdings 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.

The following table presents a roll-forward of our bitcoin holdings, including additional information related to our bitcoin purchases, and digital asset impairment losses during the period:

	Digital asset original cost basis	Gain from digital asset	Market Value of digital asset	Approximate number of Bitcoin held
Balance on December 31, 2023	<u>\$ 24,990,000</u>	<u>\$ 10,147,576</u>	<u>\$ 35,137,576</u>	<u>833</u>
Digital asset purchase	-	-	-	-
Fair value change during the period	-	17,899,568	17,899,568	-
Balance on September 30, 2024	<u>\$ 24,990,000</u>	<u>\$ 28,047,144</u>	<u>\$ 53,037,144</u>	<u>833</u>

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 and for the nine months ended September 30, 2024 and 2023 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, 2024, the results of its operations for the nine months ended September 30, 2024 and 2023, and its cash flows for the nine months ended September 30, 2024 and 2023. 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. 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, 2023.

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 our 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.

Goodwill and Other - Crypto Assets

In December 2023, the FASB issued ASU 2023-08, Intangibles - Goodwill and Other - Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets, which establishes accounting guidance for crypto assets meeting certain criteria. Bitcoin meets these criteria. The amendments require crypto assets to meet the criteria to be recognized at fair value with changes recognized in net income each reporting period. Upon adoption, a cumulative-effect adjustment is made to the opening balance of retained earnings as of the beginning of the annual reporting period of adoption. 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 early applied ASU 2023-08 and measured crypto assets (presented as digital assets) at fair value with changes recognized in net income this period.

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

	September 30, 2024	December 31, 2023
Approximate number of bitcoins held	833	833
Digital assets carrying value	\$ 53,037,144	\$ 35,137,576
Gain on digital assets during the period/year	\$ 17,899,568	\$ 10,147,576

As of September 30, 2024, the Company had approximately 833 bitcoins which had a carrying value of approximately \$53.04 million.

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 unaudited condensed consolidated balance sheets for cash and cash equivalents approximate their fair value. All of the Company's cash that is held in bank accounts in Hong Kong and PRC are not protected by Federal Deposit Insurance Corporation ("FDIC") insurance.

Functional Currency

The Company's principal countries of operations are USA and Hong Kong. The accompanying condensed consolidated financial statements are presented in US\$ and the functional currency of the Company is US\$.

Investment

Investment in associate company that we have significant influence but do not have control over the investee are accounted for under the equity method. We will periodically review 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 owned entity under ASC 323.

Consolidation

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

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make judgement estimates and assumptions that affect the amounts reported in the condensed 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 expected credit loss, valuation of deferred tax assets, and certain accrued liabilities such as contingent liabilities.

Accounts Receivable

Accounts receivables are presented net of allowance for expected credit loss. The Company uses specific identification in providing for bad debts when facts and circumstances indicate that collection is doubtful and based on factors listed in the following paragraph. If the financial conditions of its customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

The Company maintains an allowance for expected credit loss which reflects its best estimate of amounts that potentially will not be collected. In determining the amount of the allowance for credit losses, the Company considers historical collection history based on past due status, the current aging of receivables, customer-specific credit risk factors including their current financial condition, current market conditions, and probable future economic conditions which inform adjustments to historical loss patterns. Additionally, the Company makes specific bad debt provisions based on any specific knowledge the Company has acquired that might indicate that an account is uncollectible. The facts and circumstances of each account may require the Company to use substantial judgment in assessing its collectability.

Leases

The Company adopted Accounting Standards Update No. 2016-02, Leases (Topic 842) (ASU 2016-02), and generally requires lessees to recognize operating and financing lease liabilities and corresponding right-of-use (ROU) assets on the balance sheet and to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements.

Operating leases are included in operating lease right-of-use (“ROU”) assets and short-term and long-term lease liabilities in our condensed consolidated balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in our condensed consolidated balance sheets.

ROU assets represent the Company’s right to use an underlying asset 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 at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, we use the industry incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. We use the implicit rate when readily determinable. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

ASU 2016-02 requires that public companies use a secured incremental borrowing rate for the present value of lease payments when the rate implicit in the contract is not readily determinable.

Software Development Costs

We apply ASC 985-20, Software—Costs of Software to Be Sold, Leased, or Marketed, in analyzing our 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 our software development process, technological feasibility is established upon the completion of a working model. In addition, we apply this to our review of development projects related to software used exclusively for our SaaS subscription offerings. 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.

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 subsidiaries in Hong Kong and PRC. The Company is subject to tax in Hong Kong and PRC jurisdictions. 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 Department of Hong Kong and Tax Department of PRC.

Earnings/ (Loss) Per Share

Earnings/ (loss) 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 (loss) per share of common stock attributable to common stockholders when their effect is dilutive.

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

As of September 30, 2024, there were no potentially dilutive shares.

	Three Months Ended For the period September 30, 2024	Three Months Ended For the period September 30, 2023	Nine Months Ended For the period September 30, 2024	Nine Months Ended For the period September 30, 2023
Statement of Operations Summary Information:				
Net Profit/ (Loss)	\$ 1,372,076	\$ (13,412,061)	\$ 13,991,362	\$ (13,714,836)
Weighted-average common shares outstanding - basic and diluted	6,976,410	1,416,813	5,404,232	1,176,618
Earnings/ (loss) per share, basic and diluted	\$ 0.20	\$ (9.47)	\$ 2.59	\$ (11.66)

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.

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.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the United States Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future financial statements.

NOTE 4 – REVENUE

We are in the business of acquiring and holding of bitcoin and providing AI-enabled software development services for industrial and other customers.

As of and for the period ended September 30, 2024, there was no revenue generated from SAAS business.

NOTE 5 – CASH AND CASH EQUIVALENTS

As of September 30, 2024, the Company held cash in bank in the amount of \$668,387, which consists of the following:

	September 30, 2024	December 31, 2023
Bank Deposits- Outside USA	<u>\$ 668,387</u>	<u>\$ 668,387</u>

NOTE 6 – DIGITAL ASSETS

As of September 30, 2024, digital assets holdings are as follows:

	September 30, 2024	December 31, 2023
Opening balance	\$ 35,137,576	\$ —
Purchase of BTC	—	24,990,000
Fair value gain from digital assets	17,899,568	10,147,576
Ending balance	<u>\$ 53,037,144</u>	<u>\$ 35,137,576</u>

As of September 30, 2024, the Company held approximately 833 BTC at the total cost of \$24,990,000. For the nine months ended September 30, 2024 and for the year ended December 31, 2023, the Company recognized fair value gain of \$17,899,568 and \$10,147,576 on digital assets respectively.

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.

While we believe the Association Seller will be able to coordinate with its members to fulfill the Company's purchase of BTC if the Company so decides, we cannot guarantee that the Company will successfully acquire BTC pursuant to the Amended BTC Contract. The Amended BTC Contract was entered into solely between the Company and the Association Seller and no Schedule I BTC Sellers owe any legal obligation to the Company in connection with the purchase and sale of BTC. Furthermore, as the Company is not a party to the Cooperation Agreement, it cannot enforce the terms of the Cooperation Agreement against any Schedule I BTC Sellers should such Schedule I BTC Sellers do not perform their obligations under the Cooperation Agreement. For example, if a Schedule I BTC Seller does not transfer its committed BTC to the Association Seller pursuant to the Cooperation Agreement, we may not be able to purchase such BTC from the Association Seller pursuant to the Amended BTC Contract.

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 will be applied towards the total purchase price for the Amended 5,000 BTC Transaction and the Company will pay 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 (the "Warrants").

The value of \$1.02 per share for the Shares is equal to the sum of (i) the Nasdaq Official Closing Price (as reflected on Nasdaq.com) immediately preceding the signing of the Amended BTC Contract, and (ii) \$0.01. Using the same per value valuation, the warrants are worth approximately \$300,000,000.

Pursuant to the Amended BTC Contract, the Company shall exercise its option to purchase BTC thereunder prior to September 24, 2025. While the Company's purchase option thereunder is time-limited, the Amended BTC Contract itself will remain in effect without a defined expiration date, unless otherwise terminated. In the event of a breach by either party, the non-breaching party has the right to terminate the agreement. In such case, the breaching party will be obligated to pay a penalty of \$18,000,000 to the non-breaching party.

The above description of the Amended BTC Contract does not purport to be complete, and is qualified in its entirety by reference to the full text of the Amended BTC Contract, a copy of which is attached to the Company's Current Report on Form 8-K as Exhibit 10.1, filed with the SEC on September 27, 2024, which is incorporated by reference herein.

Impact on Company's Capitalization and Stockholder Approval

The issuance of securities pursuant to the Amended BTC Contract will not affect the rights of the Company's existing stockholders, but such issuances will have a significant dilutive effect on the Company's existing stockholders, including the voting power of the existing stockholders.

As of the date of this report, there were 6,976,410 issued and outstanding shares of the Common Stock. Immediately after the issuance of the Shares (assuming no exercise of the Warrants), there will be 142,147,488 issued and outstanding shares of the Common Stock, and the ownership percentage of the Company's existing stockholders in the Company will be diluted to approximately 4.91%. Assuming full exercise of the Warrants concurrently with the issuance of the Shares, immediately after the issuance of the Shares, there will be 436,265,135 issued and outstanding shares of Common Stock, and the ownership percentage of the Company's existing stockholders in the Company will be further diluted to approximately 1.60%.

Pursuant to Nasdaq Rule 5635(a), if an issuer intends to issue common stock or securities convertible into or exercisable for common stock, in connection with the acquisition of stock or assets of another company, which may equal or exceed 20% of the outstanding common stock or voting power on a pre-transaction basis, the issuer generally must obtain the prior approval of its stockholders. Pursuant to Nasdaq Rule 5635(d), if an issuer intends to issue common stock or securities convertible into or exercisable for common stock, other than in a public offering, which may equal or exceed 20% of the outstanding common stock or voting power on a pre-transaction basis for a price that is lower than (i) the Nasdaq Official Closing Price (as reflected on Nasdaq.com) immediately preceding the signing of a binding agreement; or (ii) the average Nasdaq Official Closing Price of the common stock (as reflected on Nasdaq.com) for the five trading days immediately preceding the signing of the binding agreement for such common stock, the issuer generally must obtain the prior approval of its stockholders.

The Shares to be issued to the Schedule I BTC Sellers in the Amended 5,000 BTC Transaction exceeds the threshold for which stockholder approval is required under Nasdaq Rule 5635(a), and the Warrant Shares to be issued to the Schedule I BTC Sellers upon the full exercise of the Warrants could result in the issuance of a number of shares exceeding the threshold and pricing for which stockholder approval is required under Nasdaq 5635(d). As such, the Company is required to obtain requisite stockholder approval for the Amended 5,000 BTC Transaction.

As disclosed in a Preliminary Information Statement on Schedule 14C filed by the Company on October 3, 2024, the Company has obtained the requisite stockholder approval for the Amended 5,000 BTC Transaction in accordance with the Company's articles of incorporation and bylaws on September 24, 2024.

NOTE 7 – ACCOUNTS RECEIVABLE

As of September 30, 2024, accounts receivable are related to the services fee from customers as follows:

	September 30, 2024	December 31, 2023
Accounts Receivable	<u>\$ —</u>	<u>\$ 1,000,000</u>

The Company does not require collateral for accounts receivable. The Company maintains an allowance for its doubtful accounts receivable due to estimated credit losses. The Company records the allowance against bad debt expense through the condensed consolidated statements of operations, included in general and administrative expense, 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. There is no allowance for expected credit loss as the accounts receivable has been received as at reporting date.

NOTE 8 – PREPAYMENTS

As of September 30, 2024, prepayments consist of the following:

	September 30, 2024	December 31, 2023
Prepayment for digital assets	<u>\$ 12,125,500</u>	<u>\$ 12,125,500</u>

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. We believe the Association Seller will coordinate with its members to fulfill the Company’s purchase of BTC, however, we 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.

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.

Despite the cancellation of the 5,000 BTC Purchase, negotiations regarding the original 1,000 BTC Purchase continued. The Company’s original plan was to settle the remaining 60% of the total purchase price for 1,000 BTC through the issuance of the Common Stock at a per share price based on the average market price over a five-day period immediately prior to the date of the completion of the 1,000 BTC Purchase. However, the Board believed in the potential long-term appreciation of the BTC. As a result, it has decided to halt the 1,000 BTC Purchase and instead re-negotiate the terms with the Associate Seller to acquire 5,167

BTC, which represents the maximum number of BTC that the Company was entitled to purchase under the BTC Contract minus the BTC already acquired under the BTC Contract.

NOTE 9 – INVESTMENT

As of September 30, 2024, investment consist of the following:

	September 30, 2024	December 31, 2023
Investment in an associate company	\$ 13,396,000	\$ -

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

Investment in associate company that we have significant influence but do not have control over the investee are accounted for under the equity method. We will periodically review 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 ASC 323.

NOTE 10 – AMOUNT DUE TO RELATED PARTIES

	September 30, 2024	December 31, 2023
Related parties payable	\$ 282,533	\$ 282,535
Amount due to shareholders	300,055	606,137
Director fee payable	896,000	804,000
	<u>\$ 1,478,588</u>	<u>\$ 1,692,672</u>

The related party balance of \$282,533 represented advances from former shareholders for the Company's daily operation.

As of September 30, 2024, the amount due to shareholders of \$300,055 represented advances and professional expenses paid on behalf by Shareholders, which consist of audit fees, lawyers' fee and other professional expenses.

As of September 30, 2024, the director fee payable of \$896,000 represented the accrual of director fees from the appointment date to September 30, 2024.

The amount due to related parties are interest free, unsecured and have no fixed repayment period.

NOTE 11 – ACCOUNT PAYABLES

As of September 30, 2024 and December 31, 2023, account payables are related to the software services fee payables to suppliers as follow:

	September 30, 2024	December 31, 2023
Account payables	\$ —	\$ 800,000

NOTE 12 – OTHER PAYABLES

As of September 30, 2024, other payables consist of unpaid professional fee as follows:

	September 30, 2024	December 31, 2023
Professional fees	<u>\$ 1,082,500</u>	<u>\$ 1,600,000</u>

Professional fee payables of \$1,082,500 comprise outstanding legal fees in relation to shareholders' litigation, BTC consultant fee and listing compliance fee owing to professional parties.

NOTE 13 – SHAREHOLDERS' EQUITY

The Company has an unlimited number of authorized ordinary shares and has issued 6,976,410 shares with no par value as of September 30, 2024.

On March 29, 2019, the Company issued 100,000,000 shares with no par value to thirty-three founders. On September 3, 2019, the Company issued a total 74,000 shares at \$3 each to 5 non-US shareholders. The total outstanding shares has increased to 100,074,000 shares as of December 31, 2019.

In February 2020, 1,666,666 shares were issued at \$3 per share to 2 new shareholders. On July 10, 2020, the Company issued another 26,000 shares at \$3 per share to 2 new shareholders and the total outstanding shares has increased to 101,766,666 shares.

On September 15, 2020, the Wyoming Secretary of State approved the Company's certificate of amendment to amend its Articles of Incorporation to effect 3 for 1 forward stock split. The total issued and outstanding shares of the Company's common stock has been increased from 101,766,666 to 305,299,998 shares, with the par value unchanged at zero.

On September 21, 2020, there are 151,500 shares issued at \$5 per share to 303 new shareholders, the Company's common stock issued has been increased to 305,451,498 shares as of December 31, 2020.

On April 13, 2022, the Company and 15 shareholders entered into that certain Share Exchange Agreement (the "Share Exchange Agreement"), pursuant to which Company and the 15 Shareholders have cancelled 120,418,995 shares of Common Stock ("Cancellation Shares"). Upon completion of the transaction, the outstanding shares of the Company's Common Stock has been decreased from 305,451,498 shares to 185,032,503 shares as of June 30, 2022.

On July 21, 2022, the Company completed 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 shares continue to trade under the stock symbol "WETG." The Company's total issued and outstanding common stock has been 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 share was \$477,500. The Company's total issued and outstanding common stock has been 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 ("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, there were 1,570,600 shares issued with the total amount of \$12,616,454, and the Company's common stock issued has been increased to 2,625,130 shares as of December 31, 2023.

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

On April 9, 2024, an addition of 411,280 shares were converted to equity from loan and outstanding professional fee with the amount of \$1,974,140 at the conversion price of \$4.80 per share based on average price of last 10 trading days. These loans are related to the long outstanding salaries, professional fee, litigation lawyer fees and BTC consultant fee paid by shareholders on behalf of the Company. The amount due to related parties is interest free, unsecured and has no fixed repayment period. Prior to the loan conversion to equity, the amount of \$1,974,140 is recorded as current liabilities. Subsequent to loan to equity conversion, the amount of \$1,974,140 was converted to 411,280 shares and recorded in stockholders' equity as follows:

Nature of loan:	Amount:	Conversion price:	Number of shares converted:	Financial impact of conversion:
Advance from shareholders to pay outstanding legal fee, salaries, Edgar filing fee, audit fee, which accumulated from January 2023 to March 2024.	\$ 594,140	\$ 4.80	123,780 shares	Reclassification from amount due to related parties to equity
Accounting and compliance fee, which accumulated from January 2023 to March 2024.	\$ 420,000	\$ 4.80	87,500 shares	Reclassification from other payables to equity
Legal advisory fee in relation to BTC transaction which accumulated from January 2023 to March 2024.	\$ 480,000	\$ 4.80	100,000 shares	Reclassification from other payables to equity
BTC Consultant fee, which accumulated from January 2023 to March 2024.	\$ 480,000	\$ 4.80	100,000 shares	Reclassification from other payables to equity
Total	<u>\$ 1,974,140</u>		411,280 shares	

As of September 30, 2024, the Company's common stock issued has been increased to 6,976,410 shares.

NOTE 14 – INCOME TAXES

The Company is subject to U.S. Federal tax laws. The Company has not recognized an income tax benefit for its operating losses in the United States because the Company does not expect to commence active operations in the United States.

There are several subsidiaries incorporated in Hong Kong and are subject to Hong Kong profits tax at a tax rate of 16.5%.

The Company is currently conducting certain operations in the PRC through its subsidiaries, which are subject to tax from 15% to 25%.

NOTE 15 – SUBSEQUENT EVENTS

There were no subsequent events noted from the end of September 30, 2024 to the date of this report.

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 Holdings Inc (formerly known as "WeTrade Group, Inc") was incorporated in the State of Wyoming on March 28, 2019. 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.

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 long-term holdings 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.

Results of Operations

Results of Operations for the Nine-month Period Ended September 30, 2024 and 2023

The following tables provide a comparison of a summary of our results of operations for the nine-month period ended September 30, 2024 and 2023.

	For the period September 30, 2024	From the period September 30, 2023
Revenue:		
Service revenue	\$ —	\$ 1,500,000
Cost of Revenue	—	(270,864)
Gross profit	—	1,229,136
Operating Expenses:		
Other income/ (expenses)	17,899,568	(14,406,396)
General and administrative expenses	(1,242,128)	(537,576)
Net profit/ (loss) before income tax	16,657,440	(13,714,836)
Income tax expenses	(2,666,078)	—
Net profit/ (loss)	\$ 13,991,362	\$ (13,714,836)

Revenue from Operations

For the nine-month period ended September 30, 2024 and 2023, total revenue were \$nil and \$1,500,000 respectively. The decrease is mainly due to decrease in AI SAAS revenue during the period.

General and Administrative Expenses

For the nine-month period ended September 30, 2024 and 2023, general and administrative expenses were \$1,242,128 and \$537,576 respectively. The increase is mainly due to an increase in BTC consulting fee and legal fees during the period.

Other Income/ (expenses)

The other income of \$17,899,568 is mainly due to an increase in gain from digital assets during the period as compared to the provision for bad debts of \$11,347,054 in prior period.

Net Profit/ (loss)

As a result of the factors described above, there was a net profit of \$13,991,362 and net loss of \$13,714,836 for the period ended September 30, 2024 and 2023, respectively. The increase in net profit is mainly due to gain from digital assets during the period.

Results of Operations for the Three-month Period Ended September 30, 2024 and 2023

The following tables provide a comparison of a summary of our results of operations for the three-month period ended September 30, 2024 and 2023.

	For the period September 30, 2024	From the period September 30, 2023
Revenue:		
Service revenue	\$ —	\$ 1,500,000
Cost of Revenue	<u>—</u>	<u>(270,864)</u>
Gross profit	—	1,229,136
Operating Expenses:		
Other income/ (expenses)	2,303,789	(14,406,397)
General and administrative expenses	<u>(566,983)</u>	<u>(234,800)</u>
Net profit/ (loss) before income tax	1,736,806	(13,412,061)
Income tax income	<u>(364,730)</u>	—
Net loss	\$ 1,372,076	\$ (13,412,061)

Revenue from Operations

For the three-month period ended September 30, 2024 and 2023, total revenue was \$nil and \$1,500,000 respectively. The decrease is mainly due to decrease in AI SAAS system revenue during the period.

General and Administrative Expenses

For the three-month period ended September 30, 2024 and 2023, general and administrative expenses were \$566,983 and \$234,800 respectively. The increase is mainly due to an increase in BTC consulting fee and legal fees during the period.

Other income/ (expenses)

The other income of \$2,303,789 is mainly due to loss from digital assets during the period. The other expenses of \$14,406,397 were mainly for fair value loss of digital assets of \$3.05 million and provision for bad debts of \$11.3 million in prior reporting period.

Net loss

As a result of the factors described above, there was a net profit of \$1,372,076 and net loss of \$13,412,061 for the period ended September 30, 2024 and 2023, respectively. The increase in net profit is mainly due to loss from digital assets and no provision for bad debts were incurred during the period.

Liquidity and Capital Resources

As of September 30, 2024, we had cash on hand of \$668,387. There is no change in cash held during the period.

Operating activities

As of September 30, 2024, our cash flow used in operating activities is \$81,332 for the period ended September 30, 2024 as compared to the net cash flow from operating activities of \$11,886,808 in prior period. The decrease was mainly due to the turnaround of the net profit of \$13.9 million from the net losses of \$13.7 million in prior reporting period.

Investing activities

Cash provided used in investing activities was \$nil for the period ended September 30, 2024 as compared to cash used in investing activities of \$37,115,500 in prior period. The decrease is mainly due to no digital assets being purchased during the period.

Financing activities

Cash provided by our financing activities was \$81,332 for the period ended September 30, 2024 as compared to cash provided by financing activities of \$17,203,894. The decrease is mainly due to lesser in shareholders' advance and no issuance of stock during the period as compared to the prior period.

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, 2024, 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, 2024, 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 an audit committee, 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, 2024. 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, 2024, 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

Wyoming Shareholder Lawsuits: 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 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 filed the above-described derivative suit filed a direct action against the Company in the Chancery Court of the State of Wyoming (the “Chancery Court”), again seeking control of the Company. The Company responded to the lawsuit, sought a temporary restraining order restraining the plaintiff-shareholders and their affiliates (including the Unauthorized Persons) from claiming to be in control of the Company.

In early 2024, the Court issued an order restraining the Unauthorized Persons from purporting to control the Company. The Unauthorized Persons’ lawsuit was subsequently dismissed with prejudice, meaning they can no longer attempt to assert control over the Company.

New York Loan Guarantee Litigation: In May 2024, certain non-U.S. Parties believed to be affiliated with the Unauthorized Persons described above filed a lawsuit in New York State court against many non-U.S. borrowers, alleging the borrowers have not paid certain loans. These lender-plaintiffs also sued the Company under alleged guarantees it allegedly signed to guarantee the loans at issue. The Company does not believe these guarantees were legitimate, nor that New York is the proper place for it. The Company has moved to dismiss.

Books and records litigation: In September 2024, the Unauthorized Persons filed a lawsuit in Wyoming State court for books and records. The Company does not believe the lawsuit has merit under Wyoming’s books and records statute and is defending this suit.

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, 2024.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable to our Company.

ITEM 5. OTHER INFORMATION

Capitalization

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 1,054,364 shares, with the par value unchanged at zero.

The Reverse Stock Split is intended to more expediently enable the Company to regain compliance to achieve a minimum bid price of \$1.00 per share for continued listing on Nasdaq, as set forth in Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Requirement"). As a result of the Reverse Stock Split, every one-for-one hundred and eighty-five (185) shares of the Company's Common Stock then issued and outstanding will automatically, and without any action of the Company or any holder thereof, be combined, converted, and changed into one (1) validly issued and non-assessable share of Common Stock. No fractional shares will be issued to any shareholder, and in lieu of issuing any such fractional shares, the fractional shares resulting from the Reverse Stock Split will be rounded up to the nearest whole share of Common Stock.

In September 2023, there were 1,570,600 shares issued with the total amount of \$12,616,454, and the Company's common stock issued has been increased to 2,625,130 shares as of December 31, 2023. In April 2024, there are 4,351,280 shares issued with the total amount of \$14,776,000 for the acquisition of 20% of associate company and loan conversion to equity, the Company's common stock issued has been increased to 6,976,410 shares as of September 30, 2024.

Bitcoin Option Contract

On May 2, 2024, the Company entered into a Bitcoin Option Contract (the "Option Contract") with the Association Seller. Under the Option Contract, the Association Seller agrees to sell, and the Company has the option to purchase, up to 20,000 BTC at a fixed price of US\$60,000 per BTC over a three-year period commencing on May 2, 2024. The Company can exercise this option at any time during the three-year period, either in one or multiple transactions, as mutually agreed upon by both parties. Payments for the BTC can be made in cash or in the Company's common stock, at the Company's discretion. In addition, the Option Contract allows for an optional 10% advance payment in cash if agreed upon by both parties. Although the Option 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 Option Contract, it were the individual members of the Association Seller, not the Association Seller itself, who own the BTC to be sold under the Option Contract.

As of the date of this report, the Company has not paid any advance payment, nor exercised its option to purchase any BTC under the BTC Option Contract. Further, the Company does not intend to exercise its option to purchase any BTC under the BTC Option Contract.

The above description of the Option Contract does not purport to be complete, and is qualified in its entirety by reference to the full text of the Option Contract, a copy of which is attached to the Company's Current Report on Form 8-K as Exhibit 10.2, filed with the SEC on May 6, 2024, which is incorporated by reference herein.

ITEM 6. EXHIBITS**Exhibit**

No.	Description
10.1	<u>BTC Trading Contract, dated September 25, 2023, between Next Technology Holdings Inc., as Party A (Buyer) and Party B (Seller) (Incorporated by reference to Exhibit 10.1 to Form 8-K filed on September 28, 2023)</u>
10.2	<u>Amendment Agreement, dated May 2, 2024, between Next Technology Holdings Inc., as Party A (Buyer) and Party B (Seller) (Incorporated by reference to Exhibit 10.1 to Form 8-K filed on May 6, 2024)</u>
10.3	<u>Bitcoin Option Contract, dated May 2, 2024, between Next Technology Holdings Inc., as Party A (Buyer) and Party B (Seller) (Incorporated by reference to Exhibit 10.2 to Form 8-K filed on May 6, 2024)</u>
10.4	<u>Contract Cancellation Agreement, dated June 20, 2024, between Next Technology Holdings Inc., as Party A (Buyer) and Party B (Seller)</u>
10.5	<u>Bitcoin Option Contract Cancellation Agreement, dated June 20, 2024, between Next Technology Holdings Inc., as Party A (Buyer) and Party B (Seller)</u>
10.6	<u>Amended and Restated BTC Trading Contract, dated September 24, 2024, between Next Technology Holdings Inc., as Party A (Buyer) and Party B (Seller) (Incorporated by reference to Exhibit 10.1 to Form 8-K filed on September 27, 2024)</u>
31.1	<u>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</u>
31.2	<u>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</u>
32.1	<u>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</u>
32.2	<u>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</u>
101	Financial statements from the quarterly report on Form 10-Q of Next Technology Holdings Inc for the fiscal quarter ended September 30, 2024, 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 <i>Filed herewith</i>
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 HOLDINGS INC

Date: December 9, 2024

By: /s/ Wei Hong Liu

Wei Hong Liu
Chief Executive Officer

/s/ Eve Chan

Eve Chan
Chief Financial Officer