

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

FORM 10-Q

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

For the quarterly period ended March 31, 2024

Or

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

For the transition period from _____ to _____

Commission file number **000-56478**

KINETIC SEAS INCORPORATED

(Exact name of registrant as specified in its charter)

| | |
|--|--------------------------------------|
| Colorado | 47-1981170 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 1501 E. Woodfield Rd., Suite 114E Schaumburg, IL | 60173 |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code **(888) 901-8806**

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of exchange on which registered |
|---------------------|-------------------|--------------------------------------|
| N/A | N/A | N/A |

Securities registered pursuant to Section 12(g) of the Act: Common Stock

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 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, a smaller reporting company, or emerging growth company. See the definitions 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 checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| | | Emerging growth company | <input checked="" 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 Act.) Yes No

The number of shares outstanding of the registrant's common stock as of May 14, 2024 was 35,646,000 shares.

KINETIC SEAS INCORPORATED.
QUARTERLY REPORT ON FORM 10-Q
For the Three Months ended March 31, 2024

PART I – FINANCIAL INFORMATION

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PART I – FINANCIAL INFORMATION

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Information contained in this quarterly report on Form 10-Q contains “forward-looking statements.” These forward-looking statements are contained principally in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend” or “project” or the negative of these words or other variations on these words or comparable terminology. The forward-looking statements herein represent our expectations, beliefs, plans, intentions or strategies concerning future events, including, but not limited to: our ability to consummate the Merger, as such term is defined below; the continued services of the Custodian as such term is defined below; our future financial performance; the continuation of historical trends; the sufficiency of our resources in funding our operations; our intention to engage in mergers and acquisitions; and our liquidity and capital needs. Our forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that any projections or other expectations included in any forward-looking statements will come to pass. Moreover, our forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that may cause our actual results, performance, or achievements to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. These risks, uncertainties and other factors include but are not limited to: the risks of limited management, labor, and financial resources; our ability to establish and maintain adequate internal controls; our ability to develop and maintain a market in our securities; and our ability obtain financing, if and when needed, on terms that are acceptable. Except as required by applicable laws, we undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

As used in this quarterly report on Form 10-Q, “we”, “our”, “us” and the “Company” refer to Kinetic Seas Incorporated, a Colorado corporation unless the context requires otherwise.

Item 1. Financial Statements.

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KINETIC SEAS INCORPORATED
CONDENSED BALANCE SHEETS

| | March 31, 2024 | December 31, 2023 |
|---|---------------------------------|------------------------------------|
| | (Unaudited) | |
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 1,708 | \$ 17,931 |
| Accounts receivable | 10,554 | — |
| Total current assets | 12,262 | 17,931 |
| Property and equipment, net | 92,922 | 13,141 |
| Total assets | \$ 105,184 | \$ 31,072 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable | \$ 15,188 | \$ — |
| Accrued liabilities | 41,327 | 33,486 |
| Accrued interest | 11,519 | 11,098 |
| Notes payable related parties | 182,000 | 182,000 |
| Total current liabilities | 250,034 | 226,584 |
| Commitments and contingencies | — | — |
| STOCKHOLDERS' DEFICIT | | |
| Common stock, \$0.00001 par value, 200,000,000 shares authorized and 31,646,000 and 26,646,000 shares issued and outstanding, respectively as of March 31, 2024 and December 31, 2023 | 316 | 266 |
| Additional paid-in-capital | 1,171,970 | 922,020 |
| Accumulated deficit | (1,317,136) | (1,117,798) |
| Total stockholders' deficit | (144,850) | (195,512) |
| Total liabilities and stockholders' deficit | \$ 105,184 | \$ 31,072 |

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

KINETIC SEAS INCORPORATED
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

| | Three months ended March 31, 2024 | Three months ended March 31, 2023 |
|---|--|--|
| | <u>2024</u> | <u>2023</u> |
| Consulting Revenue | \$ 10,554 | \$ — |
| Cost of sales consulting labor | 7,841 | — |
| Gross margin | <u>2,713</u> | <u>—</u> |
| Operating expenses | | |
| Selling, general and administrative expenses | 92,205 | — |
| Professional fees | 21,994 | 2,726 |
| Payroll and benefits | 64,529 | — |
| Rent | <u>18,773</u> | <u>—</u> |
| Total operating expenses | <u>197,501</u> | <u>2,726</u> |
| Loss from operations | (194,788) | (2,726) |
| Other income (expense): | | |
| Interest expense | <u>(4,550)</u> | <u>(4,596)</u> |
| Total other income and expense | <u>(4,550)</u> | <u>(4,596)</u> |
| Net (loss) | <u>\$ (199,338)</u> | <u>\$ (7,322)</u> |
| | | |
| Basic and diluted loss per share | <u>\$ (0.01)</u> | <u>\$ (0.00)</u> |
| | | |
| Weighted average number of shares outstanding: | | |
| Basic and diluted | <u>29,146,000</u> | <u>3,046,000</u> |

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

KINETIC SEAS INCORPORATED
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Unaudited)

| | <u>Common Stock</u> | | <u>Additional Paid in Capital</u> | <u>Accumulated Deficit</u> | <u>Total Stockholders' Deficit</u> |
|------------------------------|---------------------|---------------|---|--------------------------------|--|
| | <u>Shares</u> | <u>Amount</u> | | | |
| Balance, December 31, 2022 | 3,046,000 | 30 | 800,656 | (956,835) | \$ (156,149) |
| Net loss | – | – | – | (7,322) | (7,322) |
| Balance, March 31, 2023 | 3,046,000 | \$ 30 | 800,656 | \$ (964,156) | \$ (163,471) |
| | | | | | |
| | <u>Common Stock</u> | | <u>Additional Paid in Capital</u> | <u>Accumulated Deficit</u> | <u>Total Stockholders' Deficit</u> |
| | <u>Shares</u> | <u>Amount</u> | | | |
| Balance, December 31, 2023 | 26,646,000 | \$ 266 | \$ 922,020 | \$ (1,117,798) | \$ (195,512) |
| Common stock issued for cash | 5,000,000 | 50 | 249,950 | – | 250,000 |
| Net loss | – | – | – | (199,338) | (199,338) |
| Balance, March 31, 2024 | 31,646,000 | \$ 316 | \$ 1,171,970 | \$ (1,317,136) | \$ (144,850) |

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

KINETIC SEAS INCORPORATED
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

| | Three months ended March 31, 2024 | Three months ended March 31, 2023 |
|---|--|--|
| Cash flows used in operating activities | | |
| Net (loss) from operations | \$ (199,338) | \$ (7,322) |
| Adjustments to reconcile net loss to net cash used in operating activities | | |
| Depreciation | 3,742 | – |
| Changes in assets and liabilities | | |
| Accounts receivable | (10,554) | – |
| Accounts payable | 15,188 | (1,295) |
| Accrued liabilities | 8,262 | 4,596 |
| Net cash (used in) operating activities | <u>(182,700)</u> | <u>(4,021)</u> |
| Cash flows provided by (used in) investing activities | | |
| Purchases of property and equipment | (83,523) | – |
| Net cash provided by (used in) investing activities | <u>(83,523)</u> | <u>–</u> |
| Cash flows provided by financing activities | | |
| Advances by related party | – | 16,000 |
| Proceeds from common stock issued for cash | 250,000 | – |
| Net cash provided by financing activities | <u>250,000</u> | <u>16,000</u> |
| Net increase (decrease) in cash | (16,223) | 11,979 |
| Cash, beginning of period | 17,931 | 1,376 |
| Cash, end of period | <u>\$ 1,708</u> | <u>\$ 13,355</u> |
| Supplemental disclosure of non-cash investing and financing information: | | |
| Reduction of accrued interest with common stock | <u>\$ 50,000</u> | <u>\$ –</u> |

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

**NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Nature of Operations

Kinetic Seas Incorporated (the “Company”) was formed on January 3, 2015 as a Colorado corporation with the name ONCO Merger Sub, Inc. On January 5, 2025, the Company merged with Oncology Med, Inc. as part of a holding company reorganization involving Oracle Nutraceuticals Company, under which the Company was the surviving entity in the merger. On January 18, 2015, the Company changed its name to Oncology Med, Inc. On September 16, 2016, the Company changed its name to Bellatora, Inc. On January 19, 2024, the Company changed its name to Kinetic Seas Incorporated.

The Company is an Artificial Intelligence (“AI”) consulting, research and development, infrastructure, and software company with a primary focus on GPU Cloud Hosting.

By a written consent dated December 14, 2023, the Board of Directors of the Company approved the appointment of Edward Honour, Jeffrey Lozinski, Joseph Lehman, and Robert Jackson to the Board of Directors of the Company, and appointed Edward Honour as Chairman (the “New Directors”). At the same time, the Board of Directors approved the issuance of 21,600,000 shares of common stock at \$0.001 per share to the New Directors and certain new employees, of which 19,950,000 were acquired by the New Directors. In addition, the Board of Directors also approved a private offering of 10,000,000 shares of common stock at \$0.05 per share. An affiliate of a New Director purchased the initial 1,000,000 shares in such offering. As a result of both transactions, the New Directors and their affiliates acquired an aggregate of 20,950,000 Shares of common stock, which constituted approximately 84% of issued and outstanding common shares of the Company at the time.

The appointment of the New Directors to the Company’s board, and sale to the New Directors of a controlling interest in the Company, were made in order to enable the Company to enter the business of artificial intelligence hosting, research & development, and consulting. Prior to the change in control to the New Directors, the Company was a shell company.

The Company’s accounting year-end is December 31.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Company have been prepared in accordance with GAAP. This basis of accounting involves the application of accrual accounting and consequently, revenues and gains are recognized when earned, and expenses and losses or recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of accrued liabilities and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to revenue recognition, valuation of accounts receivable and the allowance for doubtful accounts, inventories, and contingencies. The Company bases its estimates on historical experience, known or expected trends, and various other assumptions that are believed to be reasonable given the quality of information available as of the date of these financial statements. The results of these assumptions provide the basis for making estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Revenue Recognition and Cost of consulting Labor

The Company adopted Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers (“ASC 606”), using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018, are presented under ASC 606. During the period from January 1, 2018 through December 31, 2023 we did not generate any revenue.

During the three months ended March 31, 2024 we generated \$10,533 in consulting revenue. The cost of consulting labor was \$7,841.

Cash and Cash Equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents. On March 31, 2024 and December 31, 2023 the Company's cash and cash equivalents totaled \$1,708 and \$17,931 respectively.

Stock-based Compensation

The Company accounts for stock-based compensation using the fair value method following the guidance outlined in Section 718-10 of the FASB Accounting Standards Codification for disclosure about Stock-Based Compensation. This section requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award- the requisite service period (usually the vesting period). No compensation cost is recognized for equity instruments for which employees do not render the requisite service.

Income taxes

The Company accounts for income taxes under FASB ASC 740, "Accounting for Income Taxes". Under FASB ASC 740, 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 bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740, the 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. FASB ASC 740-10-05, "Accounting for Uncertainty in Income Taxes" prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities.

The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The Company assesses the validity of its conclusions regarding uncertain tax positions on a quarterly basis to determine if facts or circumstances have arisen that might cause it to change its judgment regarding the likelihood of a tax position's sustainability under audit.

On Dec. 18, 2019, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) 2019-12, which affects general principles within Topic 740, Income Taxes. The amendments of ASU 2019-12 are meant to simplify and reduce the cost of accounting for income taxes. The FASB has stated that the ASU is being issued as part of its Simplification Initiative, which is meant to reduce complexity in accounting standards by improving certain areas of generally accepted accounting principles (GAAP) without compromising information provided to users of financial statements. The Company adopted this guidance on January 1, 2021 which had no impact on the Company's financial statements.

Net Loss per Share

Net loss per common share is computed by dividing net loss by the weighted average common shares outstanding during the period as defined by Financial Accounting Standards, ASC Topic 260, "Earnings per Share." Basic earnings per common share ("EPS") calculations are determined by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per common share calculations are determined by dividing net income by the weighted average number of common shares and dilutive common share equivalents outstanding.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which establishes a new lease accounting model for lessees. The updated guidance requires an entity to recognize assets and liabilities arising from financing and operating leases, along with additional qualitative and quantitative disclosures. The amended guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018, with early adoption permitted. In March 2019, the FASB issued ASU 2019-01, *Codification Improvements*, which clarifies certain aspects of the new lease standard. The FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases* in July 2018. Also in 2018, the FASB issued ASU 2018-11, *Leases (Topic 842) Targeted Improvements*, which provides an optional transition method whereby the new lease standard is applied at the adoption date and recognized as an adjustment to retained earnings. The amendments have the same effective date and transition requirements as the new lease standard. On November 15, 2019, the FASB has issued ASU 2019-10, which amends the effective dates for three major accounting standards. The ASU defers the effective dates for the credit losses, derivatives, and leases standards for certain companies.

The Company adopted ASC 842 on January 1, 2020, and the adoption had no impact on the Company's financial statements because the Company does not have any operating leases.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 requires disclosure of additional categories of information about federal, state, and foreign income taxes in the rate reconciliation table and requires entities to provide more details about the reconciling items in some categories if items meet a quantitative threshold. The ASU also requires entities to disclose income taxes paid, net of refunds, disaggregated by federal (national), state, and foreign taxes for annual periods and to disaggregate the information by jurisdiction based on a quantitative threshold. The guidance makes several other changes to the disclosure requirements. The ASU is required to be applied prospectively, with the option to apply it retrospectively. The ASU is effective for the Company for fiscal years beginning after December 15, 2024. We do not anticipate that the adoption of this ASU will have a significant impact on our financial statements.

NOTE 3 – GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the twelve months following the date of these consolidated financial statements. The Company has incurred significant operating losses since its inception. As of March 31, 2024, the Company had an accumulated deficit of \$1,317,136 and a working capital deficit of \$237,772.

The Company does not expect to generate operating cash flow that will be sufficient to fund presently anticipated operations. This raises substantial doubt about the Company's ability to continue as a going concern. Therefore, the Company will need to raise additional funds and is currently exploring alternative sources of financing to supplement expected cash flow. Currently the company's operations are being funded by a related party. The Company will be required to continue to do so until its operations become profitable. However, there can be no assurance that the related party will continue to fund the Company or that other sources of additional debt or equity financing will be available to the Company on acceptable terms, or at all.

NOTE 4 – ACCRUED LIABILITIES

As of March 31, 2024 and December 31, 2023 the Company had \$41,327 and \$33,486, respectively in accrued liabilities. Of these amounts, \$33,486 in both periods represent amounts that the Company received cash for and recorded as revenue but was unable to document revenue recognition under the guidelines of ASC 606. They will remain as liabilities until the Company can document the sales or until the statute of limitations expires on these liabilities.

NOTE 5 – RELATED PARTY TRANSACTIONS

On September 18, 2021 the Company entered into a \$30,000 Promissory Note Agreement at 24% interest with Coral Investment Partners ("CIP"). CIP's managing director is Erik Nelson who was formerly the CEO of the Company. On March 31, 2022, CIP increased its Promissory Note to \$50,000 by funding another \$20,000 loan to the Company. Subsequently, CIP made an additional loan of \$40,000 on September 15, 2022 to bring the total loan balance to \$90,000 plus \$21,674 in accrued interest. During the fiscal year ended December 31, 2023, CIP made additional loan amounts of \$5,000 on February 15, 2023, \$22,000 on March 29, 2023, \$11,000 on March 31, 2023, \$10,000 on May 10, 2023, \$4,000 on June 29, 2023, \$10,000 on July 5, 2023, \$15,000 on August 21, 2023 and \$15,000 on November 6, 2023. On December 14, 2023, the Company and CIP agreed to convert \$50,000 of indebtedness under the Promissory Note into 1,000,000 shares of the Company's common stock at \$0.05 per share. Also subsequent to December 14, 2023 the interest rate was reduced to 12% for the period from December 14, 2023 through December 31, 2023. Effective January 1, 2024 the interest rate became 10%.

The conversion of debt into stock reduced the balance owed on the Promissory Note to \$182,000 of principal and \$11,098 of interest as of December 31, 2023.

During the three months ended March 31, 2024, the Company recorded \$4,550 in interest expense of which \$4,129 was paid to CIP. As of March 31, 2024 the balance on the Promissory Note and accrued interest was \$182,000 and \$11,519, respectively.

NOTE 6 – EQUITY

The Company is authorized to issue 200,000,000 shares of common stock, par value \$0.00001 per share, and 50,000,000 shares of preferred stock, par value \$0.00001 per share. As of March 31, 2024, and December 31, 2023, there were 31,646,000 and 26,646,000 shares of common stock outstanding, respectively.

On December 14, 2023, the Board of Directors approved an offering of up to 10,000,000 shares of common stock in a private offering to accredited investors for \$0.05 per share. Prior to year-end, the Company issued 1,000,000 shares in the offering for an investment of \$50,000. During the three months ended March 31, the Company issued 5,000,000 shares at \$0.05 per share and generated \$250,000 in proceeds.

Warrants

The Company has outstanding 500,000 Class A Warrants and 500,000 Class B Warrants. The Class A Warrants are exercisable at \$1.00 per share until June 20, 2026 and the Class B Warrants are exercisable at \$2.50 per share until June 20, 2026. The Class A and B Warrants are exercisable at any time by the holder on a cash or cashless basis, provided that the holder may not exercise the warrants if the holder would own more than 4.99% of the Company immediately following the exercise, provided that the holder has the right to increase such percentage to no more than 9.99% upon at least 61 days prior written notice to the Company.

Reverse Stock Split

On June 5, 2023 the Company effected a 1 for 50,000 reverse split immediately followed by a 500 to 1 forward split. The net impact was a reverse split of 1 for 100. As that time the split was declared the Company had 140,790,867 shares outstanding. Post split there are now 3,046,000 shares outstanding. As a result of FINRA policies regarding beneficial ownership of odd lot holders, the Company issued approximately 1,000,000 in excess of the amounts anticipated by the split. This split has been retroactively applied in the financial statement to all prior periods, and reference to share counts in this report reflect post-split amounts unless specifically stated otherwise.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent to March 31, 2024, the Company issued 4,000,000 shares for gross proceeds of \$200,000 in its private offering of common stock at \$0.05 per share.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Plan of Operation

From January 1, 2023 to December 14, 2023, the Company had no operations or revenues from a continuing business other than the general and administrative expenditures related to running the Company.

On December 14, 2023, our Board of Directors approved the appointment of Edward Honour, Jeffrey Lozinski, Joseph Lehman, and Robert Jackson to the Board of Directors of the Company, and appointed Edward Honour as Chairman (the “New Directors”). Erik Nelson remained a director of the Company. At the same time, the Board of Directors approved the issuance of 21,600,000 shares of common stock in the Company’s offering at \$0.001 per share, of which 19,950,000 were acquired by the New Directors and the remainder were acquired by new employees. In addition, the Board of Directors also approved a private offering of 10,000,000 shares of common stock at \$0.05 per share, and the spouse of a New Director purchased the initial 1,000,000 shares in such offering. As a result of both transactions, the New Directors and their affiliates acquired an aggregate of 20,950,000 Shares of common stock in the Company, which is control of a majority of the issued and outstanding common shares of the Company at the time.

On December 14, 2023, the Board of Directors approved a resolution to enter the business of artificial intelligence hosting, research & development, and consulting (collectively, “AI”), and since has entered into a number of contracts and raised a material amount of capital from the private placement of its common stock to capitalize the business. As a result, the Company believes it no longer qualifies as a shell company.

In December 2023, following the change to the composition of our Board of Directors on December 14, 2023, we began implementing our business plan. We generated our first consulting revenue in the three months ended March 31, 2024.

We have identified five basic segments to our AI business: technical consulting; GPU infrastructure and rental (Kinetic Cloud); open source software and libraries; software and platform as a service (SaaS/PaaS); and education and training. We are focusing our initial efforts on our education and training segment, which is targeted toward educating and training existing non-AI business in how they incorporate AI technology to optimize the performance of their existing business. We believe that developing a respected education and training business will create a natural sales channel for our other segments, such as consulting and GPU hosting and rental. Secondly, we are marketing our consulting and implementation services to the growing body of AI startups who may lack the inhouse expertise to implement their AI business.

Results of Operations

Comparison of Results of Operations for the Months Ended March 31, 2024 and 2023.

Revenues

The Company did not generate any revenues during the years ended December 31, 2023 or 2022. During the three months ended March 31, 2024 the Company generated \$10,554 in consulting revenue as a result of its recent entry into the AI business. The cost of consulting labor to generate this revenue was \$7,841.

Operating Expenses

During the three months ended March 31, 2024 the Company incurred \$197,501 in operating expenses compared to \$2,726 in operating expenses during the prior three months ended March 31, 2023. Operating expenses for the 2023 fiscal year were primarily comprised of legal and accounting fees, Delaware taxes and other fees associated with being a public shell company, and payroll and benefits for new employees. The significantly higher level of operating expenses in three months ended March 31, 2024 as compared to the same three months 2023 is attributable to expenses incurred as part of the Company’s entry into the AI business. The Company expects that operating expenses comprised of selling, general and administrative expenses, professional fees, payroll and benefits and rent, will be trend materially higher in future periods as the Company begins paying regular compensation to existing officers and directors, hires additional employees, and incurs other costs associated with the commencement and expansion of operations.

Other Income (Expense)

During the three months ended March 31, 2024 the Company incurred \$4,550 in other expenses, as compared to \$4,596 of other expenses during the prior three month period ended March 31, 2023. In each three months, other expenses consisted of interest accrued on loans made to the Company by entities affiliated with management.

Net Income (Loss)

As a result of the foregoing, during the three months ended March 31, 2024 the Company incurred a net loss of (\$199,338), or (\$0.01) per share, as compared to a net loss of (\$7,322), or (\$0.00) per share, during the three months ended March 31, 2023. The increase in the Company's net loss in the three months ended March 31, 2024 as compared to the months ended March 31, 2023 is attributable to the factors discussed above.

Liquidity and Capital Resources

As of March 31, 2024, the Company had \$1,708 in cash on hand.

During the three months ended March 31, 2024 the Company had a net loss of (\$199,338).

Cash flows used in operating activities were (\$182,700) for the three months ended March 31, 2024 compared to cash flows used in operating activities (\$4,021) for the three months ended March 31, 2023. The material increase in cash flows used in operating activities for the three months compared to the same three month period in 2023 is primarily attributable to a significantly higher net loss in the three months ended March 31, 2024 .

Cash flows used in investing activities were (\$83,523) for the three months ended March 31, 2024 compared to cash flows used in investing activities of \$-0- for the three months ended March 31, 2024. The entire increase in cash flows used in investing activities during the three-month 2024 period, as compared to the same three-month period in 2023, is due to the purchase of equipment to be used in our new business.

Cash flows provided by financing activities were \$250,000 for the three months ended March 31, 2024 compared to cash flows provided by financing activities of \$16,000 for the three months ended March 31, 2023. The increase in cash flows provided by financing activities in the three months ended March 31, 2024 is primarily attributable to \$250,000 received from the private placement of common stock compared to \$-0- in the same period in 2023, partially offset by \$16,000 in related party advances in the 2023 period compared to \$-0- in 2024.

Management intends to fund our working capital requirements through a combination of our existing funds and future issuances of debt or equity securities. Our working capital requirements are expected to increase in line with the implementation of a business plan and commencement of operations.

Based upon our current operations, we do not have sufficient working capital to fund our operations over the next 12 months. The Company needs substantial capital to carryout out its current business, and there is no assurance that the Company will be able to raise additional capital or that the terms of any capital raise are not dilutive to current shareholders or carry other terms that are unfavorable to the Company and its shareholders.

Additional issuances of equity or convertible debt securities will result in dilution to our current shareholders. Further, such securities might have rights, preferences, or privileges senior to our Common Stock. Additional financing may not be available upon acceptable terms, or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to take advantage of prospective new business endeavors or opportunities, which could significantly and materially restrict our business operations.

We anticipate that we will incur operating losses in the next 12 months. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development. Such risks for us include, but are not limited to, an evolving and unpredictable business model, recognition of revenue sources, and the management of growth. To address these risks, we must, among other things, develop, implement, and successfully execute our business and marketing strategy, respond to competitive developments, and attract, retain, and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so could have a material adverse effect on our business prospects, financial condition, and results of operations.

Critical Accounting Estimates

General

Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of our financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, net sales and expenses and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We describe in this section certain critical accounting policies that require us to make significant estimates, assumptions and judgments. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are uncertain at the time the estimate is made and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the financial statements. Management believes the following critical accounting policies reflect its most significant estimates and assumptions used in the preparation of the financial statements. For further information on the critical accounting policies, see Note 1 of the Financial Statements.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), which is the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") in the United States.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. The most significant estimates relate to income taxes and contingencies. The Company bases its estimates on historical experience, known or expected trends, and various other assumptions that are believed to be reasonable given the quality of information available as of the date of these financial statements. The results of these assumptions provide the basis for making estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Cash and cash equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents.

Stock-based Compensation

The Company accounts for stock-based compensation using the fair value method following the guidance outlined in Section 718-10 of the FASB ASC for disclosure about stock-based compensation. This section requires a public entity to measure the cost of employee and non-employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which service is provided. No compensation cost is recognized for equity instruments for which service is not provided or rendered.

Related party transactions

The Company follows ASC 850, Related Party Disclosures, for the identification of related parties and disclosure of related party transactions. In accordance with ASC 850, the Company's financial statements include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business, as well as transactions that are eliminated in the preparation of financial statements.

Net Loss per Share

Net loss per common share is computed by dividing net loss by the weighted average common shares outstanding during the period as defined by ASC Topic 260, "Earnings per Share." Basic earnings per common share calculations are determined by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per common share calculations are determined by dividing net income (loss) by the weighted average number of common shares and dilutive common share equivalents outstanding. As of August 31, 2021 there were no common stock equivalents that were dilutive.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between depreciation which is deductible for tax purposes prior to being deductible for book purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses that are available to offset future taxable income.

From time to time, the Company may have differences in computing the book and tax bases of property and equipment; reserves for bad debts; capitalized overhead included in inventories; bonus plan payables, and accrued wages to shareholders/employees. Deferred tax expense or benefit is the result of the changes in the deferred tax assets, net of the valuation reserve, and liabilities.

The Company accounts for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 740 ("FASB ASC 740"), Income Taxes, which clarifies the accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the financial statements. The two-step approach involves recognizing any tax positions that are "more likely than not" to occur and then measuring those positions to determine if they are recognizable in the financial statements. Management regularly reviews and analyzes all tax positions and has determined that no uncertain tax positions requiring recognition have occurred.

In general, the Company's income tax returns are subject to examination by the taxing authorities for three years after they were filed. The Company has not filed any tax returns.

Recent Accounting Pronouncements

All other newly issued accounting pronouncements, but not yet effective, have been deemed either immaterial or not applicable.

Off-Balance Sheet Arrangements

None.

Item 3. Quantitative And Qualitative Disclosures About Market Risk.

As a smaller reporting company, we are not required to provide the information called for by this Item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

Our management is responsible for establishing and maintaining a system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) that is designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management has concluded that its disclosure controls were effective as of March 31, 2024.

Management's Report on Internal Control over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of condensed financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of condensed financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the condensed financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, 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 policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting based on the parameters set forth above and has concluded that as of March 31, 2024, our internal control over financial reporting was not effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of condensed financial statements for external purposes in accordance with U.S. generally accepted accounting principles as a result of the following material weaknesses:

- The Company does not have an independent board of directors or an audit committee.
- The Company does not have written documentation of our internal control policies and procedures.

We plan to rectify these weaknesses by implementing an independent board of directors, establishing written policies and procedures for our internal control of financial reporting, and hiring additional accounting personnel at such time as we complete a reverse merger or similar business acquisition.

Changes in Internal Control over Financial Reporting.

Since our prior fiscal year end on December 31, 2023, we have concluded that some of our internal control deficiencies have been remediated. Specifically, we previously identified insufficient segregation of duties within the accounting function, and over reliance on an outside financial consulting for financial reporting as internal control weaknesses. The recent addition of experienced officers and other employees, we no longer consider these issues to be internal control weaknesses.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The Company may be involved in certain legal proceedings that arise from time to time in the ordinary course of its business. Legal expenses associated with any contingency are expensed as incurred. The Company's officers and directors are not aware of any threatened or pending litigation to which the Company is a party or which any of its property is the subject and which would have any material, adverse effect on the Company.

Item 1A. Risk Factors.

Reference is made to the risks and uncertainties disclosed in Item 1A ("Risk Factors") of our Annual Report on Form 10-12G which sections are incorporated by reference into this report, as the same may be updated from time to time.

As a smaller reporting company, the Company is not required to disclose material changes to the risk factors.

Item 2. Unregistered Sales of Equity Securities and Use Of Proceeds.

During the three months ended March 31, 2024, we sold 5,000,000 shares of common stock to four accredited investors for gross proceeds of \$250,000. The sales were exempt from the registration requirements of the Securities Act of 1933 by virtue of the exemption contained in Section 4(a)(2) therein.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the quarter ended March 31, 2024, no director or officer adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

The exhibits listed on the Exhibit Index below are provided as part of this report.

| Exhibit No. | Description |
|--------------------|--|
| 31.1* | Certification of principal executive and financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended. |
| 32.1* | Certification of principal executive officer and principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended. |
| 101.INS | Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document) |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted in IXBRL, and included in exhibit 101). |

*Filed herewith.

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.

Dated: May 14, 2024

KINETIC SEAS INCORPORATED

By: /s/ Edward Honour

Ed Honour
Chief Executive Officer and
Chief Financial Officer
Principal Executive Officer,
Principal Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER

I, Ed Honour certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Kinetic Seas Incorporated;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an quarter report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 14, 2024

By: /s/ Ed Honour

Ed Honour
Chief Executive Officer
(Principal Executive Officer and
Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Kinetic Seas Incorporated (the "Company") on Form 10-Q for the quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ed Honour, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: May 14, 2024

By: /s/ Ed Honour

Ed Honour
Chief Executive Officer
(Principal Executive Officer and
Principal Financial Officer)