

James Maritime Holdings, Inc.

Financial Statements

For the Years Ended March 31, 2022, and 2021

(Unaudited)

JAMES MARITIME HOLDINGS, INC.

**Balance Sheets
(Unaudited)**

	<u>March 31, 2021</u>	<u>March, 31 2020</u>
Assets		
Current Assets:		
Cash	159,530	—
Cash	\$ 157,219	\$ 806
Total Current Assets	<u>316,749</u>	<u>806</u>
Total Assets	<u>\$ 316,749</u>	<u>\$ 806</u>
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts Payable	31,467	—
Other Current Liabilities	11,941	10,144
Total Current Liabilities	<u>43,408</u>	<u>10,144</u>
Long Term Liabilities	<u>310,275</u>	
Total Liabilities	<u>353,683</u>	<u>10,144</u>
Stockholders' equity (deficit):		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized;		
Series A Preferred stock; 2,000,000 shares authorized, issued and outstanding	400	2,000
Series B Preferred stock; 1,000,000 shares authorized; -0- shares issued and outstanding	—	—
Common stock, \$0.001 par value; 90,000,000 shares authorized; 4,387,462 and 30,987,462 shares issued and outstanding	7,404	4,387
Goodwill	438,834	
Additional paid-in capital	10,761,792	10,864,048
Accumulated deficit	(11,208,430)	(10,879,773)
Total stockholders' equity (deficit)	<u>(36,934)</u>	<u>(9,338)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 316,749</u>	<u>\$ 806</u>

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

JAMES MARITIME HOLDINGS, INC.
Statements of Operations
(Unaudited)

	March 31,	
	2022	2021
Revenue	\$ 498,781	\$ —
Cost of Goods Sold	311,613	—
Gross Profit	187,168	—
Operating expenses:		
General and administrative	512,825	194,618
Loss from operations	(328,657)	(194,618)
Other Income (Expense)	—	—
Net loss before taxes	\$ (328,657)	\$ (194,618)
Income tax expense	—	—
Net loss	\$ (328,657)	\$ (194,618)
Net loss per share of common stock – basic and diluted	\$ (0.04)	\$ (0.01)
Weighted average number of common shares – basic and diluted	7,404,129	4,187,492

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JAMES MARITIME HOLDINGS, INC.
Statement of Stockholders' Equity (Deficit)
(Unaudited)

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulate d Deficit	Total Stock- holders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance March 31, 2020	2,000,000	\$ 2,000		\$ -	30,987,462	\$ 30,987	\$ 10,637,448	\$ (10,685,155)	\$ (14,720)
Common Shares canceled for intended acquisition					(27,000,000)	(27,000)	27,000		—
Sale of Common Shares					150,000	150	74,850		75,000
Common Shares issued for consulting					250,000	250	124,750		125,000
Net Loss, year ended March 31, 2021								(194,618)	(194,618)
Balance March 31, 2021	2,000,000	\$ 2,000	-	\$ -	4,387,462	\$ 4,387	\$ 10,864,048	\$ (10,879,773)	\$ (9,338)
Conversion of Preferred shares to common	(1,600,000)	(1,600)			750,000	750			(850)
Sale of Common Shares					100,000	100	74,900		75,000
Acquisition of Gladiator Solutions Inc.					866,667	867	(453,156)		(49,089)
Common Shares issued for services					1,300,000	1,300	276,000		276,000
Net Loss, year ended March 31, 2021								(328,657)	(328,657)
Balance March 31, 2021	400,000	\$ 400	-	\$ -	7,404,129	\$ 7,404	\$ 10,761,792	\$ (11,208,430)	\$ (36,934)

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

JAMES MARITIME HOLDINGS, INC.
Statements of Cash Flows
(Unaudited)

	March 31,	
	2022	2021
Cash flows from operating activities:		
Net loss	\$ (328,657)	\$ (194,618)
Adjustments to reconcile net loss to net cash used by operating activities		
Stock issued for services	249,000	125,000
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(157,219)	—
Increase (decrease) in accounts payable	21,323	(4,576)
Increase (decrease) in other current liabilities	11,941	—
	(203,612)	(74,194)
Cash flows from investing activities:	—	—
Cash flows from financing activities:		
Increase (decrease) in long term liabilities	287,336	
Proceeds from sale of common stock	75,000	75,000
	362,336	75,000
Net cash provided by financing activities	362,336	75,000
Net increase in cash	158,724	806
Cash, beginning of period	806	—
Cash, end of period	\$ 159,530	\$ 806
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Income Taxes	\$ —	\$ —
Interest	\$ —	\$ —

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

JAMES MARITIME HOLDINGS, INC.
Notes to Financial Statements
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Note 1: Basis of Presentation and Summary of Significant Accounting Policies

Organization

Out-Takes, Inc. (the “Company” or “James Maritime”) was incorporated under the laws of the State of Delaware on March 18, 1992. On January 23, 2015, a company named James Maritime Holdings, Inc. was incorporated in the State of Nevada. On February 23, 2015, Out-Takes, Inc. merged with James Maritime Holdings, Inc., with Out-Takes being the surviving company and then changed its name to James Maritime Holdings, Inc.

Stock-Based Compensation

The Company recognizes share-based compensation cost for all share-based payment transactions, over the requisite service period based on their fair value. We estimate the fair value of share-based payment awards on the grant date based on previous transactions. The value of the portion of the award that is ultimately expected to vest is recognized as expense in our Consolidated Statement of Operations over the requisite service periods

Going Concern

The Company’s financial statements have been prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not generated any revenue for several years and has had recurring losses, which raises substantial doubt about its ability to continue as a going concern. As the Company develops a new business, it assumes that management will be able to arrange future capital sources, but no assurance thereof can be given. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Income Taxes

The Company utilizes the liability method of accounting for income taxes as set forth in ASC 740-20, “*Accounting for Income Taxes.*” Under the liability method, deferred taxes are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. An allowance against deferred tax assets is recorded when it is more likely than not that such tax benefits will not be realized.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of

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the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Income (Loss) Per Common Share

Income (Loss) per common share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the periods presented. The Company had no potentially dilutive securities in 2021 and 2020. Accordingly, basic and dilutive loss per common share are the same.

Fair Value

The carrying values of cash and cash equivalents, and accounts payable and accrued liabilities approximate their fair values because of the short-term maturity of these financial instruments.

Recently Issued Accounting Pronouncements

The Company has reviewed recently issued, but not yet adopted, accounting standards in order to determine their effects, if any, on its results of operations, financial position or cash flows. Based on that review, the Company believes that none of these pronouncements will have a significant effect on its financial statements.

Note 2: Income Taxes

When it is more likely than not that a tax asset will not be realized through future income the Company must allow for this future tax benefit. We provided a full valuation allowance on the net deferred tax asset, consisting of net operating loss carry forwards, because management has determined that it is more likely than not that we will not earn income sufficient to realize the deferred tax assets during the carry forward period. The valuation allowance increased by \$69,019 and \$14,620 during the years ended March 31, 2022, and 2021, respectively

The Company has not taken a tax position that, if challenged, would have a material effect on the financial statements for the year ended March 31, 2022, or 2021, applicable under FASB ASC 740. We did not recognize any adjustment to the liability for uncertain tax position and therefore did not record any adjustment to the beginning balance of accumulated deficit on the balance sheet. All tax returns since inception for the Company remain open.

Net deferred tax assets consist of the following:

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	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Net operating loss carry forward	(11,208,430)	(10,879,773)
Deferred tax assets from operating losses	2,353,770	2,284,752
Valuation allowance	(2,353,770)	(2,284,752)
Net deferred tax asset	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Due to limited revenue and net losses of \$328,657 and \$194,618 during the years ended March 31, 2022, and 2021, respectively, the Company had no income tax liability. The Company has no tax positions on March 31, 2022, and 2021, for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended March 31, 2022, and 2021, the Company recognized no interest and penalties.

Note 3: Capital Stock

Preferred Stock - The Company is authorized to issue 10,000,000 shares of Preferred Stock, par value \$0.001 per share which may be issued in one or more series or classes, with each series or class having the rights and privileges respecting voting rights, preferences as to dividends and liquidation, conversion rights, and other rights of such series as determined by the board of directors at the time of issuance. There are several possible uses for shares of Preferred Stock, including expediting financing and minimizing the impact of a hostile takeover attempt.

Series A Preferred Stock

In 2014, the board of directors of the Company authorized the issuance of a Series of Preferred Stock (the "Series A Preferred Stock"). In 2020, an amendment increased the Series A Preferred Stock authorized up to 2,000,000 shares to be issued under the series. Under the rights, preferences and privileges of the Series A Preferred Stock, each share has voting rights equal to 30 shares of common stock, is not convertible into any other class of stock of the Company and has no preference to dividends or liquidation rights.

In July 2021 the company converted 1,600,000 shares of series A Preferred Stock into 750,000 common shares.

As of March 31, 2022, and 2021, there were 400,000 and 2,000,000 respectively shares of Series A Preferred Stock issued and outstanding.

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Series B Preferred Stock

In 2018, the board of directors of the Company authorized a convertible Series of Preferred Stock (the “Series B Preferred Stock”). The Series B Preferred Stock authorized up to 1,000,000 shares to be issued under the series. Under the rights, preferences and privileges of the Series B Preferred Stock, each share has voting rights equal to 10 shares of common stock. Accordingly, for every share of Series B Preferred Stock held, the holder received the voting rights equal to 10 shares of common stock. The Series B Preferred stock is convertible into shares of common stock of the Company at a rate of 50 common shares for one Series B Preferred share. Series B Preferred shares also have preference to liquidation rights in the amount of \$.05 per share from assets of the corporation.

As of March 31, 2022, and 2021, no shares of Series B Preferred Stock are outstanding.

Common Stock – The Company is authorized to issue 90,000,000 shares of common stock, par value \$0.001. The Company’s Board of Directors is expressly granted the authority to issue, without stockholder action, the authorized shares of the Company’s common stock. The Board of Directors may issue shares and determine the powers, preferences, limitations, and relative rights of any class of shares before the issuance thereof.

During the three months ended December 31, 2021, the company issued 250,000 shares of common stock at \$0.50 per share for executive compensation.

In December 2021 the company issued 866,667 shares in exchange for an eighty five percent controlling interest in Gladiator Solutions Inc, in a share exchange agreement.

In July 2021, the company issued 750,000 shares as executive compensation with 300,000 shares vesting upon issuance and 450,000 remaining shares vesting on the one-year anniversary of the issuance.

In August 2021 the company issued 100,000 shares of common stock for legal services.

In February 2022 the company sold 50,000 shares off common stock at \$1.00 per share in a private placement.

As of March 31, 2022, and 2021, there were 7,404,129 and 4,387,462, respectively, shares of common stock outstanding.

Note 4. Related Party Transactions

There were no related party transactions during the twelve months ended March 31, 2022.

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Note 5: Subsequent Events

In accordance with ASC 855, Subsequent Events, the Company has evaluated events occurring subsequent to March 31, 2022, through the date on which the financial statements were issued, and determined that the following events require disclosure:

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