

## NEXT DYNAMICS, INC.

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

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1-888-480-1632

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

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

## Annual Report

For the period ending December 31, 2023 (the "Reporting Period")

### Outstanding Shares

The number of shares outstanding of our Common Stock was:

23,574,283 as of April 9, 2024

23,574,283 as of December 21, 2023

23,147,535 as of December 31, 2022

### Shell Status

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

Yes: ☐ No: ☒

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

Yes: ☐ No: ☒

### Change in Control

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

Yes: ☐ No: ☒

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

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

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

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

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

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

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

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

None.

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

None.

The address(es) of the issuer's principal executive office:

226 N. Front St  
Suite 143  
Wilmington, NC 28401

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address: ☒

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

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

## 2) Security Information

### **Transfer Agent**

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

### **Publicly Quoted or Traded Securities:**

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

Trading symbol:	<u>NEXD</u>	
Exact title and class of securities outstanding:	<u>Class A Common Stock</u>	
CUSIP:	<u>65343X106</u>	
Par or stated value:	<u>\$0.001</u>	
Total shares authorized:	<u>1,000,000,000</u>	as of date: <u>April 9, 2024</u>
Total shares outstanding:	<u>23,574,283</u>	as of date: <u>April 9, 2024</u>
Total number of shareholders of record:	<u>132</u>	as of date: <u>April 9, 2024</u>

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

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

Exact title and class of the security:	<u>Class A Preferred Stock</u>	
Par or stated value:	<u>\$0.01</u>	
Total shares authorized:	<u>10,000,000</u>	as of date: <u>April 9, 2024</u>
Total shares outstanding:	<u>60,000</u>	as of date: <u>April 9, 2024</u>
Total number of shareholders of record:	<u>1</u>	as of date: <u>April 9, 2024</u>

**Security Description:**

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

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

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

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

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

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

N/A

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

N/A

**3) Issuance History**

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

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

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

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

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

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <b>12/31/2020</b> Common: <b>17,503,940</b> Preferred: <b>60,000</b>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance ? (Yes/No)	Individual/ Entity Shares were issued to.  *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
1/19/2021	New Issuance	25,000	Common	\$1.000	N	2795627 Ontario Ltd (Julia Reed)	Subscription	Restricted	N/A
1/19/2021	New Issuance	20,000	Common	\$1.000	N	Eric Abdoo	Subscription	Restricted	N/A
1/19/2021	New Issuance	150,000	Common	\$1.000	N	Francois Angers	Subscription	Restricted	N/A
1/19/2021	New Issuance	15,000	Common	\$1.000	N	Sunnyside Consulting & Holding Inc (Taras Kulyk)	Subscription	Restricted	N/A
1/19/2021	New Issuance	400,000	Common	\$1.000	N	Martin Verronneau	Subscription	Restricted	N/A
1/19/2021	New Issuance	50,000	Common	\$1.000	N	Marie-Josée Chasse	Subscription	Restricted	N/A
1/19/2021	New Issuance	10,000	Common	\$1.000	N	Martin Dupuis	Subscription	Restricted	N/A
1/19/2021	New Issuance	20,000	Common	\$1.000	N	Santiago Garcia-Ramon	Subscription	Restricted	N/A
1/19/2021	New Issuance	10,000	Common	\$1.000	N	Yechezkel Hoffman	Subscription	Restricted	N/A
1/19/2021	New Issuance	50,000	Common	\$1.000	N	73233883 Canada Inc. (Silvano Bressan)	Subscription	Restricted	N/A
1/19/2021	New Issuance	100,000	Common	\$1.000	N	Louis-Thomas Labbe	Subscription	Restricted	N/A
1/19/2021	New Issuance	4,000	Common	\$1.000	N	Dominico Macri	Subscription	Restricted	N/A
1/19/2021	New Issuance	25,000	Common	\$1.000	N	Vito Morriello	Subscription	Restricted	N/A
1/19/2021	New Issuance	2,000	Common	\$1.000	N	Sebastien Poucan	Subscription	Restricted	N/A
1/19/2021	New Issuance	365,000	Common	\$1.000	N	Rubin Dos Reis	Subscription	Restricted	N/A
1/19/2021	New Issuance	20,000	Common	\$1.000	N	David Salk	Subscription	Restricted	N/A

1/19/2021	New Issuance	10,000	Common	\$1.000	N	Michael Zwetkow	Subscription	Restricted	N/A
1/28/2021	New Issuance	25,000	Common	\$1.000	N	Ronald Denis	Subscription	Restricted	N/A
3/2/2021	New Issuance	50,000	Common	\$1.000	N	Jean-Guy Lambert	Subscription	Restricted	N/A
4/12/2021	New Issuance	100,000	Common	\$1.000	N	Alain Lauzon	Subscription	Restricted	N/A
4/15/2021	New Issuance	5,000	Common	\$1.000	N	Peter Melnyk	Subscription	Restricted	N/A
1/7/2022	New Issuance	1,000,000	Common	\$0.001	N	Clarity Investments (Andre Beauchesne)	Grant	Restricted	N/A
1/7/2022	New Issuance	416,346	Common	\$0.001	N	Jacob Salk	Grant	Restricted	N/A
1/7/2022	New Issuance	396,250	Common	\$0.001	N	James Menendez	Grant	Restricted	N/A
1/7/2022	New Issuance	583,333	Common	\$0.001	N	Jody Sitkoski	Grant	Restricted	N/A
1/7/2022	New Issuance	533,333	Common	\$0.001	N	Antoni Binek	Grant	Restricted	N/A
1/7/2022	New Issuance	533,333	Common	\$0.001	N	Lawrence Binek	Grant	Restricted	N/A
1/7/2022	New Issuance	250,000	Common	\$0.001	N	Jerome Cliche	Grant	Restricted	N/A
1/7/2022	New Issuance	100,000	Common	\$0.001	N	Roundtable Capital (Dennis Riordan)	Grant	Restricted	N/A
1/7/2022	New Issuance	43,000	Common	\$0.001	N	Brian Scott	Grant	Restricted	N/A
1/7/2022	New Issuance	30,000	Common	\$0.001	N	Dinesh Balani	Grant	Restricted	N/A
1/7/2022	New Issuance	12,000	Common	\$0.001	N	Chatani Ventures Inc. (Navin Chatani)	Grant	Restricted	N/A
1/7/2022	New Issuance	1,000	Common	\$0.001	N	Randolph Moultrie	Grant	Restricted	N/A
1/7/2022	New Issuance	1,000	Common	\$0.001	N	Christopher Wolfe	Grant	Restricted	N/A
4/18/2022	New Issuance	7,000	Common	\$0.001	N	Jacob Salk	Subscription	Restricted	N/A
4/18/2022	New Issuance	20,000	Common	\$0.001	N	Kevin Wallace	Subscription	Restricted	N/A
4/18/2022	New Issuance	2,000	Common	\$0.001	N	Yecheskel Hoffman	Subscription	Restricted	N/A
4/18/2022	New Issuance	5,000	Common	\$0.001	N	Eric Lerch	Subscription	Restricted	N/A
4/18/2022	New Issuance	4,000	Common	\$0.001	N	Christopher Wolfe	Subscription	Restricted	N/A

4/21/2022	New Issuance	50,000	Common	\$0.001	N	David Ohana	Grant	Restricted	N/A
5/22/2023	New Issuance	82,500	Common	\$0.001	N	Jacob Salk	Grant	Restricted	N/A
5/22/2023	New Issuance	100,000	Common	\$0.001	N	Samuel Mouallem	Grant	Restricted	N/A
5/22/2023	New Issuance	41,066	Common	\$0.001	N	Jonathan Potvin	Grant	Restricted	N/A
5/22/2023	New Issuance	41,066	Common	\$0.001	N	Dominic Renzetti	Grant	Restricted	N/A
5/22/2023	New Issuance	41,066	Common	\$0.001	N	Philippe Gaucher	Grant	Restricted	N/A
5/22/2023	New Issuance	16,800	Common	\$0.001	N	Valerie Bourgault	Grant	Restricted	N/A
5/22/2023	New Issuance	1,250	Common	\$0.001	N	SunnySide Consulting & Holdings (Taras Kulyk)	Grant	Restricted	N/A
5/22/2023	New Issuance	3,000	Common	\$0.001	N	Pierre Jacobs	Grant	Restricted	N/A
5/22/2023	New Issuance	100,000	Common	\$0.001	N	Philippe Vintila	Grant	Restricted	N/A
Shares Outstanding on Date of This Report:									
<u>Ending Balance</u>	<u>Ending Balance</u>								
Date <u>4/9/2024</u>	Common:	<b>23,574,283</b>							
	Preferred:	<b>60,000</b>							

**Example:** A company with a fiscal year end of December 31<sup>st</sup> 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022 through December 31, 2023 pursuant to the tabular format above.

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

N/A

## B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

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

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. <small>*You must disclose the control person(s) for any entities listed.</small>	Reason for Issuance (e.g. Loan, Services, etc.)
1/18/2021	\$24,009	\$24,009	N/A	12/31/2025	N/A	Beauchesne Capital (Andre Beauchesne)	Loan

10/2/2019	\$29,445	\$29,445	N/A	N/A	N/A	Banque Nationale de Canada (Canadian Gov't)	Loan
6/18/2022	\$40,715	\$35,460	\$5,255	6/18/2024	40% conversion discount to next round (\$1.00 floor)	Simex Defence, Inc. (Sam Mouallem)	Loan
8/3/2022	\$82,577	\$72,955	\$9,622	8/3/2024	40% conversion discount to next round (\$1.00 floor)	Oncore, Inc. (Andre Beauchesne)	Loan
12/9/2022	\$66,084	\$60,000	\$6,084	12/9/2023	N/A	Gestion Andre Beauchesne (Andre Beauchesne)	Loan
1/13/2023	\$22,469	\$20,000	\$2,469	1/13/2024	N/A	Wellington Peel LLC (Hugues Benoit)	Loan
1/31/2023	\$66,968	\$60,000	\$6,968	1/31/2024	N/A	Gestion Andre Beauchesne (Andre Beauchesne)	Loan
4/3/2023	\$8,794	\$8,061	\$733	4/2/2024	N/A	Gestion Andre Beauchesne (Andre Beauchesne)	Loan
4/4/2023	\$8,804	\$8,073	\$731	4/3/2024	N/A	Gestion Andre Beauchesne (Andre Beauchesne)	Loan
4/4/2023	\$8,804	\$8,073	\$731	4/3/2024	N/A	Clarity Investments	Loan
4/5/2023	\$5,672	\$5,203	\$469	4/4/2024	N/A	Clarity Investments	Loan
4/5/2023	\$4,862	\$4,460	\$402	4/4/2024	N/A	Clarity Investments	Loan
5/2/2023	\$8,377	\$7,762	\$615	5/1/2024	N/A	Clarity Investments (Andre Beauchesne)	Loan
6/6/2023	\$3,385	\$3,179	\$207	6/5/2024	N/A	Oncore, Inc. (Andre Beauchesne)	Loan
6/19/2023	\$4,081	\$3,851	\$230	6/18/2024	N/A	Oncore, Inc. (Andre Beauchesne)	Loan
7/6/2023	\$4,055	\$3,851	\$204	7/5/2024	N/A	Oncore, Inc. (Andre Beauchesne)	Loan
8/11/2023	\$4,002	\$3,851	\$150	8/10/2024	N/A	Oncore, Inc. (Andre Beauchesne)	Loan
9/22/2023	\$3,998	\$3,863	\$135	9/21/2024	N/A	Clarity Investments	Loan
10/4/2023	\$15,531	\$15,028	\$503	10/3/2024	N/A	Clarity Investments	Loan
12/1/2023	\$12,218	\$12,080	\$138	11/30/2024	N/A	Clarity Investments	Loan

Use the space below to provide any additional details, including footnotes to the table above:

N/A

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

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

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

The Company's business since inception is research and development of small arms ammunition technology for the global defense market, specifically the US military and allied nations, as well as private defense groups. To date, the Company's primary activities have included designing, developing, patenting, production and testing of its small arms ammunition technologies.

The Company has completed the initial version of NEMESIS, has commenced operations and testing/validation, and is currently looking to license its products to military groups and private defense groups around the world including in the United States, Canada, and other NATO allied forces.

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

The issuer, Next Dynamics, Inc., is the holding and parent company of Next Dynamics Corp., a wholly owned Canadian subsidiary corporation.

C. Describe the issuers' principal products or services.

Next Dynamics, Inc., specializes in the research, development and licensing of patented and proprietary military defense technologies. The company has developed a small arms ammunition technology called A.S.A.P. (Advanced Small Arms Projectile) and a firing platform with a secondary recoil technology named the R2.

#### Mission Statement:

Bringing Back the Unfair Advantage.

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

#### The Technology

Next Dynamics has developed a technology named A.S.A.P. or Advanced Small Arms Projectile and a product line of small ammunition named NEMESIS.

In the last 150 years, there has not been relevant progress on the basic design of small arms bullets or projectiles other than slight changes in the geometry of the ogive of the bullets, type and composition of the propellant to extend the range and lethality of the ammunition. All present efforts from the ammunition industry are focused into either the development of a new caliber, redesigning existing calibers and/or enhancing the weight reduction/cost of the casing.

Currently, almost 70% of the gun gas generated at the moment of ignition of the propellant is wasted. Nemesis projectiles enable part of the wasted gas to be "harvested" and used to increase gyroscopic stability, range and lethality.

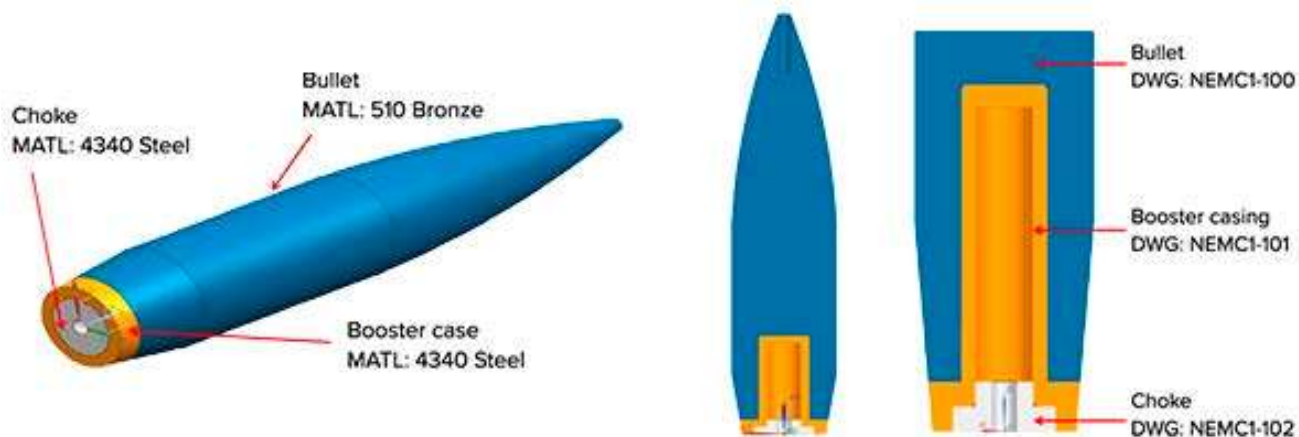
NEMESIS utilizes the gun gas generated when using a firearm to improve ammunition performance. Compared with traditional ammunition, NEMESIS provides outstanding performance because of its internal and external ballistic improved design. Emergent cartridge case technologies include the rise of the 'general-purpose' caliber, and other nascent technologies will affect the way in which firearms are designed, produced, managed in service, tactically employed, maintained, and sustained. Many of these emergent ammunition technologies are focused on reducing the logistics burden on armed forces and security agencies, and on reducing the carrying load of the individual combatant.

The advantages of the NEMESIS technology are:

a. Reduce drag, b. Improve gyroscopic stability and ballistics, c. Extend maximum effective range, d. Improve terminal ballistic and lethality, resulting in extreme precision, and outstanding armor defeating capabilities.

The initial NEMESIS calibers initially include 7.62x51mm (.308), 5.56x45mm, and 12.7mm (.50 caliber), with additional caliber offerings continuously being evaluated. All caliber projectiles shall be provided in two versions: 1. Standard round, 2. Armor piercing round.





## 5) Issuer's Facilities

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

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

The Company's primary office space is located at The Common Desk, located at 226 N. Front St, Suite 143, Wilmington, NC 28401 USA where the Company has a private, secure, single-desk office. The lease is month-to-month and can be terminated with 30 days' notice.

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

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

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

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

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

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

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

Names of All Officers, Directors, and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Beauchesne Capital	Founding Investor & Directors Group	Montreal, Quebec, Canada	60,000	Preferred	100%	Andre Beauchesne

Antoni Binek	Co-Founder / Inventor / Director	Glastonbury, CT	2,733,333	Common	11.6%	N/A
Lawrence Binek	Co-Founder / Inventor	Glastonbury, CT	2,633,333	Common	11.2%	N/A
Hellen Lauzon & Michael Danchuk	Owner of more than 5%	Alexandria, Ontario, Canada	1,900,000	Common	8.2%	N/A
Beauchesne Capital	Founding Investors & Directors Group	Montreal, Quebec, Canada	1,527,062	Common	6.5%	Andre Beauchesne
McKinsey Bain Trust	Owner of more than 5%	Montreal, Quebec, Canada	1,427,062	Common	6.1%	Hugues Benoit
Jerome Cliché	Investor & Independent Director	Montreal, Quebec, Canada	1,075,000	Common	4.5%	N/A
Jacob Salk	President, CEO & Director	Wilmington, NC	528,846	Common	2.2%	N/A
Samuel Mouallem	Director	Montreal, Quebec, Canada	100,000	Common	0.4%	N/A

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

## 7) Legal/Disciplinary History

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

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

None.

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

None.

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

None.

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

None.

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

None.

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

None.

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

None.

## 8) Third Party Service Providers

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

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

### Securities Counsel (must include Counsel preparing Attorney Letters)

Name: Paul Goodman  
Firm: Cyruli Shanks & Zizmore LLP  
Address 1: 420 Lexington Ave, Suite 2320  
Address 2: New York, NY 10016  
Phone: (212) 661-6800  
Email: [pgoodman@cshzlaw.com](mailto:pgoodman@cshzlaw.com)

### Accountant or Auditor

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

### All Other Means of Investor Communication

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

### All Other Services Providers

Name: Andrew Douglas  
Firm: Castle Placement, LLC  
Nature of Services: Broker-Dealer  
Address 1: 1460 Broadway, Suite 400  
Address 2: New York, NY 10036  
Phone: (212) 418-1188  
Email: [adouglas@castleplacement.com](mailto:adouglas@castleplacement.com)

## 9) Disclosure & Financial Information

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

Name: Jacob Salk  
Title: CEO/CFO  
Relationship to Issuer: Issuer

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

- ☐ IFRS  
☒ U.S. GAAP

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

Name: Frank La Posta  
Title: Owner  
Relationship to Issuer: Auditor

Describe the qualifications of the person or persons who prepared the financial statements:<sup>2</sup>

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

Provide the following qualifying financial statements:

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

### **Financial Statement Requirements:**

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

**Please see p. 14 for the Company's reviewed financial statements for the year ending December 31, 2023.**

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<sup>2</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

## 10) Issuer Certification

*Principal Executive Officer:*

I, Jacob Salk certify that:

1. I have reviewed this Disclosure Statement for Next Dynamics, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 9, 2024

/s/ JACOB SALK

*Principal Financial Officer:*

I, Jacob Salk certify that:

1. I have reviewed this Disclosure Statement for Next Dynamics, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 9, 2024

/s/ JACOB SALK

**NEXT DYNAMICS INC.**  
**Consolidated Financial Statements**  
**December 31, 2023**  
(in United States dollars)

## NEXT DYNAMICS INC.

Consolidated Financial Statements  
December 31, 2023  
(in United States dollars)

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# **LA POSTA & ASSOCIATES**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinion**

We have audited the consolidated financial statements of **NEXT DYNAMICS INC.** (hereafter "the Company") which comprise the consolidated statement of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statement of operations and comprehensive loss, the consolidated statement of shareholders' equity and the consolidated statement of cash flows for the initial years then ended, and notes to consolidated statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and December 31, 2022, and its financial performance and its cash flows for the initial 2022 and December 31, 2021 then ended in accordance with accounting principles generally accepted in the United States of America (hereafter "U.S. GAAP").

### **Material uncertainty related to going concern**

We draw attention to Note 2 to the consolidated financial statements, which indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of management and those charged with governance for the consolidated financial statements.**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. G.A.A.P., and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with U.S. generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves faire presentation;

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charges with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Montreal, Quebec

April 05, 2024



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

# NEXT DYNAMICS INC.

## Consolidated Balance Sheet

As at December 31, 2023

(in United States dollars)

	2023	2022
	\$	\$
<b>Current Assets</b>		
Cash	49,204	38,298
Prepaid expenses and other	28,401	2,639
Loan receivable – other	5,000	-
	<b>82,605</b>	<b>40,937</b>
<b>Long Term Assets</b>		
Equipment (note 2)	3,811	7,819
Operating lease - rights of use assets (note 3)	2,593	54,479
	6,404	62,298
<b>TOTAL ASSETS</b>	<b>89,009</b>	<b>103,235</b>
<b>Current Liabilities</b>		
Trade and other payable (note 4)	207,884	62,211
Current Portion - obligations rights of use assets	22,180	22,180
	<b>230,064</b>	<b>84,391</b>
<b>Long Term Liabilities</b>		
Obligations under rights of use assets (note 6)	14,043	34,180
Loan payable – Director (note 5)	87,444	115,245
Loan payable – Private companies (note 7)	304,447	109,915
	<b>635,998</b>	<b>343,731</b>
<b>Shareholders' Deficit</b>		
<b>Share Capital (note 8)</b>		
Additional paid in capital	2,063,199	2,063,199
1,000,000,000 Authorized Common shares – Issued		
17,503,940 in 2021 and 2020	17,344	17,444
60,000 issued Preferred shares	60	60
Accumulated other comprehensive income	(79,894)	(69,509)
Accumulated deficit	(2,547,698)	(2,251,590)
	<b>(546,989)</b>	<b>(240,496)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>89,009</b>	<b>103,235</b>

SEE ACCOMPANYING NOTES

# NEXT DYNAMICS INC.

## Consolidated Statement of operations

As at December 31, 2023

(in United States dollars)

	2023	2022
	\$	\$
<b>REVENUE</b>	38,374	-
<b>OPERATING EXPENSES</b>		
Overhead costs	-	24,210
Research & development	9,805	43,425
Accounting & legal	107,776	123,240
Management	75,487	86,014
Consulting - Engineering	56,032	75,233
Advertising & promotions	1,426	-
Licenses	1,635	4,496
Courier & postage	1,732	1,735
Depreciation expense	15,736	40,776
Bank charges	1,328	2,220
Rent	8,738	4,396
Transportation	1,953	1,199
Meals	1,152	6,760
	<b>282,800</b>	<b>413,704</b>
<b>Loss from Operation</b>	<b>(244,426)</b>	<b>(413,704)</b>
<b>Other Income (Expense)</b>		
Foreign exchange (loss)	(1,228)	(555)
Interest	(50,454)	(9,793)
	(51,682)	(10,348)
<b>NET LOSS</b>	<b>(296,108)</b>	<b>(424,052)</b>

SEE ACCOMPANYING NOTES

# NEXT DYNAMICS INC.

## Statement of Cash Flows 2023-01-01 to 2023-12-31 (in United States dollars)

	2023 \$	2022 \$
<b>Funds provided from (used in):</b>		
<b>Cash Flows from (used in) Operating activities</b>		
Net loss	(296,108)	(424,052)
Depreciation expense	15,736	40,776
Prepaid expenses	(25,762)	4,105
Accounts payable	145,673	(29,692)
<b>NET CASH PROVIDED FOR (USED IN) OPERATING ACTIVITIES</b>	<b>(160,461)</b>	<b>(349,479)</b>
<b>Cash Flows from (used in) Investing Activities</b>		
Purchase of capital asset	-	8,148
Proceeds on sale of capital assets	13,346	-
<b>NET CASH PROVIDED FROM (USED I) INVESTING ACTIVITIES</b>	<b>13,346</b>	<b>8,148</b>
<b>Cash Flows from (used in) Financing Activities</b>		
Increase in loan receivable – other	(5,000)	-
Increase in loan payable	-	60,029
Increase loans payable – Private companies	194,532	109,915
Decrease in loan payable - Director	(27,801)	-
Issuance of common shares	-	(100)
(Decrease) obligations under rights of use assets	(20,137)	(25,723)
<b>NET CASH PROVIDED BY USED IN) FINANCING ACTIVITIES</b>	<b>146,594</b>	<b>144,121</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(521)</b>	<b>(197,210)</b>
Effect of exchange rate changes on cash	(10,385)	(19,684)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>38,298</b>	<b>255,192</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>49,204</b>	<b>38,298</b>

SEE ACCOMPANYING NOTES

## NEXT DYNAMICS INC.

### Consolidated Statement of changes in stockholders' equity For the Year Ended December 31, 2023 (in United States dollars)

	Preferred Shares	Common Shares	Shares Amount	Paid-In Capital	Accumulated other comprehensive income	Accumulated deficit	TOTAL DEFICIT
<b>BALANCE, DECEMBER 31, 2021</b>	60,000	17,503,940	17,404	2,063,199	(49,825)	(1,827,538)	203,240
Redemption of Common Shares	-	-	-	-	-	-	-)
Accumulated other comprehensive income	-	-	-	-	(19,684)	-	(19,684)
Net loss for the year		-	-	-		(424,052)	(424,052)
<b>BALANCE, DECEMBER 31, 2022</b>	<b>60,000</b>	<b>17,503,940</b>	<b>17,404</b>	<b>2,063,199</b>	<b>(69,509)</b>	<b>(2,251,590)</b>	<b>(240,496)</b>
<b>BALANCE, DECEMBER 31, 2022</b>	<b>60,000</b>	<b>17,503,940</b>	<b>17,404</b>	<b>2,063,199</b>	<b>(69,509)</b>	<b>(2,251,590)</b>	<b>(240,496)</b>
Issuance of Common Shares	-					-	-
Accumulated other comprehensive income					(10,385)		(10,385)
Net Earnings	-	-	-	-		(296,108)	(296,108)
<b>BALANCE, DECEMBER 31, 2023</b>	<b>60,000</b>	<b>17,503,940</b>	<b>17,404</b>	<b>2,063,199</b>	<b>(79,894)</b>	<b>(2,547,698)</b>	<b>546,989</b>

SEE ACCOMPANYING NOTES

# NEXT DYNAMICS INC.

## Notes to Financial Statements For the Year Ended December 31, 2023 (in United States dollars)

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

#### **Organization**

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

#### **Basis of presentation and going concern**

As reflected in the accompanying financial statements, the Company has a net loss in operations of \$ 296,108 and \$ 424,052, for the years ended December 31, 2023 and December 31, 2022 respectively. This factor raises substantial doubt about the Company's ability to continue as a going concern for a period of 12 months from the date these financial statements were available to be issued. The ability of the Company to continue as a going concern is dependent on the Company's ability to implement its business plan, raise capital and generate more revenues. Currently, management is seeking capital to implement its business plan. Management believes that the actions presently being taken provide the opportunity for the Company to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

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

#### **Principles of consolidation**

The Group's financial statements consolidate those of the Company and its wholly-owned subsidiaries as at December 31, 2023. The subsidiaries have a reporting date of December 31.

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

#### **Risks and uncertainties for development stage company**

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

# NEXT DYNAMICS INC.

## Notes to Financial Statements For the Year Ended December 31, 2023 (in United States dollars)

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

#### Use of estimates

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

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

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

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

These inputs are prioritized below:

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

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

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

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

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

# NEXT DYNAMICS INC.

## Notes to Financial Statements For the Year Ended December 31, 2023 (in United States dollars)

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

#### Legal and Other Contingencies

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

#### Income taxes

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

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

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



## NEXT DYNAMICS INC.

### Notes to Financial Statements For the Year Ended December 31, 2023 (in United States dollars)

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

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

#### Net loss per share of common stock

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares during the period. Diluted net loss per share is computed using the weighted average number of common shares and potentially dilutive securities outstanding during the period. At December 31, 2023 and December 31, 2022, the Company has 4,628,000 and 4,628,000 common securities outstanding and 60,000 preferred securities outstanding respectively.

#### Recent accounting pronouncements

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

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

# NEXT DYNAMICS INC.

## Notes to Financial Statements For the Year Ended December 31, 2023 (in United States dollars)

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

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

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

#### **Equipment**

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

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

#### **Intangible assets**

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

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

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

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

# NEXT DYNAMICS INC.

## Notes to Financial Statements For the Year Ended December 31, 2023 (in United States dollars)

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

#### Convertible instruments

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

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

#### Equity

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

# NEXT DYNAMICS INC.

## Notes to Financial Statements For the Year Ended December 31, 2023 (in United States dollars)

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

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

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

Deficit includes all current and prior losses.

#### **Share-based compensation**

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

The Company accounts for share-based compensation awards to non-employees in accordance with ASC 505-50 Equity-based Payments to Non-Employees. Under ASC 505-50, the Company determines the fair value of the warrants or share-based compensation awards granted as either whichever is more reliably measurable. Any warrants issued to no-employees are recorded in expense and additional paid-in capital in shareholder's deficiency over the applicable service periods using variable accounting through the vesting dates based on the fair value of the warrants at the end of each period.

## NEXT DYNAMICS INC.

### Notes to Financial Statements For the Year Ended December 31, 2023 (in United States dollars)

#### 2. Equipment

	2023			2022	
	COST	ADDITIONS/ DISPOSITIONS	ACCUMULATED DEPRECIATION	NET BOOK VALUE	NET BOOK VALUE
FURNITURE	55,449	-	51,638	3,811	7,819
	<b>\$ 55,449</b>	<b>\$ -</b>	<b>\$ 51,638</b>	<b>\$ 3,811</b>	<b>\$ 7,819</b>

#### 3. Capital Lease rights of use assets

	2023			2022	
	COST	ADDITIONS/ DISPOSITIONS	ACCUMULATED DEPRECIATION	NET BOOK VALUE	NET BOOK VALUE
FURNITURE	110,049	(51,886)	55,570	2,593	54,479
	<b>\$ 110,049</b>	<b>\$(51,886)</b>	<b>\$ 55,570</b>	<b>\$ 2,593</b>	<b>\$ 54,479</b>

#### 4. Trade and other payables

	2023	2022
TRADE PAYABLES	207,884	62,211
	<b>\$ 207,884</b>	<b>\$ 62,211</b>

#### 5. Loan Payable

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

#### 6. Obligation Under Rights of Use Assets

Monthly interest and capital payments of \$1,848 due in 2025.

Capital Payments for the next 2 years

2024 \$22,180

2025 \$14,043

Less: Current Portion (22,180)

14,043

## NEXT DYNAMICS INC.

### Notes to Financial Statements For the Year Ended December 31, 2023 (in United States dollars)

#### 7. Loan Payable - Private companies

The loans payable – Private companies consist of the following:

Loan payable – 12% P.A. due June 18, 2024 \$39,022, conversion discount 40%.  
 Loan payable – 12% P.A. due August 03, 2024 \$84,647 conversion discount 40%  
 Loan payable – 14% P.A. due May 04, 2024 \$71,092  
 Loan payable – 14% P.A. due January 13, 2024 \$18,848  
 Loan payable – 14% P.A. due January 31, 2024 \$60,636  
 Loan payable – 14% P.A. due December 31, 2024 \$30,202

#### 8. Share Capital

During the period ended December 31, 2023 and December 31, 2022, nil common shares were issued for a consideration of \$nil.

#### 9. Concentrations

##### Concentration of credit risk

The Company considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. The Company places its cash with high credit quality financial institution. The Company's account at this institution is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$ 25,000. As of December 31, 2023 and 2022, the Company has not reached bank balances exceeding the FDIC insurance limit. To reduce its risk associated with the failure of such financial institution, The Company evaluated at least annually the rating of the financial institution in which it holds deposits.

#### 10. Income taxes

The Company has incurred aggregate net operating losses of approximately \$ 2,547,698 and \$ 2,251,590 for income tax purposes as of December 31, 2023 and December 31, 2022 respectively. The net operating loss carries forward for United States income taxes, which may be available to reduce future years' taxable income. Management believes that the realization of the benefits from these losses appears not more than likely due to the Company's limited operating history and continuing losses for United States income tax purposes. Accordingly, the Company has provided a 100% valuation allowance periodically and make adjustments as necessary.

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

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