

REFINITIV

DELTA REPORT

10-Q

OMEX - ODYSSEY MARINE EXPLORATIO

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

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| TOTAL DELTAS | 2282 |
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|---|----|
|  CHANGES | 82 |
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|  DELETIONS | 1080 |
|---|------|

| | |
|---|------|
|  ADDITIONS | 1120 |
|---|------|

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM10-Q



Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2023March 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

For the transition period fromto

Commission File Number001-31895

ODYSSEY MARINE EXPLORATION, INC.

(Exact name of registrant as specified in its charter)

Nevada

84-1018684

Nevada

84-1018684



(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

205 S. Hoover Blvd., Suite 210, Tampa, FL33609

(Address of principal executive offices) (Zip code)

(813)

(813)876-1776

(Registrant's telephone number, including area code)

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

| Title of each class | Trading | Trading | Name of each exchange on which registered |
|----------------------------------|-----------|-----------|--|
| | Symbol(s) | Symbol(s) | |
| Common Stock, \$0.0001 par value | OMEX | OMEX | NASDAQ Capital Market |

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 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 an emerging growth company. See 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: ☐ Accelerated filer: ☐

Non-accelerated filer: ☐ Smaller reporting company: ☒

Emerging growth company: ☐

Large accelerated filer: ☐

Accelerated filer: ☐

Non-accelerated filer: ☒

Smaller reporting company: ☒

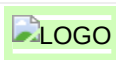
Emerging growth company: ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes ☐ No ☒

The number of outstanding shares of the registrant's Common Stock, \$0.0001 par value, as of August 08, 2023 May 1, 2024 was 19,981,901 20,431,126.



Part I: Financial Information

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Part I: Financial Information

Item 1. Financial Statements (Unaudited).

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PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

| | Unaudited June 30, 2023 | December 31, 2022 |
|--|-----------------------------|-----------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,832,078 | \$ 1,443,421 |
| Accounts receivable and other, net | 1,005,157 | 7,515 |
| Short-term notes receivable related party, net | 690,795 | 1,576,717 |
| Deferred tax asset | 10,327 | — |
| Other current assets | 981,207 | 947,428 |
| Total current assets | <u>4,519,564</u> | <u>3,975,081</u> |
| PROPERTY AND EQUIPMENT | | |
| Equipment and office fixtures | 6,823,557 | 8,137,026 |
| Right of use - operating leases | 213,108 | 300,025 |
| Accumulated depreciation | (4,269,013) | (5,390,559) |
| Total property and equipment, net | <u>2,767,652</u> | <u>3,046,492</u> |
| NON-CURRENT ASSETS | | |
| Investment in unconsolidated entity | 4,842,925 | 4,404,717 |
| Exploration license | 1,821,251 | 1,821,251 |
| Other non-current assets | 34,295 | 34,295 |
| Total non-current assets | <u>6,698,471</u> | <u>6,260,263</u> |
| Total assets | <u><u>\$ 13,985,687</u></u> | <u><u>\$ 13,281,836</u></u> |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 932,902 | \$ 2,285,892 |
| Accrued expenses | 36,919,178 | 40,481,204 |
| Operating lease liability | 199,365 | 186,656 |
| Loans payable | 2,216,963 | 21,732,654 |
| Total current liabilities | <u>40,268,408</u> | <u>64,686,406</u> |
| LONG-TERM LIABILITIES | | |
| Loans payable | 38,708,182 | 25,011,049 |
| Operating lease liability | 26,578 | 129,139 |
| Total long-term liabilities | <u>38,734,760</u> | <u>25,140,188</u> |
| Total liabilities | <u>79,003,168</u> | <u>89,826,594</u> |
| Commitments and contingencies (Note 8) | | |
| STOCKHOLDERS' DEFICIT | | |
| Preferred stock - \$.0001 par value; 24,984,166 shares authorized; none outstanding | — | — |
| Common stock – \$.0001 par value; 75,000,000 shares authorized; 19,981,901 and 19,540,310 issued and outstanding | 1,998 | 1,954 |

| | | |
|--|-------------------------------|----------------------|
| Additional paid-in capital | 271,083,470 | 265,882,279 |
| Accumulated deficit | (287,354,763) | (298,231,607) |
| Total stockholders' deficit before non-controlling interest | (16,269,295) | (32,347,374) |
| Non-controlling interest | (48,748,186) | (44,197,384) |
| Total stockholders' deficit | (65,017,481) | (76,544,758) |
| Total liabilities and stockholders' deficit | \$ 13,985,687 | \$ 13,281,836 |
| | (unaudited) March 31, 2024 | December 31, 2023 |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 2,078,055 | \$ 4,021,720 |
| Accounts and other related party receivables | 59,126 | 110,320 |
| Other current assets | 587,834 | 743,439 |
| Total current assets | 2,725,015 | 4,875,479 |
| NON-CURRENT ASSETS | | |
| Investment in unconsolidated entities | 9,057,563 | 9,001,646 |
| Option to purchase equity securities in related party | 6,312,302 | 6,373,402 |
| Bismarck exploration license | 1,821,251 | 1,821,251 |
| Property and equipment, net | 609,431 | 524,656 |
| Right of use - operating leases | 73,950 | 121,568 |
| Other non-current assets | 34,295 | 34,295 |
| Total non-current assets | 17,908,792 | 17,876,818 |
| Total assets | \$ 20,633,807 | \$ 22,752,297 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 1,298,533 | \$ 345,378 |
| Accrued expenses | 9,381,812 | 8,493,358 |
| Operating lease liability, current portion | 78,497 | 129,140 |
| Forward contract liability | 1,446,796 | 1,446,796 |
| Put option liability | 4,384,777 | 5,637,162 |
| Loans payable, current portion | 16,306,076 | 15,413,894 |
| Total current liabilities | 32,896,491 | 31,465,728 |
| LONG-TERM LIABILITIES | | |
| Loans payable | 8,415,218 | 7,903,074 |
| Warrant liabilities | 16,733,568 | 15,792,385 |
| Litigation financing and other | 53,028,677 | 52,817,938 |
| Deferred contract liability | 618,606 | 679,706 |
| Total long-term liabilities | 78,796,069 | 77,193,103 |
| Total liabilities | 111,692,560 | 108,658,831 |
| Commitments and contingencies (NOTE 9) | | |
| STOCKHOLDERS' DEFICIT | | |
| Preferred stock - \$.0001 par value; 24,984,166 shares authorized; none outstanding | — | — |
| Common stock - \$.0001 par value; 75,000,000 shares authorized; 20,428,173 and 20,420,896 issued and outstanding | 2,043 | 2,042 |
| Additional paid-in capital | 257,542,998 | 263,616,186 |
| Accumulated deficit | (292,598,933) | (296,096,957) |

| | | |
|---|---------------|---------------|
| Total stockholders' deficit before non-controlling interest | (35,053,892) | (32,478,729) |
| Non-controlling interest | (56,004,861) | (53,427,805) |
| Total stockholders' deficit | (91,058,753) | (85,906,534) |
| Total liabilities and stockholders' deficit | \$ 20,633,807 | \$ 22,752,297 |

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

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - Unaudited

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|------------------|------------------|------------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| REVENUE | | | | |
| Marine services | \$ 166,832 | \$ 300,000 | \$ 438,208 | \$ 594,975 |
| Operating and other | 5,743 | 90,278 | 23,106 | 94,909 |
| Total revenue | 172,575 | 390,278 | 461,314 | 689,884 |
| OPERATING EXPENSES | | | | |
| Marketing, general and administrative | 1,820,858 | 2,292,082 | 3,698,702 | 4,210,578 |
| Operations and research | 1,498,701 | 1,229,634 | 3,286,560 | 6,286,169 |
| Total operating expenses | 3,319,559 | 3,521,716 | 6,985,262 | 10,496,747 |
| LOSS FROM OPERATIONS | (3,146,984) | (3,131,438) | (6,523,948) | (9,806,863) |
| OTHER INCOME (EXPENSE) | | | | |
| Interest Income | 23,424 | 2,178 | 411,956 | 2,272 |
| Interest expense | (4,333,224) | (3,552,539) | (8,141,810) | (6,778,193) |
| Gain (loss) on debt extinguishment | (301,414) | — | 21,177,200 | — |
| Other | (283,897) | 140,361 | (606,148) | (49,896) |
| Total other income (expense) | (4,895,111) | (3,410,000) | 12,841,198 | (6,825,817) |
| INCOME/(LOSS) BEFORE INCOME TAXES | (8,042,095) | (6,541,438) | 6,317,250 | (16,632,680) |
| Income tax benefit (provision) | 3,046 | — | 8,792 | — |
| NET INCOME/(LOSS) BEFORE NON-CONTROLLING INTEREST | (8,039,049) | (6,541,438) | 6,326,042 | (16,632,680) |
| Non-controlling interest | 2,315,359 | 1,857,953 | 4,550,802 | 3,718,966 |
| NET INCOME (LOSS) | \$ (5,723,690) | \$ (4,683,485) | \$ 10,876,844 | \$ (12,913,714) |
| NET INCOME (LOSS) PER SHARE | | | | |
| Basic (See Note 2) | \$ (0.29) | \$ (0.30) | \$ 0.55 | \$ (0.86) |
| Diluted (See Note 2) | \$ (0.29) | \$ (0.30) | \$ 0.54 | \$ (0.86) |
| Weighted average number of common shares outstanding | | | | |
| Basic | 19,918,677 | 15,803,746 | 19,793,265 | 15,088,662 |
| Diluted | 19,918,677 | 15,803,746 | 20,019,461 | 15,088,662 |

| | Three Months Ended | |
|--|--------------------|------------------------------------|
| | March 31, 2024 | March 31, 2023 (As restated) |
| REVENUE | | |
| Marine services | \$ 203,064 | \$ 271,375 |
| Operating and other | — | 17,364 |
| Total revenue | 203,064 | 288,739 |
| OPERATING EXPENSES | | |
| Marketing, general and administrative | 4,034,527 | 1,815,923 |
| Operations and research | 885,667 | 1,284,729 |
| Total operating expenses | 4,920,194 | 3,100,652 |
| LOSS FROM OPERATIONS | (4,717,130) | (2,811,913) |
| OTHER INCOME (EXPENSE) | | |
| Interest income | 409 | 388,532 |
| Interest expense | (1,819,994) | (706,522) |
| Loss on equity method investment | (213,946) | — |
| Change in derivatives liabilities fair value | 7,854,902 | 3,046,886 |
| Gain on debt extinguishment | — | 21,478,614 |
| Other | (183,273) | (1,323,353) |
| Total other income (expense) | 5,638,098 | 22,884,157 |
| INCOME/(LOSS) BEFORE INCOME TAXES | 920,968 | 20,072,244 |
| Income tax benefit | — | — |
| NET INCOME / (LOSS) | 920,968 | 20,072,244 |
| Net loss attributable to non-controlling interest | 2,577,056 | 2,235,443 |
| NET INCOME / (LOSS) attributable to Odyssey Marine Exploration, Inc. | \$ 3,498,024 | \$ 22,307,687 |
| NET INCOME / (LOSS) PER SHARE | | |
| Basic (See Note 2) | \$ 0.17 | \$ 1.13 |
| Diluted (See Note 2) | \$ (0.18) | \$ 1.12 |
| Weighted average number of common shares outstanding | | |
| Basic | 20,425,934 | 19,666,459 |
| Diluted | 26,658,100 | 19,878,544 |

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

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN

STOCKHOLDER'S
STOCKHOLDERS' DEFICIT - Unaudited

| | Three Months Ended June 30, 2023 | | | |
|--|----------------------------------|----------------------------|---------------------|--------------------------|
| | Common Stock | Additional Paid-in Capital | Accumulated Deficit | Non-controlling Interest |
| | | | | Total |

| | | | | | |
|---|---------------------|-----------------------------------|----------------------------|---------------------------------|------------------------|
| Balance at March 31, 2023 | \$ 1,989 | \$ 270,608,427 | \$ (281,631,073) | \$ (46,432,827) | \$ (57,453,484) |
| Share-based compensation | 9 | 355,483 | — | — | 355,492 |
| Fair value of warrants issued | — | 119,560 | — | — | 119,560 |
| Net (loss) | — | — | (5,723,690) | (2,315,359) | (8,039,049) |
| Balance at June 30, 2023 | <u>\$ 1,998</u> | <u>\$ 271,083,470</u> | <u>\$ (287,354,763)</u> | <u>\$ (48,748,186)</u> | <u>\$ (65,017,481)</u> |
| Three Months Ended June 30, 2022 | | | | | |
| | <u>Common Stock</u> | <u>Additional Paid-in Capital</u> | <u>Accumulated Deficit</u> | <u>Non-controlling Interest</u> | <u>Total</u> |
| Balance at March 31, 2022 | \$ 1,448 | \$ 249,189,881 | \$ (283,321,086) | \$ (38,315,825) | \$ (72,445,582) |
| Share-based compensation | 4 | 412,194 | — | — | 412,198 |
| Common stock issued for cash, net | 494 | 9,274,068 | — | — | 9,274,562 |
| Fair value of warrants issued | — | 5,446,965 | — | — | 5,446,965 |
| Net (loss) | — | — | (4,683,485) | (1,857,953) | (6,541,438) |
| Balance at June 30, 2022 | <u>\$ 1,946</u> | <u>\$ 264,323,108</u> | <u>\$ (288,004,571)</u> | <u>\$ (40,173,778)</u> | <u>\$ (63,853,295)</u> |
| Six Months Ended June 30, 2023 | | | | | |
| | <u>Common Stock</u> | <u>Additional Paid-in Capital</u> | <u>Accumulated Deficit</u> | <u>Non-controlling Interest</u> | <u>Total</u> |
| Balance at December 31, 2022 | \$ 1,954 | \$ 265,882,279 | \$ (298,231,607) | \$ (44,197,384) | \$ (76,544,758) |
| Share-based compensation | 14 | 665,067 | — | — | 665,081 |
| Common stock issued for debt extinguishment | 30 | 999,970 | — | — | 1,000,000 |
| Fair value of warrants issued | — | 3,536,154 | — | — | 3,536,154 |
| Net income (loss) | — | — | 10,876,844 | (4,550,802) | 6,326,042 |
| Balance at June 30, 2023 | <u>\$ 1,998</u> | <u>\$ 271,083,470</u> | <u>\$ (287,354,763)</u> | <u>\$ (48,748,186)</u> | <u>\$ (65,017,481)</u> |
| Six Months Ended June 30, 2022 | | | | | |
| | <u>Common Stock</u> | <u>Additional Paid-in Capital</u> | <u>Accumulated Deficit</u> | <u>Non-controlling Interest</u> | <u>Total</u> |
| Balance at December 31, 2021 | \$ 1,431 | \$ 249,055,600 | \$ (275,090,857) | \$ (36,454,812) | \$ (62,488,638) |
| Share-based compensation | 21 | 546,475 | — | — | 546,496 |
| Common stock issued for cash, net | 494 | 9,274,068 | — | — | 9,274,562 |
| Fair value of warrants issued | — | 5,446,965 | — | — | 5,446,965 |
| Net (loss) | — | — | (12,913,714) | (3,718,966) | (16,632,680) |
| Balance at June 30, 2022 | <u>\$ 1,946</u> | <u>\$ 264,323,108</u> | <u>\$ (288,004,571)</u> | <u>\$ (40,173,778)</u> | <u>\$ (63,853,295)</u> |
| Three Months Ended March 31, 2024 | | | | | |
| | <u>Common Stock</u> | <u>Additional Paid-in Capital</u> | <u>Accumulated Deficit</u> | <u>Non-controlling Interest</u> | <u>Total</u> |
| Balance at December 31, 2023 | \$ 2,042 | \$ 263,616,186 | \$ (296,096,957) | \$ (53,427,805) | \$ (85,906,534) |
| Share-based compensation | 1 | 1,462,747 | — | — | 1,462,748 |

| | | | | | |
|--|-----------------|-----------------------|-------------------------|------------------------|------------------------|
| Cancellation of stock awards for payment of withholding tax requirements | | (16,398) | | | (16,398) |
| Director fees settled with stock options | — | 234,900 | — | — | 234,900 |
| Fair value of warrants classified as liabilities | — | (7,754,437) | — | — | (7,754,437) |
| Net income (loss) | — | — | 3,498,024 | (2,577,056) | 920,968 |
| Balance at March 31, 2024 | <u>\$ 2,043</u> | <u>\$ 257,542,998</u> | <u>\$ (292,598,933)</u> | <u>\$ (56,004,861)</u> | <u>\$ (91,058,753)</u> |

| | Three Months Ended March 31, 2023 | | | | |
|---|-----------------------------------|---------------------------|-------------------------|--------------------------|------------------------|
| | Common Stock | Additional Paid-inCapital | Accumulated Deficit | Non-controlling Interest | Total |
| Balance at December 31, 2022 (As restated) | \$ 1,954 | \$ 256,963,264 | \$ (301,442,776) | \$ (44,197,384) | \$ (88,674,942) |
| Share-based compensation | 5 | 309,584 | — | — | 309,589 |
| Common stock issued for debt extinguishment | 30 | 999,970 | — | — | 1,000,000 |
| Fair value of warrants issued | — | 3,416,594 | — | — | 3,416,594 |
| Net income / (loss) | — | — | 22,307,687 | (2,235,443) | 20,072,244 |
| Balance at March 31, 2023 (As restated) | <u>\$ 1,989</u> | <u>\$ 261,689,412</u> | <u>\$ (279,135,089)</u> | <u>\$ (46,432,827)</u> | <u>\$ (63,876,515)</u> |

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

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - Unaudited

| | Six Months Ended | |
|--|------------------|-----------------|
| | June 30, 2023 | June 30, 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) before non-controlling interest | \$ 6,326,042 | \$ (16,632,680) |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: | | |
| Investment in unconsolidated entity | (438,208) | (594,975) |
| Depreciation | 289,511 | 10,325 |
| Financing fees amortization | 268,673 | 73,448 |
| Amortization of loan prepayment premium | — | 300,000 |
| Amortization of finance liability | 116,826 | — |
| Note payable interest accretion | 857,549 | 140,153 |
| Note receivable interest accretion | (288,991) | — |
| Non-cash operating lease expense | 86,917 | 78,522 |
| Share-based compensation | 372,831 | 731,498 |
| Gain on debt extinguishment, net of note receivable write-off | (21,177,200) | — |
| (Gain) on sale of fixed assets | (40,000) | — |
| Payment of operating lease liability | (89,852) | (78,434) |
| Non-cash interest | 4,918 | — |
| (Increase) decrease in: | | |

| | | |
|---|---------------------|----------------------|
| Accounts receivable | (997,642) | (60,672) |
| Accrued interest receivable | (176,501) | — |
| Deferred tax asset | (10,327) | — |
| Other assets | (33,779) | 229,553 |
| Increase (decrease) in: | | |
| Accounts payable | (1,056,107) | 6,336,234 |
| Accrued expenses and other | 8,616,587 | 6,716,044 |
| NET CASH USED IN OPERATING ACTIVITIES | <u>(7,368,753)</u> | <u>(2,750,984)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of equipment | 40,001 | — |
| Purchase of property and equipment | (97,589) | (312,399) |
| Proceeds from note receivable repayment | 1,000,000 | — |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | <u>942,412</u> | <u>(312,399)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of loans payable | 15,067,746 | 2,200,000 |
| Waiver fee paid | (1,000,000) | — |
| Equity issuance costs | — | (1,790,848) |
| Offering cost paid on financing | (98,504) | — |
| Payment of debt obligation | (11,139,244) | (5,073,804) |
| Repurchase of stock-based awards withheld for payment of withholding tax requirements | — | (524,263) |
| Proceeds from failed sale leaseback, net | 4,050,000 | — |
| Proceeds from sale of common stock | — | 16,512,375 |
| Payment on failed sale leaseback | (65,000) | — |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | <u>6,814,998</u> | <u>11,323,460</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 388,657 | 8,260,077 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | <u>1,443,421</u> | <u>2,274,751</u> |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>\$ 1,832,078</u> | <u>\$ 10,534,828</u> |
| SUPPLEMENTARY INFORMATION: | | |
| Interest paid | \$ 1,347,107 | \$ — |
| Income taxes paid | \$ — | \$ — |
| NON-CASH INVESTING AND FINANCING TRANSACTIONS: | | |
| Director compensation settled with equity | \$ 292,236 | \$ 339,262 |
| Conversion of debt to common stock | \$ 1,000,000 | \$ — |
| Warrants issued | \$ 3,536,154 | \$ — |
| Three Months Ended | | |

| | March 31, 2024 | March 31, 2023 (As restated) |
|---|---------------------|------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income / (loss) | \$ 920,968 | \$ 20,072,244 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Services provided to unconsolidated entities | (203,064) | (271,375) |
| Depreciation | 19,168 | 143,647 |
| Financing fees amortization | 27,145 | 41,372 |
| Amortization of finance liability | 66,939 | — |
| Amortization of deferred discount | 1,014,649 | |
| Note payable interest accretion | 418,796 | 315,363 |
| Note payable interest paid in kind | 449,723 | |
| Note receivable interest accretion | — | (288,991) |
| Right of use asset amortization | 47,618 | 57,322 |
| Share-based compensation | 1,462,747 | 122,339 |
| Loss on equity method investment | 213,945 | — |
| Gain on debt extinguishment | — | (21,478,614) |
| Change in derivatives fair value | (7,854,902) | (3,046,886) |
| Director compensation paid with share-based instruments | 156,150 | — |
| (Increase) decrease in: | | |
| Accounts and other related party receivables | (15,604) | 7,498 |
| Short-term notes receivable related party | | (168,036) |
| Change in operating lease liability | (50,642) | (59,278) |
| Other assets | 155,604 | (117,428) |
| Accounts payable | 953,159 | (657,416) |
| Accrued expenses and other | 548,407 | 1,343,424 |
| NET CASH USED IN OPERATING ACTIVITIES | (1,669,194) | (3,984,815) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (103,943) | (508,459) |
| NET CASH USED IN INVESTING ACTIVITIES | (103,943) | (508,459) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of loans payable | — | 13,515,100 |
| Offering cost paid on financing | — | (98,504) |
| Payment of debt obligation | (154,130) | (9,692,315) |
| Cancellation of stock awards for payment of withholding tax requirements | (16,398) | — |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | (170,528) | 3,724,281 |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS | (1,943,665) | (768,993) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 4,021,720 | 1,443,421 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 2,078,055 | \$ 674,428 |
| SUPPLEMENTARY INFORMATION: | | |
| Interest paid | \$ 171,076 | \$ 72,359 |
| Income taxes paid | \$ — | \$ — |

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - Unaudited - Continued

Three Months Ended

| | March 31, 2024 | March 31, 2023 (As restated) |
|---|-------------------|------------------------------------|
| NON-CASH INVESTING AND FINANCING TRANSACTIONS: | | |
| Conversion of debt to common stock | \$ — | \$ 1,000,000 |
| Conversion of paid-in-kind (PIK) accrued interest into debt principal | \$ — | \$ — |
| Warrants issued | \$ — | \$ 3,416,594 |

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

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ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - Unaudited - Continued

Non-Cash Disclosure:

During the six months ended June 30, 2023 and 2022, we received \$4,633 and \$5,288,385, respectively, in non-cash financing associated with our litigation financing as described in Note 9 Loans Payable – Litigation Financing. The funder paid this amount directly to vendors used in our North American Free Trade Agreement (“NAFTA”) litigation support.

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ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Odyssey Marine Exploration, Inc. and subsidiaries (the “Company,” “Odyssey,” “us,” “we” or “our”) have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission and the instructions to Form 10-Q and, therefore, do not include all information and footnotes normally included in financial statements prepared in accordance with generally accepted accounting principles. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

In the opinion of management, these financial statements reflect all adjustments, including normal recurring adjustments, necessary for a fair presentation of the financial position as of June 30, 2023 March 31, 2024 and the results of operations and cash flows for the interim periods presented. Operating results for the three and six months ended June 30, 2023 March 31, 2024, are not necessarily indicative of the results that may be expected for the full year.

Accounting standards adopted

In August 2020,

Going Concern Consideration

We have experienced several years of net losses and may continue to do so. Our ability to generate net income or positive cash flows for the Financial Accounting Standards Board (“FASB”) following twelve months is dependent upon financings, our success in developing and monetizing our interests in mineral exploration entities, generating income from contracted services, collecting on amounts owed to us.

Our 2024 business plan requires us to generate new cash inflows to effectively allow us to perform our planned projects. We continually plan to generate new cash inflows through the monetization of our receivables and equity stakes in seabed mineral companies, financings, syndications or other partnership opportunities. If cash inflow becomes insufficient to meet our desired projected business plan requirements, we would be required to follow a contingency business plan based on curtailed expenses and fewer cash requirements. On December 1, 2023, we entered into the December 2023 Note Purchase Agreement with institutional investors pursuant to which we issued

Accounting Standards Update ("ASU") No. 2020-06, Debt-Debt with Conversion and Other Options (Subtopic 470-20) sold to the investors the December 2023 Notes in the principal amount of up to \$6.0 million and Derivatives the December 2023 Warrants to purchase shares of our common stock. We issued December 2023 Notes in the aggregate amount of \$3.75 million and Hedging-Contracts related warrants on December 1, 2023, and December 2023 Notes in Entity's Own Equity (Subtopic 815-40) the aggregate amount of \$2.25 million and related warrants on December 28, 2023. On May 3, 2024, we received a payment of approximately \$9.4 million arising from a residual economic interest in a salvaged shipwreck. The amendments in this update are effective for public business entities that meet the definition of a Securities and Exchange Commission ("SEC") filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The FASB specified that an entity should adopt the guidance as balance of the beginning proceeds from the December 2023 Notes and a portion of its annual fiscal year.

the proceeds received in May 2024

, together with other anticipated cash inflows, are expected to provide operating funds through at least the third quarter of 2024.

Our consolidated non-restricted cash balance at March 31, 2024 was \$2.1 million. We have a working capital deficit at March 31, 2024 of \$30.1 million. The amendments in ASU No. 2020-06 affect entities that issue convertible instruments and/or contracts in an entity's own equity. For convertible instruments, the instruments primarily affected are those issued with beneficial conversion features or total consolidated book value of our assets was approximately \$20.6 million at March 31, 2024, which includes cash conversion features because the accounting models for those specific features are removed. However, all entities that issue convertible instruments are affected by the amendments of \$2.1 million. The fair market value of these assets may differ from their net carrying book value. The factors noted above raise substantial doubt about our ability to continue as a going concern. These condensed consolidated financial statements do not include any adjustments to the disclosure requirements in this update. For contracts in an entity's own equity, the contracts primarily affected are freestanding instruments amounts and embedded features that are accounted for as derivatives under the current guidance because classification of failure to meet the settlement conditions of the derivatives scope exception related to certain requirements of the settlement assessment. The FASB simplified the settlement assessment by removing the requirements (1) to consider whether the contract would be settled in registered shares, (2) to consider whether collateral is required to be posted, assets and (3) to assess shareholder rights. Those amendments also affect the assessment of whether an embedded conversion feature in a convertible instrument qualifies for the derivatives scope exception. Additionally, the amendments in this update affect the diluted EPS calculation for instruments liabilities that may be settled in cash or shares and for convertible instruments. We adopted this ASU necessary should we be unable to continue as of January 1, 2022. Adoption did not have a material impact on its consolidated financial statements.

Other recent accounting pronouncements issued by the FASB, the AICPA and the SEC did not or are not believed by management to have a material effect, if any, on the Company's financial statements.

going concern.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding our condensed consolidated financial statements. The financial statements and notes are representations of the Company's management who are responsible for their integrity and objectivity and have prepared them in accordance with our customary accounting practices.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its direct and indirect wholly owned subsidiaries, both domestic and international. Equity investments in which we exercise significant influence but do not control and of which we are not the primary beneficiary are accounted for using the equity method. All significant inter-company and intra-company transactions and balances have been eliminated. The portion of the consolidated subsidiaries not owned by the Company and any related activity is eliminated through Non-controlling interests in the consolidated balance sheets and Net income (loss) attributable to non-controlling interests in the consolidated statements of operations. The results of operations attributable to the non-controlling interest are presented within equity and net income (loss) and are shown separately from the Company's equity and net income attributable to the Company. Some of the existing inter-company balances, which are eliminated upon consolidation, include features allowing

the liability liabilities of Exploraciones Oceánicas S. de R.L. de CV ("ExO") and Oceanica Resources, S. de R.L. ("Oceanica"), majority owned subsidiaries of the company, to be converted into additional equity of a subsidiary, which, if exercised, could increase the Company's direct or indirect interest of the Company in the non-whollyowned subsidiaries.

Use of Estimates

Management uses estimates and assumptions in preparing these condensed consolidated financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Reclassifications

Certain reclassifications have been made to the 2022 condensed consolidated financial statements in order to conform to the classifications used in 2023. The reclassifications had no impact to operations or working capital.

Revenue Recognition and Accounts Receivable

Revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of Accounting Standards Codification ("ASC") Topic 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC Topic 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Sales, value add, and other taxes collected on behalf of third parties are excluded from revenue.

The Company currently generates revenues from service contracts with customers. Currently, there are two sources of revenue, marine services and other services. The contracts for these the marine services provide research, scientific services, marine operations planning, management execution and project management. These services are billed generally on a monthly basis and recognized as revenue as the services are performed. Revenue is recognized at a point in time as services are provided, as the customers simultaneously receive and consume the benefits provided by the Company. performed or provided. The Company generally does not receive any upfront consideration for these services, and there is no variable consideration for the services. Costs associated with both marine and other services include all direct consulting labor, and minimal supplies, and are charged to operations as a component of Operations and Research.

Accounts receivable are based on amounts billed to customers. Generally accepted accounting principles state an estimate is to be made for current expected credit losses. We have determined no allowance is currently necessary. If we were to have a recorded allowance, the accounts receivable would be stated net of the recorded allowance.

We evaluate our accounts and notes receivable to estimate an allowance for credit losses over the remaining life of the financial instrument. The remaining life of our financial assets is determined by considering contractual terms among other factors. We estimate an allowance for credit losses based on ongoing evaluations of the accounts and notes receivable, the related credit risk characteristics, and the overall economic and environmental conditions affecting the financial assets. Credit losses are

charged-off against the allowance when we believe the uncollectibility of the financial asset is confirmed. Subsequent recoveries, if any, are credited to the allowance once received. A credit loss expense, or benefit, is recorded as Other expense in the Statement of Operations in an amount necessary to adjust the allowance for credit losses to our estimate as of the end of each reporting period.

At December 31, 2023 and 2022 we determined no allowance was necessary. If we were to have a recorded allowance, the accounts receivable would be stated net of the recorded allowance

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Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash in banks. We also consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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Bismarck Exploration License

The Company follows the guidance pursuant to ASU ASC 350, "Intangibles-Goodwill and Other" ("ASC (ASC topic 350" 350") in accounting for its Bismarck Exploration License. Management determined the rights to use the license to have an indefinite life. This assessment is based on the historical success of renewing the license every two years since 2006, and the fact that management believes there are no legal, regulatory, or contractual provisions that would limit the useful life of the asset. The Company was notified in November 2023 that the 2022 exploration license

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renewal application was approved. The Bismarck Exploration License is not dependent on another asset or group of assets that could potentially limit the useful life of the exploration license. The recoverability of Bismarck Exploration License. We test the license will be tested whenever Bismarck Exploration License for impairment annually, and more frequently if events or changes in circumstances indicate that its carrying amount may it is more likely than not be recoverable that the asset is impaired, per the guidance of the ASC topic 350.350. We did not not have any impairments for the three and six months ended June 30, 2023 March 31, 2024 and 2022, 2023, respectively.

Long-Lived Assets

Our policy is

Derivative Financial Instruments

From time to recognize impairment losses relating time, we may enter into a financial instrument that may contain a derivative. In evaluating the fair value of derivative financial instruments, there are numerous assumptions management must make that may influence the valuation of the derivatives that would be included in the financial statements.

Derivative financial instruments consist of financial instruments or other contracts that contain a notional amount and one or more underlying variables (e.g., interest rate, security price or other variable), require a small or no initial net investment and permit net settlement. Derivative financial instruments may be free-standing or embedded in other financial instruments. We generally do not use derivative financial instruments to long-lived assets hedge exposures to cash-flow, market or foreign-currency risks. However, we have entered into certain other financial instruments and contracts with features that are either (i) not afforded equity classification, (ii) embody risks not clearly and closely related to host contracts, or (iii) may be net-cash settled by the counterparty. As required by ASC 815 – Derivatives and Hedging, these instruments are required to be carried as derivative liabilities, at fair value, in our financial statements with changes in fair value reflected in our income.

As discussed in NOTE 10 Loans Payable and NOTE 12 Fair Value Financial Instruments to the consolidated financial statements, we have certain Litigation Financing with detachable warrants, warrant liabilities and an embedded derivative related to the 37N Note (as defined in NOTE 10) on the consolidated balance sheets at March 31, 2024 and December 31, 2023 that are considered derivative financial instruments.

The terms of the Litigation Financing agreement involved numerous amendments, significant non-cash financing, issuance of warrants, and issuance costs requiring judgment of the facts and circumstances, in particular with respect to the determination of the fair

value of the derivative. The fair value of the derivative was based on management's good-faith estimates of the potential outcomes of the NAFTA case, the potential outcomes conditional on Odyssey winning arbitration, amounts funded and the potential repayment date.

The Company determines the accounting classification of warrants it issues as either liability or equity classified by first assessing whether the warrants meet liability classification in accordance with ASC 480-10, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*, then in accordance with ASC 815-40, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock*. Under ASC 480, warrants are considered liability classified if the warrants are mandatorily redeemable, obligate the Company to settle the warrants or the underlying shares by paying cash or other assets, or if they require or may require settlement by issuing a variable number of shares. If warrants do not meet the liability classification under ASC 360 *Property, Plant and Equipment*, the Company assesses the requirements under ASC 815-40, which states that contracts that require or may require the issuer to settle the contract for cash are liabilities recorded at fair value, irrespective of the likelihood of the transaction occurring that triggers the net cash settlement feature. If the warrants do not require liability classification under ASC 815, and *Equipment. Decisions* in order to conclude equity classification, the Company also assesses whether the warrants are based on several factors, including, but indexed to its Common Stock and whether the warrants are classified as equity under ASC 815-40 or other applicable GAAP. After all relevant assessments, the Company concludes whether the warrants are classified as liability or equity. Liability classified warrants require fair value accounting at issuance and subsequent to initial issuance with all changes in fair value after the issuance date recorded in the Statements of Operations. Equity classified warrants only require fair value accounting at issuance with no changes recognized subsequent to the issuance date.

The 2022 Warrant, the December 2023 Warrant and the reclassified March 2023 Warrant were determined to meet the definition of derivative liability and the fair value was estimated using a Black-Scholes valuation model.

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The 37N Note was determined to include an embedded derivative liability related to the share settled redemption feature of the Note in accordance with ASC 815. The embedded derivative fair value is determined using the with-and-without valuation method.

Investment in Unconsolidated Entities

As discussed in NOTE 6 Investment in Unconsolidated Entities, the Company has cost basis method investments and equity method investments with related parties. We account for the investments we make in certain legal entities in which equity investors do not limited have (1) sufficient equity at risk for the legal entity to management's plans finance its activities without additional subordinated financial support, or (2) as a group, the holders of the equity investment at risk do not have either the power, through voting or similar rights, to direct the activities of the legal entity that most significantly impact the entity's economic performance, or (3) the obligation to absorb the expected losses of the legal entity or the right to receive expected residual returns of the legal entity. The Company has entered into agreements with a certain related parties that required analysis of ASC 810-10 to determine if the investment is considered a variable interest entity ("VIE"). If the investment is determined to be a VIE, then the Company evaluates whether it is considered the primary beneficiary. The primary beneficiary of a VIE is the party that meets both of the following criteria: (i) has the power to direct the activities that most significantly impact the VIE's economic performance; and (ii) has the obligation to absorb losses or the right to receive benefits from the VIE. We determine whether any of the entities in which we have made investments is a VIE at the start of each new venture and if a reconsideration event has occurred. At such times, we also consider whether we must consolidate a VIE and/or disclose information about our involvement in a VIE. This analysis required judgment and review of the facts and circumstance to determine the proper accounting for future the cost and equity method investments. A reporting entity must consolidate a VIE if that reporting entity has a variable interest (or combination of variable interests) that will absorb a majority of the VIE's expected losses, receive a majority of the VIE's expected residual returns, or both. A reporting entity must consider the rights and obligations conveyed by its variable interests and the relationship of its variable interests with variable interests held by other parties to determine whether its variable interests will absorb a majority of a VIE's expected losses, receive a majority of the VIE's expected residual returns, or both. For investments in VIEs in which the Company is considered the primary beneficiary, the assets, liabilities and results of operations recent operating results and projected cash flows. Impairment losses of the VIE are included in depreciation at the time Company's consolidated financial statements. As of impairment.

March 31, 2024 and 2023, there were no VIEs for which the Company was the primary beneficiary. We also review these investments for any potential impairment annually.

We use the equity method to account for investments in companies if our investment provides us with the ability to exercise significant influence over the operating and financial policies of the investee. Our Consolidated Statement of Operations includes our Company's proportionate share of the net income or loss of these companies. It is our policy to account for our share of the investee's net income or loss using a three-month lag period with an estimate of the most recent quarter results. Our judgment regarding the level of influence over each equity method investee includes considering key factors, such as our ownership interest, representation of the board of directors, participation in policy-making decisions, other commercial arrangements and material intercompany transactions.

We eliminate from our financial results all significant intercompany transactions, including the intercompany portion of transactions with equity method investees.

Property and Equipment and Depreciation

Property and equipment is stated at historical cost. Depreciation is calculated using the straight-line method at rates based on the assets' estimated useful lives which are normally between three years for computers and thirty peripherals, five years. Leasehold improvements are amortized over their estimated useful lives or lease term, if shorter, for furniture and office equipment and between five and ten years for marine equipment. Items that may require major overhauls (such as marine equipment) that enhance or extend the useful life of these assets qualify to be capitalized and depreciated over the useful life or remaining life of that asset, whichever was shorter. All other repairs and maintenance were accounted for under the direct-expensing method and are expensed when incurred.

Long-Lived Assets

Our policy is to recognize impairment losses relating to long-lived assets in accordance with ASC 360 Property, Plant and Equipment. Decisions are based on several factors, including, but not limited to, management's plans for future operations, recent operating results and projected cash flows. The carrying amount of long-lived assets held and used by the Company are

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reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular asset may not be fully recoverable. In such instances, the requirement for impairment could be triggered if the estimate of the undiscounted future cash flows expected to result from the use of the asset and its eventual disposition is less than the asset's carrying amount.

Any impairment losses are included in depreciation at the time of impairment. We did not have any impairments for the three months ended March 31, 2024 or 2023.

Earnings Per Share

Basic earnings per share ("EPS") has been computed pursuant to the guidance in FASB ASC Topic 260, Earnings Per Share, and is computed by dividing income (loss) available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that would occur if dilutive securities and other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in our earnings. We use the if-converted treasury stock method to compute potential common shares from stock options, restricted stock units and warrants and use the if-converted method to compute potential common shares from preferred stock, convertible notes or other convertible securities. When a net loss occurs, potential

Dilutive common shares have an anti-dilutive stock equivalents include the dilutive effect of in-the-money stock equivalents, which are calculated based on earnings per the average share and such shares are excluded from price for each period using the diluted EPS calculation.

For the six months ended June 30, 2023 and 2022, the basic weighted average treasury stock method, excluding any common shares outstanding year-to-date were 19,793,265 and 15,088,662, respectively, and diluted weighted average common shares outstanding year-to-date were 20,019,461, and 15,088,662, respectively. For the periods in which net losses occurred, all potential

common shares were excluded from diluted EPS because the stock equivalents if their effect of including such shares would be anti-dilutive.

The potential common shares in the following tables represent potential common shares calculated using the if-converted method from outstanding options, restricted stock awards, convertible notes and warrants other convertible securities that were excluded from the calculation of diluted EPS:

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|-----------|------------------|-----------|
| | June 30, | June 30, | June 30, | June 30, |
| | 2023 | 2022 | 2023 | 2022 |
| Average market price during the period | \$ 3.24 | \$ 4.85 | \$ 3.22 | \$ 5.38 |
| In the money potential common shares from options excluded | 18,422 | 22,493 | — | 22,493 |
| In the money potential common shares from warrants excluded | — | 7,496,331 | — | 7,496,331 |

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Potential common shares from out of the money options and warrants were also excluded from the computation of diluted EPS because calculation of the associated potential common shares has an anti-dilutive effect on EPS. The following table lists options and warrants that were excluded from diluted EPS:

| Per share exercise price | Three Months Ended | | Six Months Ended | |
|-------------------------------------|--------------------|-----------|------------------|-----------|
| | June 30, | June 30, | June 30, | June 30, |
| | 2023 | 2022 | 2023 | 2022 |
| Out of the money options excluded: | | | | |
| \$3.42 | 3,091 | — | 3,091 | — |
| \$3.43 | 17,105 | — | 17,105 | — |
| \$3.53 | 200,000 | — | 200,000 | — |
| \$3.59 | 7,521 | — | 7,521 | — |
| \$3.60 | 604,243 | — | 604,243 | — |
| \$12.48 | 136,833 | 136,833 | 136,833 | 136,833 |
| \$12.84 | 4,167 | 4,167 | 4,167 | 4,167 |
| \$26.40 | 75,158 | 75,158 | 75,158 | 75,158 |
| Out-of-the-money warrants excluded: | | | | |
| \$3.35 | 4,939,515 | — | 4,939,515 | — |
| \$3.78 | 3,584,828 | — | 3,584,828 | — |
| \$3.99 | 551,378 | — | 551,378 | — |
| \$4.67 | 131,816 | — | 131,816 | — |
| \$4.75 | 1,873,622 | — | 1,873,622 | — |
| \$5.76 | 196,135 | 196,135 | 196,135 | 196,135 |
| \$7.16 | 700,000 | 700,000 | 700,000 | 700,000 |
| Total excluded | 13,025,41 | | | |
| | 2 | 1,112,293 | 13,025,412 | 1,112,293 |

The equivalent common shares relating to our unvested restricted stock awards that were excluded from potential common shares in the earning per share calculation during periods due to having an anti-dilutive effect are:

| | Three Months Ended | Six Months Ended |
|--|--------------------|------------------|
|--|--------------------|------------------|

| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
|---|------------------|------------------|------------------|------------------|
| Excluded unvested restricted stock awards | 207,774 | 283,812 | — | 283,812 |

| | Three Months Ended | |
|--|--------------------|---------------------------------|
| | March 31, 2024 | March 31, 2023 (As restated) |
| Average market price during the period | \$ 4.44 | \$ 3.21 |
| Option awards | 1,529,824 | 848,118 |
| Unvested restricted stock awards | 10,087 | 13,547 |
| Convertible notes | 146,482 | 11,858,244 |
| Common Stock Warrant related | 951,148 | 6,918,729 |

The following is a reconciliation of the numerators and denominators used in computing basic and diluted net income per share:

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|------------------|------------------|------------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Net income (loss) | \$ (5,723,690) | \$ (4,683,485) | \$ 10,876,844 | \$ (12,913,714) |
| Numerator, basic and diluted net loss available to stockholders | \$ (5,723,690) | \$ (4,683,485) | \$ 10,876,844 | \$ (12,913,714) |
| Denominator: | | | | |
| Shares used in computation – basic: | | | | |
| Weighted average common shares outstanding | 19,918,677 | 15,803,746 | 19,793,265 | 15,088,662 |
| Shares used in computation – diluted: | | | | |
| Weighted average common shares outstanding | 19,918,677 | 15,803,746 | 20,019,461 | 15,088,662 |
| Net (loss) income per share – basic | \$ (0.29) | \$ (0.30) | \$ 0.55 | \$ (0.86) |
| Net (loss) income per share – diluted | \$ (0.29) | \$ (0.30) | \$ 0.54 | \$ (0.86) |

| | Three Months Ended | |
|--|--------------------|------------------------------------|
| | March 31, 2024 | March 31, 2023 (As restated) |
| Net income (loss) attributable to Odyssey Marine Exploration, Inc. | \$ 3,498,024 | \$ 22,307,687 |
| Numerator: | | |
| Basic net income (loss) available to stockholders | \$ 3,498,024 | \$ 22,307,687 |
| Fair value change in debt instruments | (1,617,819) | — |
| Fair value change in warrants | (6,798,430) | — |
| Interest expense related to convertible debt | — | 3,562 |
| Diluted net income (loss) available to stockholders | \$ (4,918,225) | \$ 22,311,249 |
| Denominator: | | |
| Weighted average common shares outstanding – Basic | 20,425,934 | 19,666,459 |
| Dilutive effect of options | — | 4,399 |
| Dilutive effect of restricted stock awards | — | 170,681 |
| Dilutive effect of warrants | 1,909,565 | — |
| Dilutive effect of convertible instruments | 4,322,601 | 37,005 |

| | | |
|--|------------|------------|
| Weighted average common shares outstanding – Diluted | 26,658,100 | 19,878,544 |
| Net (loss) income per share – basic | \$ 0.17 | \$ 1.13 |
| Net (loss) income per share – diluted | \$ (0.18) | \$ 1.12 |

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Income Taxes

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is provided when it is more likely than not that some portion or the entire deferred tax asset will not be realized.

Operations and research

Operations and research expenses are charged to operations as incurred.

Stock-based Compensation

Our stock-based compensation is recorded in accordance with the guidance in the ASC [Topic 718](#) for *Stock-Based Compensation* (See Note 11 Stockholders' (see NOTE 3 Stockholders' Equity/(Deficit)).

All share-based compensation is measured at the grant date, based on the fair value of the award, and is recognized as an expense in earnings over the requisite service period. The expense is determined on a straight-line basis over the requisite service period for the entire award. The amount of compensation costs recognized at any date is to be at least equal to the portion of grant-date value of the award that is vested at that date. For performance-based share awards, the Company recognizes expense when it is determined the performance criteria are probable of being met. The probability of vesting is reassessed at each reporting date and compensation cost is adjusted using a cumulative catch-up.

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adjustment. Forfeitures are recognized in compensation cost when they occur. Benefits or deficiencies of tax deductions in excess of recognized compensation costs are reported within operating cash flows.

Fair Value of Financial Instruments

Financial instruments consist of cash, evidence of ownership in an entity, and contracts that both (i) impose on one entity a contractual obligation to deliver cash or another financial instrument to a second entity, or to exchange other financial instruments on potentially unfavorable terms with the second entity, and (ii) conveys to that second entity a contractual right (a) to receive cash or another financial instrument from the first entity, or (b) to exchange other financial instruments on potentially favorable terms with the first entity. Accordingly, our financial instruments consist of cash and cash equivalents, accounts receivable, equity securities, accounts payable, accrued liabilities, derivative financial instruments and mortgage litigation financing and loans payable. We carry The carrying amounts of cash and cash equivalents, accounts payable and accrued liabilities and mortgage and approximate their fair values due to their short maturities. Certain loans payable are measured at the approximate fair market value based on valuation techniques using observable inputs other than Level 1 quoted prices in active markets and, accordingly, these estimates are not necessarily indicative of the amounts that we could realize in a current market exchange. We carry The litigation financing is considered a derivative financial instruments instrument and is carried at fair value as is required under current accounting standards.

Derivative financial instruments consist of financial instruments or other contracts that contain a notional amount and one or more underlying variables (e.g., interest rate, security price or other variable), require no initial net investment and permit net settlement. Derivative financial instruments may be free-standing or embedded in other financial instruments. Further, derivative financial instruments are initially, and subsequently, measured at fair value and recorded as liabilities or, in rare instances, assets. We generally do not use derivative financial instruments to hedge exposures to cash-flow, market or foreign-currency risks. However, we have entered into certain other financial instruments and contracts with features that are either (i) not afforded equity classification, (ii) embody risks not clearly and

closely related to host contracts, or (iii) may be net-cash settled by the counterparty. As required by ASC 815 – *Derivatives and Hedging*, these instruments are required to be carried as derivative liabilities, at fair value, in our financial statements with changes in fair value reflected in our income.

We adopted ASC Topic 820 for certain financial instruments measured as fair value on a recurring basis. ASC Topic 820 defines fair value, established a framework for measuring fair value in accordance with *accounting principles generally accepted in the United States US GAAP* and expands disclosures about fair value measurements. Fair value is defined 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. ASC Topic 820 established a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

Fair Value Hierarchy

The three levels of inputs that may be used to measure fair value are as follows:

Level 1. Quoted prices in active markets for identical assets or liabilities.

Level 2. Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data for substantially the full term of the assets or liabilities. Level 2 inputs also include non-binding market consensus prices that can be corroborated with observable market data, as well as quoted prices that were adjusted for security-specific restrictions.

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Level 3. Unobservable inputs to the valuation methodology are significant to the measurement of the fair value of assets or liabilities. Level 3 inputs also include non-binding market consensus prices or non-binding broker quotes that we were unable to corroborate with observable market data.

At June 30, 2023

The following tables summarize our fair value hierarchy for our financial assets and December 31, 2022, the Company did not have any financial instruments liabilities measured at fair value on a recurring basis.

basis as of March 31, 2024 and December 31, 2023:

| | March 31, 2024 | | | |
|---|-------------------|---------|---------------|---------------|
| | Level 1 | Level 2 | Level 3 | Total Balance |
| Liabilities: | | | | |
| 37N Note embedded derivative | \$ — | \$ — | \$ 336,857 | \$ 336,857 |
| Put option liability | — | — | 4,384,777 | 4,384,777 |
| Litigation financing | — | — | 52,691,820 | 52,691,820 |
| Warrant liabilities issued with debt (December 2023 Warrants) | — | — | 2,268,472 | 2,268,472 |
| Warrant liabilities issued with equity (2022 Warrants) | — | — | 9,202,078 | 9,202,078 |
| March 2023 note warrants | — | — | 5,263,018 | 5,263,018 |
| Total of fair valued liabilities | \$ — | \$ — | \$ 74,147,022 | \$ 74,147,022 |
| | December 31, 2023 | | | |
| | Level 1 | Level 2 | Level 3 | Total Balance |
| Liabilities: | | | | |
| 37N Note embedded derivative | \$ — | \$ — | \$ 702,291 | \$ 702,291 |

| | | | | |
|---|-------------|-------------|----------------------|----------------------|
| Put option liability | — | — | 5,637,162 | 5,637,162 |
| Litigation financing | — | — | 52,115,647 | 52,115,647 |
| Warrant liabilities issued with debt (December 2023 Warrants) | — | — | 2,392,563 | 2,392,563 |
| Warrant liabilities issued with equity (2022 Warrants) | — | — | 13,399,822 | 13,399,822 |
| Total of fair valued liabilities | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 74,247,485</u> | <u>\$ 74,247,485</u> |

At March 31, 2024 the Company recorded the 37N Note measured at fair value, Level 3, for which the valuation techniques used to measure the fair value of the Company's debt instruments are generally based on observable inputs other than quoted prices in active market. The OML equity exchange agreement, Put option liability (the "Put Option"), and Litigation financing are measured at fair value, Level 3. The OML Put Option valuation was based on expected timing and likelihood of completing the subsequent closings, the exercise period of the equity exchange agreement, share price and volatility. The Litigation Financing valuation was based on the following assumptions: amounts funded by the Funder, the corresponding IRR calculation, applicable percentage applicable to the recovery percentage calculation and managements good-faith estimates for estimated outcome probabilities and estimated debt repayment dates. The fair value of 2022 Warrant and the Dec 2023 Warrant are measured at fair value, Level 3, using a Black-Scholes valuation model. The assumptions used in this model included the use key inputs, including expected stock volatility, the risk-free interest rate, the expected life of the option and the expected dividend yield. Expected volatility is calculated based on our historical volatility of our Common Stock over the term of the warrant. Risk-free interest rates are calculated based on risk-free rates for the appropriate term. The expected life is estimated based on contractual terms as well as expected exercise dates. The dividend yield is based on the historical dividends issued by us. If the volatility rate or risk-free interest rate were to change, the value of the warrants would be impacted.

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Change in our Level 3 fair value measurements were as follows:

| | March 2023 note warrants | 37N Note embedded derivative | Put option liability | Litigation financing | Warrant liabilities issued with debt (December 2023 warrants) | Warrant liabilities issued with equity (2022 warrants) | Total |
|--|-----------------------------|------------------------------------|-------------------------|-------------------------|---|---|-------------|
| Year ended December 31, 2023 | — | 702,291 | 5,637,162 | 52,115,647 | 2,392,563 | 13,399,822 | 74,247,485 |
| Change in fair value | (2,491,420) | (365,434) | (1,252,385) | 576,173 | (124,091) | (4,197,744) | (7,854,901) |
| Classification of warrant as liability | 7,754,438 | — | — | — | — | — | 7,754,438 |
| Three months ended March 31, 2024 | 5,263,018 | 336,857 | 4,384,777 | 52,691,820 | 2,268,472 | 9,202,078 | 74,147,022 |
| Year ended December 31, 2022 | | | | | | | |
| As restated | — | — | — | 45,368,948 | — | 13,602,467 | 58,971,415 |
| Change in fair value | — | — | — | 1,685,517 | — | (4,732,403) | (3,046,886) |
| Other | — | — | — | 2,528 | — | — | 2,528 |
| Three months ended March 31, 2023 (As restated) | — | — | — | 47,056,993 | — | 8,870,064 | 55,927,057 |

Additional information about the Litigation Financing liability, the 2022 Warrant, the December 2023 Warrants and the March 2023 Warrant is included in NOTE 10 Loan Payable and NOTE 12 Fair Value Financial Instruments.

NOTE 3 – ACCOUNTS RECEIVABLE AND OTHER RELATED PARTY NET

RECEIVABLES

Our accounts receivable and other related party receivables consist of the following:

| | June 30, 2023 | December 31, 2022 |
|----------------------------|---------------|-------------------|
| Related party (see Note 5) | \$ 5,132 | \$ 7,515 |

| | | |
|--|--------------|----------|
| Other | 1,000,025 | — |
| Total accounts receivable and other, net | \$ 1,005,157 | \$ 7,515 |

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| | March 31, 2024 | December 31, 2023 |
|--|-------------------|-------------------------|
| Related party (see Notes 5 and 6) | \$ 59,097 | \$ 46,394 |
| Other | 29 | 63,926 |
| Total accounts and other related party receivables | \$ 59,126 | \$ 110,320 |

NOTE 4 – SHORT-TERM NOTES RECEIVABLE RELATED PARTY

OTHER CURRENT ASSETS

Our short-term notes receivable other current assets consisted of the following:

| | June 30, 2023 | December 31, 2022 |
|-----------------------------|---------------|-------------------|
| Related party (see Note 5) | \$ 690,795 | \$ 1,576,717 |
| Short-term notes receivable | \$ 690,795 | \$ 1,576,717 |

| | March 31, 2024 | December 31, 2023 |
|----------------------------|-------------------|-------------------------|
| Prepaid Assets | \$ 572,268 | \$ 608,353 |
| Other prepaid assets | — | 119,820 |
| Deposits | 15,566 | 15,266 |
| Total other current assets | \$ 587,834 | \$ 743,439 |

All prepaid expenses are amortized on a straight-line basis over the term of the underlying agreements. Deposits may be held by various entities for equipment, services, and in accordance with agreements in the normal course of business.

NOTE 5 – RELATED PARTY TRANSACTIONS

CIC Limited

We currently provide services to a deep-sea mineral exploration company, and own approximately 15.08% of the equity interests in CIC Limited ("CIC"), which was organized and is majority owned and controlled by Greg Stemm, a deep-sea mineral exploration company. Odyssey's past Chairman of the Board. Mr. Stemm's involvement with this company was disclosed to, and approved by, the Odyssey Board of Directors and legal counsel pursuant to the terms of Mr. Stemm's consulting agreement in effect at that time. A current Odyssey lead director, Mark B. Justh, made an investment into CIC's parent company and indirectly owns approximately 11.5% of CIC. We believe Mr. Justh's indirect ownership in CIC does not impair his independence under applicable rules. rules and Odyssey's board of directors has formed a special committee to address any matters relating to CIC. We are providing these services to CIC in accordance with the terms of a Services Agreement pursuant to a Master Services Agreement that which Odyssey provides for certain back-office services to CIC in exchange for a recurring monthly fee, as well as other deep-sea mineral related services on a cost-plus profit basis and is compensated for these services with a combination of cash and equity in CIC. During the three months ended March 31, 2024 and 2023, we invoiced CIC a total of \$133,166 and \$271,375, respectively, recorded in Marine services in our consolidated statements of operations, which was for technical services. We have the option to accept equity in payment of the amounts due from CIC in lieu of cash.

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Ocean Minerals, LLC

We also provide services to Ocean Minerals, LLC ("OML"), a deep-sea mineral exploration company in which we hold approximately 6.6% of the equity interests (see Note 6 Investment in Unconsolidated Entities). We are providing these services to OML pursuant to the Contribution Agreement that provides for deep-sea mineral related services on a cost-plus profit basis and will be compensated for these services with a combination of cash and equity in CIC. For the three months ended June 30, 2023 and 2022, we invoiced CIC a total of \$172,575 and \$390,278, respectively, and for the six months ended June 30, 2023 and 2022, we invoiced CIC a total of \$461,314 and \$689,884 respectively, which was for technical and support services. We have the option to accept equity in payment of the amounts due from CIC, OML. See Note 3 Accounts Receivable and Other Related Party, Net for related accounts receivable and Note 4 Short-term Notes Receivable Related Party, Net for related short-term notes receivable at June 30, 2023 and December 31, 2022, and Note 6 Investment in Unconsolidated Entity Entities for amounts we invoiced OML during the three months ended March 31, 2024 and 2023.

Salvage Agreement

We hold a 40% interest in proceeds under a salvage agreement from our investment legacy shipwreck business. A company controlled by Mr. Justh obtained the right to the remaining 60% of those proceeds from an unrelated third party in exchange for the obligation to finance legal expenses relating to the recovery of the proceeds, pursuant to a funding arrangement to which we are also a party. Odyssey and Mr. Justh's controlled entity will be responsible for any remaining legal costs on a pro rata basis.

Oceanica and ExO

Odyssey and its subsidiary, Oceanica Marine Operations S.R.L. ("OMO"), hold three notes (the "Oceanica-ExO Notes") issued and/or guaranteed by our majority-owned subsidiaries, ExO and Oceanica, in the unconsolidated entity.

aggregate principal amount of approximately \$23 million, which was advanced to ExO and Oceanica to fund working capital, exploration and legal expenses. In furtherance addition, Odyssey provides management and administrative services to ExO and funds ExO's ongoing administrative expenses pursuant to a services agreement in exchange for a recurring monthly fee and reimbursement of funded amounts. Certain of Odyssey's former and current directors and officers are also directors or officers of ExO and Oceanica. The Oceanica-ExO Notes and outstanding receivables under the management and services agreement accrue interest at 18% per annum. As of March 31, 2024, the aggregate outstanding amount of the Master Services Agreement, we are financing Oceanica-ExO Notes with accrued interest was approximately \$109 million, and the acquisition of certain equipment required for implementation of CIC's Marine Operations Plan, which is aggregate receivable pursuant to the comprehensive work plan for offshore operations, including exploration, survey management and sampling of potential mineral deposits, services agreement was approximately \$856,000. As of June 30, 2023 we December 31, 2023, the aggregate outstanding amount of the Oceanica-ExO Notes with accrued interest was approximately \$105 million, and the aggregate receivable pursuant to the management and services agreement was approximately \$675,000.

Stockholders

We have paid \$279,991 toward the purchase entered into financing transactions with certain stockholders that beneficially own more than five percent of this equipment, and CIC has reimbursed \$136,860 our Common Stock. FourWorld Capital Management LLC ("FourWorld") beneficially owns approximately 20% of our Common Stock. Part of that amount. The remaining balance CIC owes holding includes two of FourWorld's funds, each of which individually beneficially owns more than five percent of our Common Stock and has participated in our financial transactions: each of FW Deep Value Opportunities Fund LLC and FourWorld Global Opportunities Fund, Ltd beneficially owns approximately 6% of our Common Stock. Funds managed by Two Seas Capital LP ("Two Seas") own approximately 9.99% of our Common Stock after giving effect to us has been included the 9.99% beneficial ownership limitation applicable to warrants held by its funds. Greywolf Opportunities Master Fund II LP and its affiliates ("Greywolf") beneficially own approximately 9% of our Common Stock.

On June 10, 2022, we completed the 2022 Equity Transaction, in which FourWorld participated. FourWorld funds purchased 292,628 shares of our Common Stock and 2022 Warrants to purchase 292,628 shares of our Common Stock in the Services Agreement Note Receivable balance described below.

We have the option to accept equity in payment 2022 Equity Transaction for a purchase price of \$980,304. FourWorld exercised some of the amounts due from CIC. See NOTE 3 for related accounts receivable 2022 Warrants on August 31, 2023, to purchase 1,000 shares of Common Stock at June 30, 2023 and December 31, 2022 and NOTE 6 for \$3.35 per share. As of December 31, 2023, FourWorld held 2022 Warrants to purchase 291,628 shares of our investment in Common Stock at an unconsolidated entity.

exercise price of \$3.35 per share.

On December 13, 2022 March 6, 2023, we entered into a Loan Agreement with CIC. Pursuant to the Loan Agreement, CIC issued to Odyssey a convertible promissory note in the amount of \$1,350,000 that bore interest at a rate of 18% per annum. On the closing date of the Loan Agreement, Odyssey advanced CIC \$1,000,000 (the "Advanced Amount") and recorded an original issue discount ("OID") of \$350,000, which was accrued as interest income in our consolidated statements of operations. Unless otherwise converted or repaid as described below, the entire outstanding principal balance under the Loan agreement and all accrued interest was due and payable on March 31, 2023 (the "Maturity Date"). The Loan Agreement provided that CIC could repay the Advanced Amount plus accrued interest on or prior to the fifth business day after the Maturity Date (the "Maturity Cure Date") in full satisfaction of the Loan Agreement. CIC repaid the Advanced Amount plus accrued interest prior to the Maturity Cure Date in accordance with the terms of the Loan Agreement. For the three months ended March 31, 2023, we recorded \$288,991 of interest income from the accretion of the OID. On April 6, 2023, prior to the Maturity Cure Date, CIC repaid principal and interest in the aggregate amount of \$1,068,000 in full satisfaction of the convertible promissory note and the Loan Agreement. The December 31, 2022 carrying value of the note receivable was \$1,061,009, and the unamortized OID was \$288,991. At December 31, 2022 we recorded \$12,649 in accrued interest receivable, which is included in the note receivable balance.

On December 13, 2022, CIC issued a Services Agreement Note to us. Pursuant to the Services Agreement Note, as amended on June 30, 2023, and August 8, 2023, Odyssey agreed to extend the terms of its outstanding accounts receivables balance for past and future services performed under the Master Services Agreement for an amount not to exceed \$625,000. The note bears interest at a rate of 1.5% per month and matures on August 15, 2023. Interest is due and payable on the first day of each month for the previous month. The March 31, 2023 and December 31, 2022 carrying values of the note receivable were \$625,083 and \$503,059, respectively. At June 30, 2023 and December 31, 2022, we recorded \$65,712 and \$377, respectively, in accrued interest receivable, which is included in the note receivable balance. The terms of the Services Agreement Note are not necessarily indicative of the terms that would have been provided had a comparable transaction been entered into with independent parties.

On July 15, 2021, MINOSA assigned \$404,633 of its indebtedness with accumulated accrued interest of \$159,082 to a former director of the Company under the same terms as the original agreement, and that indebtedness continued to be convertible

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at a conversion price of \$4.35. This transaction was reviewed and approved by the independent members of the Company's board of directors. On March 6, 2023, this note was terminated and Odyssey issued a new note, see Note 9 Loans Payable– MINOSA 2 for detail.

NOTE 6 – INVESTMENT IN UNCONSOLIDATED RELATED ENTITY

At June 30, 2023 and December 31, 2022, our accumulated investment in CIC was \$4,842,925 and \$4,404,717, respectively, which is classified as an investment in unconsolidated entity in our condensed consolidated balance sheets.

NOTE 7 - INCOME TAXES

During the three months ended June 30, 2023, we generated a federal net operating loss ("NOL") carryforward of \$11.6 million and generated \$4.9 million of foreign NOL carryforwards. As of June 30, 2023, we had consolidated income tax NOL carryforwards for federal tax purposes of approximately \$241.6 million and net operating loss carryforwards for foreign income tax purposes of approximately \$88.4 million. From 2025 through 2027, approximately \$47 million of the NOL will expire, and from 2028 through 2037, approximately \$128 million of the NOL will expire. The NOL generated in 2018 through 2022 of approximately \$67 million will be carried forward indefinitely.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. We are not a party to any litigation as a defendant where a loss contingency is required to be reflected in our condensed consolidated financial statements.

Contingency

We owe consultants contingent success fees of up to \$700,000 upon the approval and issuance of the Environmental Impact Assessment ("EIA") for our Mexican subsidiary. The EIA has not been approved as of the date of this report and the contingent success fees have not been accrued.

Going Concern Consideration

We have experienced several years of net losses and may continue to do so. Our ability to generate net income or positive cash flows for the following twelve months is dependent upon financings, our success in developing and monetizing our interests in mineral exploration entities, generating income from exploration charters, collecting on amounts owed to us.

Our 2023 business plan requires us to generate new cash inflows to effectively allow us to perform our planned projects. We continually plan to generate new cash inflows through the monetization of our receivables and equity stakes in seabed mineral companies, financings, syndications or other partnership opportunities. If cash inflow ever became insufficient to meet our desired projected business plan requirements, we would be required to follow a contingency business plan based on curtailed expenses and fewer cash requirements. During March 2023 we entered Note and Warrant Purchase Agreement, pursuant to which we issued the March 2023 Note and sold to an institutional investor a promissory note (the "Note") in the March 2023 Warrants. FourWorld, Two Seas and Greywolf each purchased portions of the March 2023 Note and March 2023 Warrants. No principal amount of up to \$14.0 million, of which \$13.1 million was advanced in March 2023 and an additional \$450,000 was advanced repaid during the three months ended June 30, 2023. On April 4, 2023, and June 30, Odyssey entered into a \$3.5 million and \$1.0 million sale-leaseback arrangements, respectively, for marine equipment. A portion of the proceeds of the April sale-leaseback transaction was used to repay the note outstanding to the seller of the marine equipment that we issued in December 2022. On April 6, 2023, CIC repaid principal and interest in the aggregate amount of \$1,068,000 in full satisfaction of the convertible promissory note and the Loan Agreement. On June 26, 2023, Odyssey entered into note purchase agreement with 37North SPV 11, LLC for \$1.0 million. The balance of the proceeds from the Note, after payment of certain obligations, the sale-leaseback arrangements and the CIC loan and note repayment, together with other anticipated cash inflows, are expected to provide operating funds through 2024.

Our consolidated non-restricted cash balance at June 30, 2023 was \$1.8 million. We have a working capital deficit at June 30, 2023 of (\$35.7) million. The total consolidated book value of our assets was approximately \$14.0 million at June 30, 2023, which includes cash of \$1.8 million. The fair market value of these assets may differ from their net carrying book value. The factors noted above raise substantial doubt about our ability to continue as a going concern. These condensed consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern.

Lease commitment

At June 30, 2023, the right of usage ("ROU") asset and lease obligations for our two real property operating leases were \$213,108 and \$225,943, respectively.

The remaining lease payment obligations, which include an interest component of \$13,988, are as follows:

| Year ending | |
|--------------|---------------------------|
| December 31, | Annual payment obligation |
| 2023 | 106,117 |
| 2024 | 133,814 |
| | \$ 239,931 |

We recognized approximately \$53,084 and \$54,500 in rent expense associated with these leases for the three months ended June 30, 2023 and 2022, respectively, and approximately \$123,911 and \$109,000 in rent expense for the six months ended June 30, 2023 and 2022, respectively.

NOTE 9 –LOANS PAYABLE

The Company's consolidated notes payable consisted of the following carrying values and related interest expense at:

| | Note payable | | Interest expense | | | |
|--------------------------------|---------------|---------------|--------------------|------------|------------------|------------|
| | | | Three Months Ended | | Six Months Ended | |
| | June 30, | December 31, | June 30, | June 30, | June 30, | June 30, |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| MINOSA 1 | \$ — | \$ 14,750,001 | \$ — | \$ 294,191 | \$ 210,137 | \$ 585,150 |
| MINOSA 2 | — | 5,050,000 | — | 125,904 | 89,932 | 250,424 |
| Litigation financing | 23,706,579 | 24,347,513 | 3,253,645 | 2,977,352 | 6,355,709 | 5,458,020 |
| DP SPV I LLC note | 10,789,776 | — | 924,676 | — | 1,240,656 | — |
| Emergency Injury Disaster Loan | 150,000 | 149,900 | 1,402 | 1,461 | 2,789 | 2,922 |
| Vendor note payable | 484,009 | 484,009 | 14,480 | 14,481 | 28,802 | 28,803 |
| Seller note payable | — | 1,400,000 | 1,962 | — | 64,696 | — |
| AFCO Insurance note payable | 188,037 | 562,280 | 2,849 | — | 10,595 | — |
| Monaco | — | — | — | 37,000 | — | 148,000 |
| Pignatelli note | 500,000 | — | 12,466 | — | 16,027 | — |
| Galileo note | — | — | — | — | 723 | — |
| 37North | 1,004,918 | — | 4,918 | 100,000 | 4,918 | 300,000 |
| Finance liability | 4,101,826 | — | 116,826 | — | 116,826 | — |
| | \$ 40,925,145 | \$ 46,743,703 | | | | |

MINOSA 1

On March 11, 2015, in connection with a Stock Purchase Agreement ("SPA"), Minera del Norte, S.A. de C.V. ("MINOSA") agreed to lend us up to \$14.75 million. The entire \$14.75 million was loaned in five advances from March 11 through June 30, 2015. The outstanding indebtedness bore interest at 8.0% percent per annum. During December 2017, MINOSA transferred this debt to its parent company, AHMSA.

MINOSA 2

On August 10, 2017, we entered into a Note Purchase Agreement (the "Minosa Purchase Agreement") with MINOSA. Pursuant to the Minosa Purchase Agreement, MINOSA agreed to loan our wholly owned subsidiary, Odyssey Marine Enterprises, Ltd., up to \$3.0 million. During 2017, we borrowed \$2.7 million against this facility, and Epsilon Acquisitions LLC ("Epsilon") assigned \$2.0 million of its previously held debt to MINOSA. The indebtedness is evidenced by a secured convertible promissory note (the "Minosa Note") and bore interest at a rate equal to 10.0% per annum. Unless otherwise converted as described below, the entire outstanding principal balance under this Minosa Note and all accrued interest and fees are due and payable upon written demand by MINOSA; provided, that MINOSA agreed not make a demand for payment prior to the earlier of (a) an event of default (as defined in the Minosa Note) or (b) a date, which may be no earlier than December 31, 2017, that is at least 60 days subsequent to written notice from MINOSA that it intended to demand payment. We unconditionally and irrevocably guaranteed all of the obligations under the Minosa Purchase Agreement and the Minosa Note. MINOSA had the right to convert all amounts outstanding

under the Minosa Note into shares of our common stock upon 75 days' notice to us or upon a merger, consolidation, third party tender offer, or similar transaction relating to us at the conversion price of \$4.35 per share. During December 2017, MINOSA transferred this indebtedness to its parent company. On July 15, 2021, MINOSA transferred \$404,633 of this indebtedness with accumulated interest of \$159,082 to a director of the Company under the same terms as the original agreement, and that indebtedness continues to be convertible at a conversion price of \$4.35 per share.

Pursuant to second amended and restated pledge agreements (the "Pledge Agreements") entered into by us in favor of MINOSA on August 10, 2017, we pledged and granted security interests to MINOSA in (a) the 54 million cuotas (a unit of ownership under Panamanian law) of Oceanica Resources S. de R.L. ("Oceanica") held by us, (b) all notes and other receivables from Oceanica and its subsidiary owed to us, and (c) all of the outstanding equity in our wholly owned subsidiary, Odyssey Marine Enterprises, Ltd.

Settlement, Release and Termination Agreement of the MINOSA 1 and MINOSA 2

On March 3, 2023, Odyssey, Altos Hornos de México, S.A.B. de C.V. ("AHMSA"), MINOSA and Phosphate One LLC (f/k/a Penelope Mining LLC, "Phosphate One" and together with AHMSA and MINOSA, the "AHMSA Parties") entered into a Settlement, Release and Termination Agreement (the "Termination Agreement").

Pursuant to the Termination Agreement:

- Odyssey paid AHMSA \$9.0 million (the "Termination Payment") in cash on March 6, 2023, fiscal year 2023.
- the parties agreed that, concurrently with the payment of the Termination Payment, FourWorld purchased a portion of the MINOSA Notes were deemed automatically converted into 304,879 shares of Odyssey's common stock;
- the MINOSA Notes, the Purchase Agreement, and the Pledge Agreements were terminated;
- each of the AHMSA Parties and Odyssey agreed to release the other parties and their respective affiliates, equity holders, beneficiaries, successors and assigns (the "Released Parties") from any and all claims, demands, damages, actions, causes of action or liabilities of any kind or nature whatsoever under the SPA, the MINOSA Notes, the Minosa Purchase Agreement, or the Pledge Agreements (the "Released Matters"); and
- each of the AHMSA Parties and Odyssey agreed not to make any claims against any of the Released Parties related to the Released Matters.

The transactions contemplated by the Termination Agreement were completed on March 6, 2023.

On March 6, 2023, Odyssey entered into a Release and Termination Agreement with a director of the Company, James S. Pignatelli, to terminate and release a portion of the MINOSA 2 Note assigned to Mr. Pignatelli in 2021, the related Note Purchase Agreement ("NPA") and the Pledge Agreement.

As a result of these transactions, Odyssey has recorded a Gain on debt extinguishment of \$21,478,614 in our Statement of Operations.

Pignatelli

On March 6, 2023, Odyssey issued a new Unsecured Convertible Promissory Note in the principal amount of \$500,000 1.08 million and March 200 Warrants to Mr. Pignatelli that bears interest purchase 285,715 shares of our Common Stock on March 6, 2023, for an aggregate purchase price of \$1.08 million. Interest at the rate of 10.011% per annum convertible into common stock had accrued and was capitalized with respect to the March 2023 Note as of Odyssey at a conversion price December 31, 2023, in the amount of \$3.78 per share. Pursuant to the Release and Termination Agreement with Mr. Pignatelli noted above, he agreed, in exchange 31,866 for the issuance note held by FourWorld. As of this Unsecured Convertible Promissory Note by Odyssey, December 31, 2023, FourWorld held March 2023 Warrants to release the assigned purchase 285,715 shares of our Common Stock.

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- Two Seas purchased a portion of the MINOSA 2 note

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issued by Odyssey Marine Exploration, Inc., to Mr. Pignatelli March 2023 Note in the principal amount of \$404,634 2,300,641 and convertible at a conversion March 2023 Warrants to purchase 608,635 shares of our Common Stock on March 6, 2023, for an aggregate purchase price of \$4.35 per share, pursuant to which the outstanding aggregate obligation with accrued interest was \$630,231.

2,300,641

Litigation Financing

Waiver and Consent

On January 31, 2020, Odyssey and Exploraciones Oceánicas S. de R.L. de C.V., our Mexican subsidiary ("ExO" and, together with Odyssey, the "Claimholder"), and Poplar Falls LLC (the "Funder") entered into an Amended and Restated International Claims Enforcement Agreement (as amended, the "Agreement"), pursuant to which the Funder agreed to provide funding to the Claimholder to facilitate the prosecution and recovery a portion of the claim by the Claimholder against the United Mexican States under Chapter Eleven of the North American Free Trade Agreement.

On March 6, 2023, the Claimholder and the Funder under the Agreement entered into a Waiver and Consent Agreement, pursuant to which, among other things, (a) the Funder consented to allow the Claimholder to fund certain costs and expenses arising from the Subject Claim from the Claimholder's own capital in an aggregate amount not to exceed \$5,000,000, and (b) Odyssey paid a \$1,000,000 nonrefundable waiver fee to the Funder. The waiver fee was accounted for as a debt modification and recorded as an additional debt discount of \$1,000,000, which is being amortized through December 31, 2025, using the effective interest method, which is charged to interest expense.

For the three months ended June 30, 2023 and 2022, we recorded \$86,130 and \$72,013, respectively, of interest expense from the amortization of the debt discount, \$36,724 and \$36,724 of interest expense from financing fee amortization, respectively, and \$88,178 and \$0 of interest expense from the amortization of the waiver discount, respectively. For the six months ended June 30, 2023 and 2022, we recorded \$167,614 and \$140,153 of interest expense from the amortization of the debt discount, \$73,448 and \$73,448 of interest expense from financing fee amortization, and \$113,372 and \$0 from the amortization of waiver discount, respectively. The June 30, 2023 and December 31, 2022 carrying value of the debt was \$23,706,579 and \$24,347,513, respectively, and was net of unamortized debt fees of \$73,449 and \$146,897, respectively, as well as the net unamortized debt discount of \$186,382 and \$353,996, respectively, associated with the fair value of the warrant, and net of the unamortized waiver fee of \$886,628 and \$0, respectively. The total face value of this obligation at June 30, 2023 and December 31, 2022 was \$24,853,038 and \$24,848,406, respectively.

Galileo

On February 28, 2023, Odyssey issued a \$300,000 11.0% Promissory March 2023 Note to Galileo NCC Inc ("Galileo"). The Promissory Note was payable on April 1, 2023. On March 6, 2023, Odyssey repaid this note payable in full with proceeds from the issuance of the DP SPV Note (as defined below).

DP SPV I LLC

On March 6, 2023, Odyssey entered into a Note and Warrant Purchase Agreement (the "Purchase Agreement") with an institutional investor pursuant to which Odyssey issued and sold to the investor (a) a promissory note (the "DP SPV Note") in the principal amount of up \$449,359 and Warrants to \$14.0 million, of which \$13.1 million was advanced in March 2023 and an additional \$450,000 was advanced during the three months ended June 30, 2023 and (b) a warrant (the "Warrant" and, together with the DP SPV Note, the "Securities") to purchase 118,878 shares of Odyssey's common stock.

The principal amount outstanding under the DP SPV Note bears interest our Common Stock on September 22, 2023, for an aggregate purchase price of \$449,359. Interest at the rate of 11.011% per annum, had accrued and interest is payable in cash on a quarterly basis, except that, (a) at Odyssey's option and upon notice was capitalized with respect to the holder March 2023 Note as of December 31, 2023, in the amount of \$80,374 for the note held by Two Seas. As of December 31, 2023, Two Seas held March 2023 Warrants to purchase 608,635 shares of our Common Stock.

- Greywolf purchased a portion of the DP SPV March 2023 Note any quarterly interest payment may be satisfied, in lieu of paying such cash interest, by adding an equivalent amount to the principal amount of \$7.0 million and March 2023 Warrants to purchase 1,851,852 shares of our Common Stock for an aggregate purchase price of \$7.0 million. No principal amount was repaid during fiscal year 2023. Interest at the DP SPV Note ("PIK Interest"), rate of 11% had accrued and (b) the first quarterly interest payment due under the DP SPV Note will be satisfied was capitalized with PIK Interest. The DP SPV Note provides Odyssey with the right, but not the obligation, upon notice respect to the holder March 2023 Note as of December 31, 2023, in the DP SPV Note to redeem (x) at any

time before amount of \$206,539 for the first anniversary note held by Greywolf. As of the issuance of the DP SPV Note, all or any portion of the indebtedness outstanding under the DP SPV Note (together with all accrued and unpaid interest, including PIK Interest) for an amount equal to one hundred twenty percent (120%) of the outstanding principal amount so being redeemed, and (y) at any time on or after the first anniversary of the issuance of the DP SPV Note, all or any portion of the indebtedness outstanding under the DP SPV Note (together with all accrued and unpaid interest, including PIK Interest). Unless the DP SPV Note is sooner redeemed at Odyssey's option, all indebtedness under the DP SPV Note is due and payable on September 6, 2024. Under the terms of the Purchase Agreement, Odyssey agreed to use the proceeds of the sale of the Securities to fund Odyssey's obligations under the Termination Agreement (as defined above) December 31, 2023, to pay legal fees and costs related to Odyssey's NAFTA arbitration against the United Mexican States, to pay fees and expenses related to the transactions contemplated by the Purchase Agreement, and for working

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capital and other general corporate expenditures. Odyssey's obligations under Note are secured by a security interest in substantially all of Odyssey's assets (subject to limited stated exclusions).

Under the terms of the Warrant, the holder has the right for a period of three years after issuance Greywolf held March 2023 Warrants to purchase up to 3,465,778

1,851,852 shares of Odyssey's common stock our Common Stock, each at an exercise price of \$3.78 per share, which represents 120.0% of the official closing price of Odyssey's common stock on the NASDAQ Capital Market immediately preceding the signing of the Purchase Agreement, upon delivery of a notice of exercise to Odyssey. Upon exercise of the Warrant, Odyssey has the option to either (a) deliver the shares of common stock issuable upon exercise or (b) pay to the holder an amount equal to the difference between (i) the aggregate exercise price payable under the notice of exercise and (ii) the product of (A) the number of shares of common stock indicated in the notice of exercise multiplied by (B) the arithmetic average of the daily volume-weighted average price of the common stock on the NASDAQ Capital Market for the five consecutive trading days ending on, and including, the trading day immediately prior to the date of the notice of exercise. The warrant provides for customary adjustments to the exercise price and the number of shares of common stock issuable upon exercise in the event of a stock split, recapitalization, reclassification, combination or exchange of shares, separation, reorganization, liquidation, or the like.

In connection with the execution and delivery of the Purchase Agreement, Odyssey entered into a registration rights agreement (the "Registration Rights Agreement") pursuant to which Odyssey registered the offer and sale of the shares (the "Exercise Shares") of Odyssey common stock issuable upon exercise of the Warrant in a Prospectus filed with the Securities and Exchange Commission (the "SEC") and declared effective as of June 1, 2023.

We incurred \$98,504 in related fees which are being amortized over the term of the Purchase Agreement and charged to legal expense with-in marketing, general and administrative expense. The total proceeds of \$13.6 million were allocated between debt and equity for the warrants based on the relative fair value of the two instruments. As a result, there was a debt discount of \$3,536,154, which is being amortized over the remaining term of the Purchase Agreement using the effective interest method, which is charged to interest expense.

For the three months ended June 30, 2023, we recorded \$542,186 of interest expense from the amortization of the debt discount and \$16,268 interest from the fee amortization, respectively. The June 30, 2023 carrying value of the debt was \$10,789,776 and was net of unamortized debt fees of \$77,587, net of unamortized debt discount of \$2,785,283 associated with the fair value of the warrant. The total face value of this obligation at June 30, 2023 was \$13,652,646. For the six months ended June 30, 2023, we recorded \$750,871 of interest expense from the amortization of the debt discount and \$20,916 interest from the fee amortization, respectively. The June 30, 2023 carrying value of the debt was \$10,789,776 and was net of unamortized debt fees of \$77,587, net of unamortized debt discount of \$2,785,283 associated with the fair value of the warrant. The total face value of this obligation at June 30, 2023 was \$13,652,646.

37North

share.

On June 29, 2023 December 1, 2023, we entered into a the December 2023 Note Purchase Agreement, (" in which FourWorld, Two Seas and Greywolf participated. No principal amount was repaid during fiscal year 2023.

- FourWorld purchased a December 2023 Note Agreement in the principal amount of \$500,000 and December 2023 Warrants to purchase 135,278 shares of our Common Stock for an aggregate purchase price of \$500,000. Interest at the rate of 11% had accrued and was capitalized with 37North SPV 11, LLC ("37N") pursuant to which 37N agreed to loan us \$1,000,000. The proceeds from this transaction were received in full on June 29, 2023. Pursuant to the Note Agreement, the indebtedness was non-interest bearing and matured on July 30, 2023. At any time from 31 days after the maturity date, 37N has the option to convert all or a portion of the December 2023 Notes as of the outstanding amount of the indebtedness into conversion shares equal to the quotient obtained by dividing (A) 120% of December 31, 2023, in the amount of the indebtedness, by (B) the lower of \$3.66 or 70% of the 10-day volume-weighted average price of Common Stock. The aggregate maximum number of shares of Common Stock to be issued in connection with conversion of the indebtedness is not to exceed (i) 19.9% of the outstanding shares of Common Stock prior to the date of the Agreement, (ii) 19.9% of the combined voting power of the outstanding voting securities, or (iii) exceed the applicable listing rules of the Principal Market if the stockholders did not approve the issuance of Common Stock upon conversion of the indebtedness.

Any time prior to maturity, we had the option to prepay the indebtedness at an amount of 108% of the unpaid principal. From the maturity date to 29 days after the maturity date (August 27, 2023), we are permitted to repay all (but not less than) of an amount equal to 112.5% of the unpaid amount of the indebtedness. At any time after the 30th day after the maturity date (August 28, 2023), we are permitted to repay all (but not less than) of an amount equal to 115% of the unpaid amount of the indebtedness after 10 days' notice. If 37N delivers an exercise notice during this 10-day period, the Note would be converted to shares of Common Stock, instead of being repaid.

If 37N delivers an exercise notice and the number of shares issuable is limited by the 19.9% limitation outlined above, then we are permitted to repay all of the remaining unpaid amount of the Loan in an amount equal to 130% of the remaining unpaid amount.

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Accounting considerations

We evaluated the indebtedness and determined that the embedded conversion option is not considered clearly and closely related to the host contract and requires bifurcation. The optional prepayment option provides the right to accelerate the settlement of debt; however, the prepayment options can only be exercised by the Company. As such, they are considered clearly and closely related to the debt host instrument and bifurcation was not necessary. Although the indebtedness did not bear interest, it was required to be repaid at amounts greater than the face value. According to ASC 470-10-35-2, if a debt instrument has a contractual maturity date that can be extended at the issuer's option, at an increasing rate, the debt discounts and issuance costs must be amortized over the period in which the debt is estimated to be outstanding, even if that period extends beyond the debt's original contractual maturity date. The difference between the proceeds received and the repayment amount are generally amortized over the expected life of the indebtedness using the effective interest method. Management estimated the expected life to be very limited, so the expected repayment amount of \$1.2 million, representing 120% of the indebtedness, was recorded upon issuance of the Note Agreement.

Certain default put provisions were not considered to be clearly and closely related to the debt host, but management concluded that the value of these default put provisions was de minimis.

Seller Note Payable

On December 2, 2022, we executed an Amended and Restated Purchase and Sale Agreement ("Purchase and Sale Agreement") with the seller of certain marine equipment ("Seller"). Pursuant to the Purchase and Sale Agreement, Seller agreed to sell us the marine equipment, related tooling items and spares for \$2.5 million. On or before the closing date, Odyssey paid the Seller \$1.1 million

4,671 for the acquisition note held by FourWorld. As of the assets. Pursuant to December 31, 2023, FourWorld held December 2023 Warrants to the Purchase and Sale Agreement, we paid the Seller the \$1.4 million balance of the purchase price as a fully amortizing loan, bearing interest at a rate of 20% per annum, and maturing on June 5, 2024 (the "Seller Note"). On April 4, 2023, we paid this loan in full.

Accrued interest

Total accrued interest associated with our financings was \$29,718,006 and \$35,131,587 as of June 30, 2023 and December 31, 2022, respectively. Accrued interest is included in accrued expenses on the accompanying condensed consolidated balance sheets.

117,648

NOTE 10 – ACCRUED EXPENSES

Accrued expenses consist of the following:

| | June 30, 2023 | December 31, 2022 |
|----------------------------------|------------------|----------------------|
| Compensation and incentives | \$ 435,269 | \$ 354,187 |
| Professional services | 436,024 | 470,546 |
| Deposit | 729,991 | 657,331 |
| Interest | 29,718,006 | 35,131,587 |
| Accrued exploration license fees | 5,599,888 | 3,867,553 |
| Total accrued expenses | \$ 36,919,178 | \$ 40,481,204 |

Deposits primarily consist of an earnest money deposit of \$450,000 from CIC. The earnest money deposit relates to a draft agreement related to potential sale of a stake of our equity in CIC. This transaction has not yet been agreed upon or consummated.

NOTE 11 – STOCKHOLDERS' EQUITY/(DEFICIT)

Common Stock

As noted above, on March 3, 2023, Odyssey, AHMSA, MINOSA and Phosphate One entered into the Termination Agreement whereby the parties agreed that, concurrently with the payment of the Termination Payment, a portion of the MINOSA Notes would be deemed automatically converted into 304,879 shares of Odyssey's common stock at a share market price of \$3.28 per share.

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Warrant

In conjunction with the Purchase Agreement on March 6, 2023, as described above, we issued the Warrant to purchase up to 3,584,828 shares of our common stock. The Warrant has Common Stock at an exercise price of \$3.78 4.25per share and is exercisable December 2023 Warrants to purchase 17,630 shares of our Common Stock at any time during an exercise price of \$7.09per share.

- Two Seas funds purchased a December 2023 Note in the three years after issuance ending on principal amount of \$2.0 million and December 2023 Warrants to purchase 541,109 shares of our Common Stock for an aggregate purchase price of \$2.0 million. Interest at the close rate of business on March 6, 2026.

Stock-Based Compensation

The share-based compensation charged against income, related

11% had accrued and was capitalized with respect to our options and restricted stock units, the December 2023 Notes as of December 31, 2023, in the amount of \$18,871 for the three months ended June 30, 2023 note held by Two Seas. As of December 31, 2023, Two Seas held December 2023 Warrants to purchase 470,589 shares of our Common Stock at an exercise price of \$4.25per share and 2022, was December 2023 Warrants to purchase 70,523 shares of our Common Stock at an exercise price of \$250,4927.09per share.

Greywolf purchased a December 2023 Note in the principal amount of \$1.0 million and \$418,852, respectively. The share-based compensation charged against income for the six months ended June 30, 2023 and 2022 was \$372,831 and \$731,498, respectively.

We granted December 2023 Warrants to purchase 270,556 shares of our Common Stock for an aggregate purchase price of 6,541 \$1.0 million. Interest at the rate of 11% had accrued and was capitalized with respect to the December 2023 Notes as of December 31, 2023, in the amount Greywolf held December 2023 Warrants to purchase 235,295 shares of our Common Stock

options at an exercise price of \$4.25 per share and December 2023 Warrants to directors purchase 35,261 shares of our Common Stock at an exercise price of \$7.09 per share.

NOTE 6 – INVESTMENT IN UNCONSOLIDATED ENTITIES

| | March 31, 2024 | December 31, 2023 |
|---------------------------------------|---------------------|----------------------|
| CIC Limited | \$ 4,647,483 | \$ 4,514,618 |
| Chatham Rock Phosphate, Limited | — | — |
| Neptune Minerals, Inc. | — | — |
| Ocean Minerals, LLC | 4,410,080 | 4,487,028 |
| Investment in unconsolidated entities | <u>\$ 9,057,563</u> | <u>\$ 9,001,646</u> |

Neptune Minerals, Inc. (“NMI”)

We have an ownership interest of approximately 14% in Neptune Minerals, Inc. (“NMI”). We currently apply the cost method of accounting for this investment. Previously, when we accounted for this investment using the equity method of accounting, we accumulated and did not recognize \$21.3 million in our income statement because these losses exceeded our investment in NMI. Our investment has a carrying value of zero as a result of the recognition of our share of prior losses incurred by NMI under the equity method of accounting. If we recognize value on May 24, 2023, and 200,000 our balance sheet for any future incremental NMI investment, we would expect to allocate the loss carryforward of \$21.3 million to that investment because the loss occurred when we accounted for NMI ownership as an equity-method investment.

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Chatham Rock Phosphate, Limited.

We have approximately a 1% ownership in Chatham Rock Phosphate, Limited (“CRPL”). We record our investment under the cost method. During 2012, we performed deep-sea mining exploratory services for Chatham Rock Phosphate, Ltd. (“CRP”) valued at \$1,680,000. As payment for these services, CRP issued 9,320,348 ordinary shares to us. During March 2017, Antipodes Gold Limited completed the acquisition of CRP. The surviving entity is now CRPL. In exchange for our 9,320,348 shares of CRP, we received 141,884 shares of CPRL, which represents equity ownership of, at most, approximately 1% of the surviving entity with zero value. We continue to carry the value of our investment in CPRL at zero in our consolidated financial statements.

CIC Limited

Due to the stock options granted was structure of CIC, we determined using this venture to be a variable interest entity (“VIE”) consistent with ASC 810. We have determined we are not the Black-Scholes-Merton option-pricing model, which values options based on the stock price at the grant date, the expected life primary beneficiary of the option, VIE and, therefore, we have not consolidated this entity. We record our investment under the estimated volatility of the stock, the expected dividend payments, cost method as this company is incorporated and the risk-free interest rate we have determined we do not exercise significant influence over the life of the option. The options were valued with the following assumptions used for grants issued in the table below. Expected volatilities are based on historical volatility of the Company's stock as well as other companies operating similar businesses. The expected term (in years) is determined using historical data entity. We provide services to estimate option exercise patterns. The expected dividend yield is based on the annualized dividend rate over the vesting period. The risk-free interest rate is based on the rate for US Treasury bonds commensurate with the expected term of the granted option.

| | May 24, 2023 | June 9, 2023 |
|-------------------------|--------------|--------------|
| Risk free interest rate | 3.76 % | 3.92 % |
| Expected life | 5 years | 5 years |
| Expected volatility | 65.12 % | 65.20 % |
| Expected dividend yield | — | — |
| Grant-date fair value | 1.72 | 2.04 |

NOTE 12 – CONCENTRATION OF CREDIT RISK

We do not currently have any debt obligations with variable interest rates.

For the six months ended June 30, 2023 and 2022, we had one customer, CIC which is a related party (see Note NOTE 5 Related Party Transactions), that accounted for 100% of our total revenue impairment annually and, if a loss in both years.

NOTE 13 – SALE-LEASEBACK FINANCING OBLIGATIONS

On April 4, 2023 and June 30, 2023, value is deemed other than temporary, an impairment charge will be recorded. We reviewed the Company's subsidiaries sold marine equipment following items to separate third-party buyers assist in determining CIC's composition:

- We account for \$3.5 million and \$1.0 million, respectively. Simultaneously with each sale, the subsidiaries entered into lease agreements with each buyer investments we make in certain legal entities in which equity investors do not have (1) sufficient equity at risk for the legal entity to finance its activities without additional subordinated financial support, or (2) as a group, the holders of the respective marine equipment (the sale equity investment at risk do not have either the power, through voting or similar rights, to direct the activities of the property and simultaneous leaseback legal entity that most significantly impact the entity's economic performance, or (3) the obligation to absorb the expected losses of the legal entity or the right to receive expected residual returns of the legal entity. This type of legal entity is referred to as a "sale-leaseback"). Each VIE.
- We would consolidate the results of any such entity in which we determined we had a controlling financial interest. We would have a "controlling financial interest" in such an entity if we had both the leases is for a term of 4 years. Under power to direct the terms of activities that most significantly affect the lease agreements, the initial base rent is \$35,000VIE's economic performance and \$10,000 per month, respectively. As a part of each of the lease agreements, the lessee is granted an option to purchase the marine equipment back from the buyer, that can be exercised at any time during the period commencing on the first anniversary of the date of the agreements and ending on the day that is 120 days prior to the expiration of the lease term. If the lessee has not already delivered such notice at least 120 days prior to the expiration of the lease term, it is required to purchase the marine equipment upon the expiration of the lease term.

The Company accounted for the sale-leaseback transactions as financing transactions with the purchasers of the property in accordance with Accounting Standards Codification ("ASC") Topic 842 as the lease agreements were determined to be finance leases. The Company concluded the lease agreements both met the qualifications to be classified as finance leases due to the obligation to repurchase absorb the equipment.

The presence losses of, or right to receive benefits from, the VIE that could be potentially significant to the VIE. On a quarterly basis, we reassess whether we have a controlling financial interest in our investments in these legal entities.

- We determine whether any of the entities in which we have made investments is a VIE at the start of each new venture and if a reconsideration event has occurred. At such times, we also consider whether we must consolidate a VIE and/or disclose information about our involvement in a VIE. A reporting entity must consolidate a VIE if that reporting entity has a variable interest (or combination of variable interests) that will absorb a majority of the VIE's expected losses, receive a majority of the VIE's expected residual returns, or both. A reporting entity must consider the rights and obligations conveyed by its variable interests and the relationship of its variable interests with variable interests held by other parties to determine whether its variable interests will absorb a majority of a finance lease indicates that control VIE's expected losses, receive a majority of the equipment has not transferred to VIE's expected residual returns, or both. The reporting entity that consolidates a VIE is called the buyer/lessor and, as such, the transactions were each deemed a "failed sale-leaseback" and must be accounted for as a financing arrangement. As a result primary beneficiary of this determination, the Company is viewed as having received the sales proceeds from the buyer/lessor in the form of a hypothetical loan collateralized by its leased equipment. The hypothetical loan is payable as principal and interest in the form of "lease payments"

to the buyer/lessor. As such, the Company will not derecognize the property from its books for accounting purposes until the lease ends.

As of June 30, 2023, the carrying value of the financing liabilities were \$3,201,450 and \$900,376. The monthly lease payments are split between a reduction of principal and interest expense using the effective interest rate method. No gain or loss was recognized related to the sale leasebacks.

Under the April 4, 2023 and June 30, 2023 sale-leasebacks, the Company recorded third party payments of \$350,000 and \$100,000 respectively, as a cost of the financing obligation and recorded them as a discount.

Remaining future cash payments related to the financing liability, for the fiscal years ending December 31 are as follows:

| Year ending December 31, | Annual payment obligation |
|-----------------------------|---------------------------|
| 2023 | 260,000 |
| 2024 | 540,000 |
| 2025 | 540,000 |
| 2026 | 540,000 |
| 2027 | 4,710,000 |
| | <u>\$ 6,590,000</u> |

NOTE 14 – SUBSEQUENT EVENTS

We have evaluated subsequent events for recognition or disclosure through the date that this Form 10-Q is filed with the SEC.

VIE.

Ocean Minerals, LLC Acquisition

On June 4, 2023, Odyssey, Odyssey Minerals Cayman Limited, a wholly owned subsidiary of Odyssey (the “Purchaser”), and Ocean Minerals, LLC (“OML”) OML entered into a Unit Purchase Agreement (the (as amended on July 1, 2023, October 3, 2023 and October 17, 2023, the “OML Purchase Agreement”) pursuant to which the Purchaser agreed to purchase, and OML agreed to issue and sell to the Purchaser, an aggregate of 733,497 membership interest units of OML (the “Purchased Units”) for a total purchase price of \$15.0 million. After giving effect to the issuance and sale of all the Purchased Units, the Purchased Units represent 13 represented approximately 15.0% of the issued and outstanding membership interest units of OML (based upon the number of membership interest units outstanding on June 1, 2023).

At March 31, 2024 and December 31, 2023, Odyssey owned approximately 6.6% and 6.3%, respectively, of the issued and outstanding membership interest units of Ocean Minerals, LLC (“OML”). The Company determined that OML is a VIE as it does not have sufficient equity at-risk to permit OML to finance its activities without additional subordinated financial support. However, as Odyssey's lack of power to direct the activities that most significantly impact OML's economic performance, it is not the primary beneficiary of OML and therefore is not required to consolidate OML. We record our investment under the equity method.

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The initial closing with respect to the Purchased Units occurred on July 3, 2023, on which date OML issued 293,399 of the Purchased Units to the Purchaser in exchange for (a) a payment of \$1.0 million in cash by the Purchaser to OML and (b) Odyssey's transfer to OML of all the outstanding shares of Odyssey Retriever, Inc. (“ORI”), a wholly owned subsidiary of Odyssey, valued by with an estimated fair value of \$3.3 million. Pursuant to the parties at \$5.0 million. In OML Purchase Agreement, in one or more closings to be held no later than the three-month anniversary of the initial closing date, June 28, 2024, OML will issue an additional 195,599 of the Purchased Units to the Purchaser for an aggregate purchase price of \$4.0 million cash paid to OML. A The OML Purchase Agreement provides that a final closing with respect to the Purchased Units will occur on the earlier of (x) the date that is 30 days after OML notifies that it has received (and provided a copy to Odyssey of) a specified resource report providing an indicated resource estimate for the area covered by OML's exploration license or (y) the first anniversary of the initial closing. At the final closing, OML will issue an additional 244,499 of the Purchased Units to the Purchaser for an aggregate purchase price of \$5.0 million cash paid to OML.

The Purchase Agreement also provides the Purchaser the right, but not the obligation, at any time and from time to time prior to the 18-month anniversary of the initial closing, to purchase up to an additional 1,466,993 membership interest units of OML (the “Optional

Units”) at a purchase price equal to \$20.45 per membership interest unit. If the Purchaser has not purchased all the Optional Units prior to the 18-month anniversary of the initial closing, the Purchaser may purchase any of such unpurchased Optional Units at a price equal to 90.0% of the purchase price per membership interest unit paid in the most recent sale of membership interest units by OML immediately prior to such discounted purchase of Optional Units by the Purchaser.

The Purchase Agreement sets forth customary representations, warranties, and covenants of the parties and customary conditions to closing and termination provisions.

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Equity Exchange Agreement

In connection with the transactions contemplated by the OML Purchase Agreement, Odyssey and the existing members of OML entered into an Equity Exchange Agreement (the “Exchange Agreement”) pursuant to which such members of OML have the right, but not the obligation, to exchange membership interest units of OML held by them for shares of Odyssey’s common stock, exercisable at any time and from time to time during the period beginning on the six-month anniversary of the date of the Exchange Agreement and ending on the date that is the earliest of (a) the date on which a dissolution event occurs with respect to OML, (b) the date on which a material adverse effect occurs with respect to OML, and (c) the date that is 18 months after the date of the Exchange Agreement. If a member of OML elects to exchange membership interest units of OML for shares of Odyssey’s common stock, the number of shares of Odyssey’s common stock such member will receive will equal the product of (x) the number of membership interest units such member desires to exchange, multiplied by (y) a fraction, the numerator of which is the per unit value of the membership interest units and the denominator of which is the per share value of the shares of Odyssey’s common stock, in each case determined pursuant to the Exchange Agreement. Under the terms of the Exchange Agreement, the per unit value of the membership interest units means the greater of \$20.45 and the purchase price per membership interest unit paid in the most recent sale of membership interest units by OML, and the per share value of the shares of Odyssey’s common stock means the greater of the “Minimum Price,” as defined in NASDAQ Nasdaq Rule 5635(d), and the five-day volume-weighted average price per share of the common stock.

Notwithstanding anything in the Exchange Agreement to the contrary, the aggregate maximum number of shares of Odyssey’s common stock that may be issued under the Exchange Agreement will not (a) exceed 19.9% of the number of outstanding shares of Odyssey’s common stock immediately prior to the date of the Exchange Agreement, (b) exceed 19.9% of the combined voting power of the outstanding voting securities of Odyssey immediately prior to the date of the Exchange Agreement, or (c) otherwise exceed such number of shares of Odyssey’s common stock that would violate applicable listing rules of the NASDAQ Nasdaq Capital Market.

The Equity Exchange Agreement is a liability within the scope of ASC 480 that is initially measured at fair value and will be included within the initial consideration transferred. Subsequently, changes in the fair value of the liability will be recognized in earnings and not as an adjustment to the cost basis of the Company’s investment in OML.

Contribution Agreement

In connection with the transactions contemplated by the OML Purchase Agreement, Odyssey, the Purchaser, and OML also entered into a Contribution Agreement pursuant to which additional membership interest units of OML may be issued to the Purchaser in consideration of the contribution to OML by Odyssey from time to time of certain property or other assets and services with an aggregate value of up to \$10.0 million.

CIC Services We concluded that the Contribution Agreement

On August 8, 2023 is within the scope of ASC 606, as the services provided are within Odyssey’s ordinary activities, and OML is therefore, considered a customer of Odyssey.

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Equity Method of Accounting

The Company has determined that OML operates more like a partnership, and as the Company holds more than 3%—5% and has greater than virtually no influence over OML, the investment is within the scope of ASC 323, Investments – Equity and Joint Ventures. Odyssey applied the equity method investment accounting for its interest in OML, starting on July 3, 2023. As a result, OML is considered a related party. The Company further concluded that the initial closing consideration transferred is \$10.3 million, and includes the cash amount paid, the fair value of the contribution of ORI, the fair value of the second and third closings and Equity Exchange Agreement, and acquisition costs. Furthermore, the total consideration transferred is allocated to the different components identified in the OML Purchase Agreement based on their closing date fair value, including, (1) the Initial OML Units, (2) the Second OML Units option, (3) the Third OML Units option and (4) the Optional Units, each as defined below, as well as the Equity Exchange Agreement as previously defined above.

Through a series of transactions pursuant to the OML Unit Purchase Agreement, the Company agreed to pay a total purchase price of \$15 million, or \$20.45 per unit, for 733,497 units, as follows:

- (1) The Initial Closing – The Company purchased 293,399 of the Purchased Units (the “Initial OML Units”), representing approximately 6.28% of the OML Units, in return for the initial purchase price of \$1.0 million cash and Odyssey’s shares of ORI. The initial closing of the purchase and sale of the Purchased Units was amended to July 3, 2023.
- (2) The Second Closing – The Company agreed to purchase 195,599 of the Purchase Units (the “Second OML Units”) in return for the second purchase price of \$4 million, payable in cash at that time (“Second Closing”). The parties entered into the third amendment to the OML Purchase Agreement to amend the closing date of the Second Closing to be February 16, 2024 and the fourth amendment to amend the closing date of the Second Closing to June 28, 2024.
- (3) The Third Closing – The Company agreed to purchase 244,499 of the Purchased Units (the “Third OML Units”) in return for the purchase price of \$5 million, payable in cash at that time. The third closing will occur on the earlier of (a) the date that is thirty (30) days after OML notifies the Company that it has received and provides a copy to the Company of, the Independent Resource Report, and (b) the date that is the first anniversary of the initial closing date (“Third Closing”).
- (4) Optional Units – The Company has the option to purchase up to additional 1,466,993 of OML Interest Units (“the Units”), at the Company’s discretion (“Optional Units”), at the agreed upon price of \$20.45 per unit within the eighteen-month anniversary of the Initial Closing Date, July 3, 2023. The recorded asset value of this option is \$5.7 million on March 31, 2024. The Optional Units are within the scope of ASC 321 and would therefore, be initially recognized at cost as part of the initial consideration transferred, and thereafter, will be accounted for under the measurement alternative at cost with adjustments related to impairment and observable market conditions. If the Company does not purchase all the Optional Units prior to the eighteen-month anniversary, the Company may purchase any of such unpurchased Optional Units at the higher price of (i) a discount of 10% to the price paid for which OML sold the Units in the most recent transaction for the Units immediately preceding such discounted purchase of Optional Units or (ii) \$20.45. On October 17, 2023, the parties entered into the third amendment to the OML Purchase Agreement to remove the second part of the Optional Units provision. Therefore, as of the amendment date, the Company may only purchase the Optional Units through January 2, 2025 (eighteen months from the Initial Closing Date) (“Optional Units Amendment”).

The Company concluded that the Second OML Units option, the Third OML Units option and the Optional Units are within the scope of ASC 321 Investments – Equity and Joint Ventures and would therefore be initially recognized at cost as part of the initial consideration transferred, and thereafter will be accounted for under the measurement alternative at cost with adjustments related to impairment and observable market adjustments.

The Company concluded that the Contribution Agreement is within the scope of ASC 606, Revenue from Contracts with Customers, as the services provided are within the Company’s ordinary activities, and OML is therefore considered a customer of Odyssey. During the three months ended March 31, 2024 and 2023, we invoiced OML a total of \$69,898 and \$0, respectively, recorded in Marine services in our consolidated statements of operations, which was for technical services.

The Company concluded that the Equity Exchange Agreement is a liability within the scope of ASC 480, Distinguishing Liabilities from Equity, that is initially measured at fair value and will be included within the initial consideration transferred. Subsequently, changes in the fair value of the liability was recognized in earnings and not as an adjustment to the cost basis of Odyssey’s investment in OML.

As part of the Initial Closing, Odyssey transferred its equity interest of ORI, free of debt of the finance liability owed on the sale-leaseback arrangement. This portion was determined to be part of the Initial Consideration Transferred, as of July 3, 2023, as it meets the definition of a subsidiary of the acquirer.

ASC 805, Business Combination, further provides that the consideration transferred in a business combination is measured at fair value, determined in accordance with ASC 820, Fair Value Measurement, except for (i) assets and liabilities transferred that remain under the control of the acquiree after the business combination, and (ii) any portion of the acquirer's shared-based replacement awards exchanged for awards held by the acquiree's grantees included in the consideration transferred.

Therefore, the Company determined that although the OML Purchase Agreement provides that the contractual amount of ORI is \$5 million, the Company is required to determine whether the contractual amount represents the fair value of the transferred asset. It is further noted that ORI primarily consists of one asset (the "Retriever asset") that was previously acquired and refurbished by Odyssey.

Given the uniqueness of the asset, a6,000-meterrated remotely operated vehicle ("ROV"), and its relatively recent acquisition and refurbishment, the Company determined to apply the cost method in order to evaluate the estimated fair value of the asset of \$3.3 million. The Company transferred ORI but retained the obligation to pay the lease payments for the Retriever asset as the Company retained the obligation to continue making payments. The net book value of ORI, as of July 3, 2023, was \$3.1 million. Therefore, at the Closing Date, Odyssey recognized a Gain of the sale of an entity in the consolidated statement of operations in the amount of \$174,107 related to the disposal of ORI.

The Company determined that the initial Closing Consideration is as follows:

| | |
|---|----------------------|
| Cash consideration | \$ 1,000,000 |
| Fair value of Odyssey Retriever, Inc. | 3,280,261 |
| Fair value of the Second Closing | 676,921 |
| Fair value of the Third Closing | 769,875 |
| Fair value of the Equity Exchange Agreement | 4,516,007 |
| Transaction costs | 49,988 |
| Initial closing consideration | <u>\$ 10,293,052</u> |

At March 31, 2024 and December 31, 2023, our accumulated investment in OML was \$4,410,080 and \$4,487,028, respectively, which is classified as an investment in unconsolidated entities in our consolidated balance sheets. For the three months ended March 31, 2024, the CIC Services company recognized a decrease in the put option liability assumed of \$1,252,385 in the consolidated statement of operations to record the fair value adjustment of the equity exchange agreement.

For the three months ended March 31, 2024, based on estimated financial information for our equity-method investee, we recognized \$213,946 of Loss on Equity Method Investment in the consolidated statement of operations for our proportionate share of the net loss of our equity method investee, which decreased our net income for the three months ended March 31, 2024 in our consolidated statement of operations. Our proportionate share of the net loss of our equity method investee can have a significant impact on the amount of Loss on Equity Method Investment in our consolidated statement of operations and our carrying value of those investments. We eliminated from our financial results all significant intercompany transaction to the extent of our ownership interest.

NOTE 7 – INCOME TAXES

During the three months ended March 31, 2024, we generated a federal net operating loss ("NOL") carryforward of \$4.9 million and generated \$2.6 million of foreign NOL carryforwards. As of March 31, 2024, we had consolidated income tax NOL carryforwards for federal tax purposes of approximately \$217.4 million and net operating loss carryforwards for foreign income tax purposes of approximately \$48.8 million. From 2025 through 2027, approximately \$29 million of the NOL will expire, and from 2028 through 2037, approximately \$128 million of the NOL will expire. The NOL generated in 2018 through 2022 of approximately \$55 million will be carried forward indefinitely.

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

| | March 31, 2024 | December 31, 2023 |
|---------------------------|-------------------|----------------------|
| Computers and peripherals | \$ 483,042 | \$ 483,042 |

| | | |
|--------------------------------|--------------------|--------------------|
| Furniture and office equipment | 886,414 | 782,471 |
| Marine equipment | 559,294 | 559,294 |
| | <u>1,928,750</u> | <u>1,824,807</u> |
| Less: Accumulated depreciation | <u>(1,319,319)</u> | <u>(1,300,151)</u> |
| Property and equipment, net | <u>\$ 609,431</u> | <u>\$ 524,656</u> |
| Depreciation expense | <u>19,168</u> | <u>143,647</u> |

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. We are not a party to any litigation as a defendant where a loss contingency is required to be reflected in our condensed consolidated financial statements.

Contingency

We owe consultants contingent success fees of up to \$700,000 upon the approval and issuance of the Environmental Impact Assessment ("EIA") for our Mexican subsidiary. The EIA has not been approved as of the date of this report, and the contingent success fees have not been accrued.

Lease commitment

At March 31, 2024, the right of use ("ROU") asset and lease obligations for our two real property operating leases were \$73,950 and \$78,497, respectively.

The remaining lease payment obligations, which include an interest component of \$1,866, are as follows:

| Year ending December 31, | Annual payment obligation |
|-----------------------------|------------------------------|
| 2024 | \$ 80,363 |
| | <u>\$ 80,363</u> |

We recognized \$56,658 and \$54,700 in rent expense associated with these leases for the three months ended March 31, 2024 and 2023, respectively.

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NOTE 10 – LOANS PAYABLE

The Company's consolidated notes payable consisted of the following carrying values at:

| | Loans Payable | |
|---------------------------------------|--------------------|--------------------|
| | March 31, 2024 | December 31, 2023 |
| March 2023 Note | \$ 15,270,792 | \$ 14,858,816 |
| December 2023 Note | 6,037,747 | 6,000,000 |
| Emergency Injury Disaster Loan | 150,000 | 150,000 |
| Vendor note payable | 484,009 | 484,009 |
| AFCO Insurance note payable | 314,621 | 468,751 |
| Pignatelli note | 500,000 | 500,000 |
| 37N Note | 804,997 | 804,997 |
| Finance Liability (NOTE 15) | <u>4,179,270</u> | <u>4,112,332</u> |
| Total Loans payable | 27,741,436 | 27,378,905 |
| Less: Unamortized deferred lender fee | (79,343) | (106,488) |
| Less: Unamortized deferred discount | <u>(2,940,799)</u> | <u>(3,955,449)</u> |

| | | |
|--|---------------------|---------------------|
| Total Loans payable, net | 24,721,294 | 23,316,968 |
| Less: Current portion of loans payable | (16,306,076) | (15,413,894) |
| Loans payable—long term | <u>\$ 8,415,218</u> | <u>\$ 7,903,074</u> |

Pignatelli

On March 6, 2023, Odyssey issued a new Unsecured Convertible Promissory Note in the principal amount of \$500,000 to Mr. Pignatelli that bears interest at the rate of 10.0% per annum convertible into common stock of Odyssey at a conversion price of \$3.78 per share. On July 15, 2021, this debt was transferred from a previous creditor, MINOSA, to Mr. Pignatelli in the principal amount of \$404,634 and convertible at a conversion price of \$4.35 per share, pursuant to which the outstanding aggregate obligation with accrued interest was \$630,231.

Emergency Injury Disaster Loan

On June 26, 2020, we executed the standard loan documents required for securing an Economic Injury Disaster Loan (the "EIDL Loan") from the United States Small Business Administration (the "SBA"). The principal amount of the EIDL Loan is \$150,000, with proceeds to be used for working capital purposes. Interest on the EIDL Loan accrues at the rate of 3.75% per annum and installment payments, including principal and interest of \$731, are due monthly beginning 12 months from the date of the EIDL Loan. In 2021, the SBA extended this 12-month period, setting the first payment due date in December 2022. Per the agreement, payments reduce accrued interest first and then applied against the principal. The balance of principal and interest is payable thirty years from the date of the promissory note. In connection with the EIDL Loan, the Company executed the EIDL Loan documents, which include the SBA Secured Disaster Loan Note, dated May 16, 2020, the Loan Authorization and Agreement, dated May 16, 2020, and the Security Agreement, dated May 16, 2020, each between the SBA and the Company.

Vendor Note Payable

We currently owe a vendor \$484,009 as an interest-bearing trade payable. This trade payable bears simple annual interest at a rate of 12%. As collateral, we granted the vendor a primary lien on certain of our equipment. The carrying value of this equipment is zero. This agreement matured in August 2018. Even though this agreement has matured, the creditor has not demanded payment. There are no covenant requirements to meet that would expose the Company to default situations.

Seller Note Payable

On December 2, 2022, we entered into an Amended and Restated Purchase and Sale Agreement ("Purchase and Sale Agreement") with the seller of certain marine equipment ("Seller"). Pursuant to the Purchase and Sale Agreement, Seller agreed to sell us the marine equipment, related tooling items and spares for \$2.5 million. On or before the closing date, Odyssey paid the Seller \$1.1 million for the acquisition of the assets. Pursuant to the Purchase and Sale Agreement, we paid the Seller the \$1.4 million balance of the purchase price as a fully amortizing loan, bearing interest at a rate of 20% per annum, maturing on June 5, 2024 (the "Seller Note"). On April 4, 2023, we paid this loan in full using the proceeds from the April 4, 2023 sale-leaseback transaction discussed in Note 15.

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AFCO Insurance Note Payable

On November 1, 2023, we entered into the Premium Finance Agreement with AFCO Credit Corporation ("AFCO"). Pursuant to the Premium Finance Agreement, AFCO agreed to finance the D&O Insurance premiums evidenced by the promissory note, bearing interest at a rate of 4.95% per annum, maturing on October 31, 2024.

March 2023 Note and Warrant Purchase Agreement

On March 6, 2023, Odyssey entered into a Note and Warrant Purchase Agreement (the "March 2023 Note Purchase Agreement") with an institutional investor pursuant to which Odyssey issued and sold to the investor (a) a promissory note (the "March 2023 Note") in the principal amount of up to \$14.0 million and (b) a warrant (the "March 2023 Warrant" and, together with the March 2023 Note, the "Securities") to purchase shares of Odyssey's common stock. The total proceeds of \$14.0 million were allocated between debt and equity for the warrants based on the relative fair value of the two instruments. As a result, there was a debt discount of \$3,742,362, which is being amortized over the remaining term of the March 2023 Note Purchase Agreement using the effective interest method, which is

charged to interest expense. We incurred \$98,504 in related fees which are being amortized over the term of the March 2023 Note Purchase Agreement and charged to interest expense.

The principal amount outstanding under the March 2023 Note bears interest at the rate of 11.0% per annum, and interest is payable in cash on a quarterly basis, except that, (a) at Odyssey's option and upon notice to the holder of the March 2023 Note, any quarterly interest payment may be satisfied, in lieu of paying such cash interest, by adding an equivalent amount to the principal amount of the March 2023 Note ("PIK Interest"), and (b) the first quarterly interest payment due under the March 2023 Note will be satisfied with PIK Interest. The March 2023 Note provides Odyssey with the right, but not the obligation, upon notice to the holder of the March 2023 Note to redeem (x) at any time before the first anniversary of the issuance of the March 2023 Note, all or any portion of the indebtedness outstanding under the March 2023 Note (together with all accrued and unpaid interest, including PIK Interest) for an amount equal to one hundred twenty percent (120%) of the outstanding principal amount so being redeemed, and (y) at any time on or after the first anniversary of the issuance of the March 2023 Note, all or any portion of the indebtedness outstanding under the March 2023 Note (together with all accrued and unpaid interest, including PIK Interest). Unless the March 2023 Note is sooner redeemed at Odyssey's option, all indebtedness under the March 2023 Note is due and payable on September 6, 2024. Under the terms of the March 2023 Note Purchase Agreement, Odyssey agreed to use the proceeds of the sale of the Securities to fund Odyssey's obligations under the Termination Agreement (as defined above), to pay legal fees and costs related to Odyssey's NAFTA arbitration against the United Mexican States, to pay fees and expenses related to the transactions contemplated by the March 2023 Note Purchase Agreement, and for working capital and other general corporate expenditures. Odyssey's obligations under Note are secured by a security interest in substantially all of Odyssey's assets (subject to limited stated exclusions).

Under the terms of the March 2023 Warrant, the holder has the right for a period of three years after issuance to purchase up to 3,703,703 shares of Odyssey's common stock at an exercise price of \$3.78 per share, which represents 120.0% of the official closing price of Odyssey's common stock on the Nasdaq Capital Market immediately preceding the signing of the March 2023 Note Purchase Agreement, upon delivery of a notice of exercise to Odyssey. Upon exercise of the March 2023 Warrant, Odyssey has the option to either (a) deliver the shares of common stock issuable upon exercise or (b) pay to the holder an amount equal to the difference between (i) the aggregate exercise price payable under the notice of exercise and (ii) the product of (A) the number of shares of common stock indicated in the notice of exercise multiplied by (B) the arithmetic average of the daily volume-weighted average price of the common stock on the Nasdaq Capital Market for the five consecutive trading days ending on, and including, the trading day immediately prior to the date of the notice of exercise. The warrant provides for customary adjustments to the exercise price and the number of shares of common stock issuable upon exercise in the event of a stock split, recapitalization, reclassification, combination or exchange of shares, separation, reorganization, liquidation, or the like.

On March 6, 2023, the Company recognized the fair value of the March 2023 Warrant using the Black-Scholes valuation technique at \$3,742,362 and classified the March 2023 Warrant as equity and debt discount of the March 2023 Note. On January 30, 2024, the March 2023 Warrant was amended to extend add a cashless exercise provision. Due to that amendment, the Company determined that the March 2023 Warrant meets the definition of a derivative and is not considered indexed to the Company's own stock due to the settlement adjustment that provides that the share price input upon cashless exercise is always based on the highest of three prices. As such, the March 2023 Warrant is now recognized as a derivative liability and will be initially and subsequently measured at fair value and subsequent changes in fair value will be recognized in earnings in the period incurred.

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The amended March 2023 Warrant was measured using the Black-Scholes valuation method on January 30, 2024, and reclassified from equity to warrant liability. The difference between the warrant liability and initial equity balance through additional paid-in capital ("APIC") was recognized as an additional discount to APIC. Subsequently, the warrants were re-measured on March 31, 2024, and recognized in earnings as favorable change in the fair value of the derivative liability. The fair value of the March 2023 Warrant at March 31, 2024 was \$5,263,018.

In connection with the execution and delivery of the Purchase Agreement, Odyssey entered into a registration rights agreement (the "Registration Rights Agreement") pursuant to which Odyssey registered the offer and sale of the shares (the "Exercise Shares") of Odyssey common stock issuable upon exercise of the Warrant in a Prospectus filed with the Securities and Exchange Commission (the "SEC") and declared effective as of June 1, 2023.

For the three months ended March 31, 2024, and 2023, we incurred \$618,067 and \$208,685, respectively, of interest expense from the amortization of the debt discount and \$16,268 and \$4,648, respectively, interest from the fee amortization which has been recorded in

interest expense. The March 31, 2024 carrying value of the debt was \$14,162,450, which includes interest Paid In Kind ("PIK") of \$1,270,792, and was net of unamortized debt fees of \$28,425, net of unamortized debt discount of \$1,079,917 associated with the fair value of the warrant. The total face value of this obligation on March 31, 2024, and December 31, 2023, was \$15,270,792 and \$14,858,816, respectively.

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On June 29, 2023 we entered into a Note Purchase Agreement ("Note Agreement") with 37N pursuant to which 37N agreed to loan us \$1,000,000. The proceeds from this transaction were received in full on June 29, 2023. Pursuant to the Note Agreement, the indebtedness was non-interest bearing and matured on July 30, 2023. At any time from 31 days after the maturity date, 37N has the option to convert all or a portion of the outstanding amount of the indebtedness into conversion shares equal to the quotient obtained by dividing (A) 120% of the amount of the indebtedness, by (B) the lower of \$3.66 or 70% of the 10-day volume-weighted average principal ("VWAP") market trading price of Common Stock. The aggregate maximum number of shares of Common Stock to be issued in connection with conversion of the indebtedness is not to exceed (i) 19.9% of the outstanding shares of Common Stock prior to the date of the Agreement, (ii) 19.9% of the combined voting power of the outstanding voting securities, or (iii) such number of shares of Common Stock that would violate the applicable listing rules of the Principal Market if the stockholders did not approve the issuance of Common Stock upon conversion of the indebtedness.

Any time prior to maturity, we had the option to prepay the indebtedness at an amount of 108% of the unpaid principal. From the maturity date to 29 days after the maturity date (August 27, 2023), we were permitted to repay all (but not less than) of an amount equal to 112.5% of the unpaid amount of the indebtedness. At any time after the 30th day after the maturity date (August 28, 2023), we are permitted to repay all (but not less than) of an amount equal to 115% of the unpaid amount of the indebtedness after 10 days' notice. If 37N delivers an exercise notice during this 10-day period, the note issued pursuant to the Note Agreement (the "37N Note") would be converted to August 15, 2023 shares of Common Stock, instead of being repaid. As of March 31, 2024, we have not repaid this Note Agreement.

If 37N delivers an exercise notice and the number of shares issuable is limited by the 19.9% limitation outlined above, then we are permitted to repay all the remaining unpaid amount of the Loan in an amount equal to 130% of the remaining unpaid amount. On December 27, 2023, 37N delivered an exercise notice to us pursuant to which it exercised its right to convert \$360,003 of the outstanding indebtedness under the Note Agreement into shares of our Common Stock. In accordance with the Note Agreement, based on the applicable conversion rate of \$2.3226 under the agreement, we issued 155,000 shares of our common stock to 37N on December 29, 2023.

We evaluated the indebtedness and, based on the criteria of ASC 480 Distinguishing Liabilities from Equity and 815 Derivatives and Hedging, the 37N convertible note is classified as a liability on the consolidated balance sheet with a share settled redemption feature that is recorded as an embedded derivative. As a result, the share settled redemption and conversion features were recorded at fair value at each reporting period outstanding with changes recognized through Interest expenses on the consolidated statement of operations. The Company analyzed the conversion feature of the note and determined that, because it includes a conditional obligation to issue a variable number of shares based on a fixed amount known at inception, the debt is properly classified as a liability in the balance sheet. The Company identified seven embedded features, all of which were of de minimis fair value other than the Share Settled Redemption Feature. As such, only that was bifurcated and accounted for separately from the debt host. Certain default put provisions were not considered to be clearly and closely related to the debt host, but management concluded that the value of these default put provisions was de minimis.

At March 31, 2024, the debt instrument and embedded derivatives were recorded on the consolidated balance sheets at fair value of \$804,997 and \$336,857, respectively, under Loans payable – short term and Litigation financing and other – long term. At December 31, 2023, the debt instrument and embedded derivatives were recorded on the consolidated balance sheets at fair value of \$804,997 and \$702,291, respectively, under Loans payable – short term and Litigation financing and other – long term.

December 2023 Note and Warrant Purchase Agreement

On December 1, 2023, we entered into a Note and Warrant Purchase Agreement (the "December 2023 Note Purchase Agreement") with institutional investors pursuant to which we issued and sold to the investors (a) a series of promissory notes (the "December 2023 Notes") in the principal amount of up to \$6.0 million and (b) two tranches of warrants (the "December 2023 Warrants" and, together with

the December 2023 Notes, the "December 2023 Securities") to purchase shares of our common stock. We issued December 2023 Notes in the aggregate amount of \$3.75 million and related warrants on December 1, 2023, and December 2023 Notes in the aggregate amount of \$2.25 million and related warrants on December 28, 2023.

The principal amount outstanding under the December 2023 Notes bears interest at the rate of 11.0% per annum, and interest is payable in cash on a quarterly basis, except that, (a) at our option and upon notice to the holder of the December 2023 Notes, any quarterly interest payment may be satisfied, in lieu of paying such cash interest, by adding an equivalent amount to the principal amount of the December 2023 Notes ("December 2023 PIK Interest"), and (b) the first quarterly interest payment due under the December 2023 Notes will be satisfied with December 2023 PIK Interest. The December 2023 Notes provide us with the right, but not the obligation, upon notice to the holders of the December 2023 Notes to redeem (x) at any time before the first anniversary of the issuance of the December 2023 Notes, all or any portion of the indebtedness outstanding under the December 2023 Notes (together with all accrued and unpaid interest, including December 2023 PIK Interest) for an amount equal to one hundred twenty percent (120%) of the outstanding principal amount so being redeemed, and (y) at any time on or after the first anniversary of the issuance of the December 2023 Notes, all or any portion of the indebtedness outstanding under the December 2023 Notes (together with all accrued and unpaid interest, including December 2023 PIK Interest). Unless the December 2023 Notes are sooner redeemed at our option, all indebtedness under the December 2023 Notes is due and payable on June 1, 2025. Under the terms of the December 2023 Note Purchase Agreement, we agreed to use the proceeds of the sale of the December 2023 Securities for working capital and other general corporate expenditures and to pay fees and expenses related to the transactions contemplated by the December 2023 Note Purchase Agreement. Our obligations under December 2023 Notes are secured by a pledge of and security interest in our equity interests in Odyssey Marine Cayman Limited (subject to limited stated exclusions)..

Under the terms of the first tranche of December 2023 Warrants, the holders have the right for a period of three years after issuance to purchase an aggregate of up to 1,411,765 shares of our common stock at an exercise price of \$4.25 per share, which represents 120.0% of the official closing price of our common stock on the Nasdaq Capital Market immediately preceding the signing of the December 2023 Note Purchase Agreement, upon delivery of a notice of exercise to Odyssey. Under the terms of the second tranche of December 2023 Warrants, the holders have the right for a period of three years after issuance to purchase an aggregate of up to 211,565 shares of our common stock at an exercise price of \$7.09 per share, which represents 200.0% of the official closing price of our common stock on the Nasdaq Capital Market immediately preceding the signing of the December 2023 Note Purchase Agreement, upon delivery of a notice of exercise to Odyssey. Upon exercise of the December 2023 Warrants, Odyssey has the option to either (a) deliver the shares of common stock issuable upon exercise or (b) pay to the holder an amount equal to the difference between (i) the aggregate exercise price payable under the notice of exercise and (ii) the product of (A) the number of shares of common stock indicated in the notice of exercise multiplied by (B) the arithmetic average of the daily volume-weighted average price of the common stock on the Nasdaq Capital Market for the five consecutive trading days ending on, and including, the trading day immediately prior to the date of the notice of exercise. The December 2023 Warrants provide the holders with a cashless exercise option if we have announced payment of a dividend or distribution on account of our common stock. The December 2023 Warrants also include customary adjustments to the exercise price and the number of shares of common stock issuable upon exercise in the event of a stock split, recapitalization, reclassification, combination or exchange of shares, separation, reorganization, liquidation, or the like.

In connection with the execution and delivery of the December 2023 Note Purchase Agreement, we entered into a registration rights agreement (the "December 2023 Registration Rights Agreement") pursuant to which we agreed to register the offer and sale of the shares (the "December 2023 Exercise Shares") of our common stock issuable upon exercise of the December 2023 Warrants. Pursuant to the December 2023 Registration Rights Agreement, we agreed to prepare and file with the Securities and Exchange Commission (the "SEC") a registration statement covering the resale of the December 2023 Exercise Shares and to use our reasonable best efforts to have the registration statement declared effective by the SEC as soon as practicable thereafter, subject to stated deadlines.

The Company determined that the December 2023 Warrants meet the definition of a derivative and are not considered indexed to the Company's own stock due to the settlement adjustment that provides that the share price input upon cashless exercise is always based on the highest of three prices. As such, the December 2023 Warrants were recognized as derivative liabilities and will be initially and subsequently measured at fair value with the gain or loss due to changes in fair value recognized in the current period. The Company noted that when debt is issued with liability-classified stock purchase warrants, the residual method should be used so that the warrants are recognized at fair value at issuance and the residual proceeds are allocated to the debt.

We incurred \$65,500 in related expenses, which are being amortized over the term of the December 2023 Note Purchase Agreement and charged to interest expense. The total proceeds of \$6.0 million were allocated between debt and warrant liability by recognizing the warrants at their full fair value and allocating the residual proceeds to the December 2023 Notes. The initial fair value of the December 2023 Warrants was \$2,392,563, resulting in a corresponding discount on the December 2023 Notes which is being amortized over the remaining term of the December 2023 Note Purchase Agreement using the effective interest method, which is charged to interest expense.

For the three months ended March 31, 2024 and 2023, we recorded \$396,582 and \$0, respectively, of interest expense from the amortization of the debt discount and \$10,877 and \$0, respectively, of interest from the fee amortization. At March 31, 2024, the carrying value of the debt was \$4,125,947 and was net of unamortized debt fees of \$50,918, net of unamortized debt discount of \$1,860,882 associated with the fair value of the warrant. The total face value of this obligation at March 31, 2024 was \$6,037,747. The current interest rate of the December 2023 Notes was 11.0%.

Accrued interest

Total accrued interest associated with our financing was \$1,074,058 and \$912,615 as of March 31, 2024 and December 31, 2023.

NOTE 11 – FAIR VALUE INSTRUMENTS

Derivative Financial Instruments

Litigation financing

On June 14, 2019, Odyssey and Exploraciones Oceánicas S. de R.L. de C.V., our Mexican subsidiary (“ExO” and, together with Odyssey, the “Claimholder”), and Poplar Falls LLC (the “Funder”) entered into an International Claims Enforcement Agreement (the “Agreement”), pursuant to which the Funder agreed to provide financial assistance to the Claimholder to facilitate the prosecution and recovery of the claim by the Claimholder against the United Mexican States under Chapter Eleven of the North American Free Trade Agreement (“NAFTA”) for violations of the Claimholder’s rights under NAFTA related to the development of an undersea phosphate deposit off the coast of Baja Sur, Mexico (the “Project”), on our own behalf and on behalf of ExO and United Mexican States (the “Subject Claim”). Pursuant to the Agreement, the Funder agreed to specified fees and expenses regarding the Subject Claim (the “Claims Payments”) incrementally and at the Funder’s sole discretion. The fair value of this derivative instrument at March 31, 2024 and December 31, 2023 was \$52.7 million and \$52.1 million, respectively, and is recorded in our consolidated balance sheet in Litigation financing and other – long term.

Under the terms of the Agreement, the Funder agreed to make Claims Payments in an aggregate amount not to exceed \$6,500,000 (the “Maximum Investment Amount”). The Maximum Investment Amount will be made available to the Claimholder in two phases, as set forth below:

(a) a first phase, in which the Funder shall make Claims Payments in an aggregate amount no greater than \$1,500,000 for the payment of antecedent and ongoing costs (“Phase I Investment Amount”); and

(b) a second phase, in which the Funder shall make Claims Payments in an aggregate amount no greater than \$5,000,000 for the purposes of pursuing the Subject Claim to a final award (“Phase II Investment Amount”).

Upon exhaustion of the Phase I Investment Amount, the Claimholder will have the option to request Tranche A of the Phase II Investment Amount, consisting of funding up to \$3.5 million (“Tranche A Committed Amount”). Upon exhaustion of the Tranche A Committed Amount, the Claimholder will have the option to request Tranche B of the Phase II Investment Amount, consisting of funding of up to \$1.5 million (“Tranche B Committed Amount”). The Claimholder must exercise its option to receive the Tranche A Committed Amount in writing, no less than thirty days before submitting a Funding Request to the Funder under Tranche A. The Claimholder must exercise its option to receive the Tranche B Committed Amount in writing within forty-five days after the exhaustion of the Tranche A Committed Amount. Pursuant to the Agreement, the Claimholder agreed that, upon exercising the Claimholder’s option to receive funds under Phase I, Tranche A of Phase II, or Tranche B of Phase II, the Funder will be the sole source of third-party funding for the specified fees and expenses of the Subject Claim under each respective phase and tranche covered by the option exercised, and the Claimholder will obtain funding for such fees and expenses, only as set forth in the Agreement. The Funder was due closing fee of \$80,000 for the Phase I Investment Amount, and \$80,000 for the Phase II Investment Amount to pay third parties in connection with due diligence and other administrative and transaction costs incurred by the Funder prior to and in furtherance of execution of the Agreement.

Upon the Funder making Claims Payments to the Claimholder or its designees in an aggregate amount equal to the Maximum Investment Amount, the Funder has the option to continue funding the specified fees and expenses in relation to the Subject Claim on the same terms and conditions provided in the Agreement. The Funder must exercise its option to continue funding in writing, within thirty days after the Funder has made Claims Payments in an aggregate amount equal to the Maximum Investment Amount. If the Funder exercises its option to continue funding, the parties agreed to attempt in good faith to amend the Agreement to provide the Funder with the right to provide at the Funder's discretion funding in excess of the Maximum Investment Amount, in an amount up to the greatest amount that may then be reasonably expected to be committed for investment in Subject Claim. If the Funder declines to exercise its option, the Claimholder may negotiate and enter into agreements with one or more third parties to provide funding, which shall be subordinate to the Funder's rights under the Agreement.

The Agreement provides that the Claimholder may at any time without the consent of the Funder either settle or refuse to settle the Subject Claim for any amount; provided, however, that if the Claimholder settles the Subject Claim without the Funder's consent, which consent shall not be unreasonably withheld, conditioned, or delayed, the value of the Recovery Percentage (as defined below) will be deemed to be the greater of (a) the Recovery Percentage (under Phase I or Phase II, as applicable), or (b) the total amount of all Claims Payments made in connection with such Subject Claim multiplied by three (3).

If the Claimholder ceases the Subject Claim for any reason other than (a) a full and final arbitral award against the Claimholder or (b) a full and final monetary settlement of the claims, including in particular, for a grant of an environmental permit to the Claimholder allowing it to proceed with the Project (with or without a monetary component), all Claims Payments under Phase I and, if Claimholder has exercised the corresponding option, the Tranche A Committed Amount and Tranche B Committed Amount, shall immediately convert to a senior secured liability of the Claimholder. This sum shall incur an annualized internal rate of return ("IRR") of 50.0% retroactive to the date each Funding Request was paid by the Funder (under Phase I), or, to the conversion date for the Tranche A Committed Amount and Tranche B Committed Amount of Phase II if the Claimholder has exercised the respective option (collectively, the "Conversion Amount"). Such Conversion Amount and any and all accrued IRR shall be payable in full by the Claimholder within 24 months of the date of such conversion, after which time any outstanding Conversion Amounts, shall accrue an ("IRR") of 100.0%, retroactive to the conversion date (the "Penalty Interest Amount"). The Claimholder will execute such documents and take other actions as necessary to grant the Funder a senior security interest on and over all sums due and owing by the Claimholder in order to secure its obligation to pay the Conversion Amount to the Funder. If the Claimholder ceases the Subject Claim due to the grant of an environmental permit (with or without a monetary component), all Claims Payments under Phase I and, if the Claimholder has exercised the corresponding option, the Tranche A Committed Amount and Tranche B Committed Amount shall immediately convert to a senior secured liability of the Claimholder and shall incur an annualized an IRR of 50.0% on the Conversion Amount, from the conversion date. Management has estimated it is more likely than not the Subject Claim will result in the issuance of the environmental permit requiring us to record interest under US GAAP. Reliance should not be placed on this estimate in determining the likely outcome of the Subject Claim.

If, at any time after exercising its option to receive funds under either Tranche A or Tranche B of Phase II, the Claimholder wishes to fund the Subject Claim with its own capital ("Self-Funding") (which excludes any Claims Payments made, either directly or indirectly, by any other third party), the Claimholder shall immediately pay to the Funder the Conversion Amount, provided that this requirement shall not apply if, after the Funder has made Claims Payments in an aggregate amount equal to the Maximum Investment Amount, the Funder does not exercise its option to provide Follow-On Funding.

In the event of any receipt of proceeds resulting from the Subject Claim ("Proceeds"), the Funder shall be entitled to any additional sums above the Conversion Amount to which the Funder is entitled as described below. Should the Claimholder cease the Subject Claim as described above after Self-Funding the Claim, accrued IRR and Penalty Interest shall be calculated and paid to the Funder as set forth above. The Funder's rights to the Recovery Percentage as defined below shall survive any decision by Claimholder to utilize Self-Funding. The parties acknowledge this Agreement constitutes a sale of the right to a portion of the Proceeds (if any) arising from the Subject Claim as set forth in this Agreement. The Claimholder has relinquished its right to the portion of the proceeds, if any, that the Funder would have the right to as described below. This sale of proceeds is being accounted for under the guidance of ASC 815 *Derivatives and Hedging*)

On each Distribution Date, distributions of the Proceeds shall be made to the Claimholder and the Funder in accordance with subparagraph (a) or (b) below (the "Recovery Percentage"), as applicable:

(a) If the Claimholder receives only the Phase I Investment Amount from the Funder, the first Proceeds shall be distributed as follows:

(i) first, 100.0% to the Funder, until the cumulative amount distributed to the Funder equals the total Claims Payments paid by the Funder under Phase I;

(ii) second, 100.0% to the Funder until the cumulative amount distributed to the Funder equals an IRR of 20% of Claims Payments paid by the Funder under Phase I ("Phase I Compensation"), per annum; and

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(iii) thereafter, 100.0% to the Claimholder.

(b) If the Claimholder exercises its options to receive Tranche A or both Tranche A and Tranche B of the Phase II Investment Amount, the first Proceeds shall be distributed as follows:

(i) first, 100.0% to the Funder until the cumulative amount distributed to the Funder equals the total Claims Payments paid by the Funder under Phases I and II;

(ii) second, 100.0% to the Funder until the cumulative amount distributed to the Funder equals an additional 300.0% of Phase I Investment Amount; plus an additional 300% of the Tranche A Committed Amount (i.e. 300.0% of \$3.5 million), less any amounts remaining of the Tranche A Committed Amount that the Funder did not pay as Claims Payments; plus an additional 300.0% of the Tranche B Committed Amount (i.e. 300.0% of \$1.5 million), if the Claimholder exercises the Tranche B funding option, less any amounts remaining of the Tranche B Committed Amount that the Funder did not pay as Claims Payments;

(iii) third, for each \$10,000 in specified fees and expenses paid by the Funder under Phase I and Phase II and any amounts over each \$10,000 of the Tranche A Committed Amount and the Tranche B Committed Amount (if the Claimholder exercises the Tranche B funding option), 0.01% of the total Proceeds from any recoveries after repayment of (i) and (ii) above, to the Funder; and

(iv) thereafter, 100% to the Claimholder.

The Agreement provides that if no Proceeds are ever paid to or received by the Claimholder or its representatives and if the environmental permit is not issued, the Funder shall have no right of recourse or right of action against the Claimholder or its representatives, or any of their respective property, assets, or undertakings, except as otherwise specifically contemplated by the Agreement. If (a) Proceeds are paid to or received by the Claimholder or its representatives; (b) such Proceeds are promptly applied and/or distributed by the Claimholder or on behalf of the Claimholder in accordance with the terms of the Agreement; and (c) the amount received by the Funder as a result thereof is not sufficient to pay all of the Recovery Percentage and all of the amounts due to the Funder under the Agreement, then (provided that all of the Proceeds which the Funder will ever be entitled to have been paid to or received by the Funder), the Funder shall have no right of recourse or action against the Claimholder or its Representatives, or any of their property, assets, or undertakings, except as otherwise specifically contemplated by the Agreement. Pursuant to the Agreement, the Claimholder acknowledged the Funder's priority right, title, and interest in any Proceeds, including against any available collateral to secure its obligations under the Agreement, which security interest shall be first in priority as against all other security interests in the Proceeds. The Claimholder also acknowledged and agreed to execute and authorize the filing of a financing statement or similar and to take such other actions in such jurisdictions as the Funder, in its sole discretion, deems necessary and appropriate to perfect such security interest. The Agreement also includes representations and warranties, covenants, conditions, termination and indemnification provisions, and other provisions customary for comparable arrangements.

Amendment and Restatement (January 31, 2020)

- On January 31, 2020, the Claimholder and the Funder entered into an Amended and Restated International Claims Enforcement Agreement (the "Restated Agreement"). The material terms and provisions that were amended or otherwise modified are as follows:
- The Funder agreed to provide up to \$2.2 million in Arbitration Support Funds for the purpose of paying the Claimholder's litigation support costs in connection with Subject Claim;
- A closing fee of \$200,000 was retained by the Funder in connection with due diligence and other transaction costs incurred by the Funder. This closing fee was expenses when incurred;
- A warrants to purchase our common stock were issued are exercisable for a period of five years beginning on the earlier of (a) the date on which the Claimholder ceases the Subject Claim for any reason other than a full and final arbitral award against the Claimholder or a full and final monetary settlement of the claims or (b) the date on which Proceeds are received and deposited into escrow. The exercise price per share is \$3.99, and the Funder can exercise

the warrant to purchase the number of shares of our common stock equal to the dollar amount of Arbitration Support Funds provided to us pursuant to the Restated Agreement divided by the exercise price per share (subject to customary adjustments and limitations); and

- All other terms in the Restated Agreement are substantially the same as in the original Agreement.

During 2020, the Funder provided us with \$2.0 million of the Arbitration Support Funds, and we incurred \$200,000 in related fees that were treated as an additional advance. Upon each funding, the proceeds were allocated between debt and equity for the warrants based on the relative fair value of the two instruments. As a result, there was an immediate expense of \$1,063,811 related to the derivative.

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Although the warrants only become exercisable upon the occurrence of future events, they are considered issued for accounting purposes and were valued using a binomial lattice model. The expected volatility assumption was based on the historical volatility of our Common Stock. The expected life assumption was primarily based on management's expectations of when the Warrants will become exercisable and the risk-free interest rate for the expected term of the warrant is based on the U.S. Treasury yield curve in effect at the time of measurement. As a result, the fair value of these warrants, \$1.1 million, was bifurcated from debt and allocated to equity. The debt then was accreted back up to its face value over a period of three years.

Second Amendment and Restatement (December 12, 2020)

On December 12, 2020, the Claimholder and the Funder entered into a Second Amended and Restated International Claims Enforcement Agreement (the "Second Restated Agreement") relating to the Subject Claim. Under the terms of the Second Restated Agreement, the Funder has made and agreed to make Claims Payments in an aggregate amount not to exceed \$20,000,000 (the "Maximum Investment Amount"). The Second Restated Agreement required the Funder to make Claims Payments in an aggregate amount no greater than \$10,000,000 for the purposes of pursuing the Subject Claim to a final award ("Phase III Investment Amount"). We also incurred \$200,000 in related fees which were treated as an additional advance and were expensed when incurred. This Second Restated Agreement includes the same representations and warranties, covenants, conditions, termination and indemnification provisions, and other provisions as in the original agreement.

Third Amendment and Restatement (June 14, 2021)

On June 14, 2021, the Claimholder and the Funder entered into a Third Amended and Restated International Claims Enforcement Agreement (the "Third Restated Agreement") relating to the Subject Claim. Under the terms of the Third Restated Agreement, the Funder agreed to make Claims Payments in an aggregate amount not to exceed \$25,000,000, an increase of \$5.0 million (the "Incremental Amount"). The Third Restated Agreement requires the Claimholder to request \$2.5 million of the Incremental Amount (the "First \$2.5 Million"). Within 15 days after exhaustion of the First \$2.5 Million, the Claimholder may either (a) request the remaining \$2.5 million (the "Second \$2.5 Million") of the Incremental Amount or (b) notify the Funder that the Claimholder has decided to self-fund the Second \$2.5 Million. We also incurred \$80,000 in related fees which were treated as an additional advance. These fees were expensed when incurred. This Third Restated Agreement includes the same representations and warranties, covenants, conditions, termination and indemnification provisions, and other provisions as in the original agreement.

Waiver and Consent (March 6, 2023)

On March 6, 2023, the Claimholder and the Funder under the agreement entered into a Waiver and Consent Agreement, pursuant to which, among other things, the Funder consented (i) to consent to allow the Claimholder to fund certain costs and expenses arising from the Subject Claim from the Claimholder's own capital in an aggregate amount not to exceed \$5,000,000, and (ii) Odyssey paid a \$1,000,000 nonrefundable waiver fee to the Funder.

The Company determined that the financing arrangement was a derivative, measured at fair value within the scope of ASC 815 Derivatives and Hedging. Subsequently, any changes in the fair value of the derivative will be reported in earnings on a quarterly basis. Fair value was calculated as the midpoint of estimated ranges of the probability-weighted present value of potential results based on management assumptions. As such, the fair value of the obligation on March 31, 2024 and December 31, 2023 was \$52.7 million and \$52.1 million, respectively, with changes in the fair value for the three month periods ended March 31, 2024 and 2023 were \$576,000 million and \$1.7 million, respectively.

See NOTE 10 Loan Payable for discussion related to the accounting for the 37N embedded derivative.

Warrant Liability

2022 Warrant

On June 10, 2022, we sold an aggregate of 4,939,515 shares of our Common Stock and the 2022 Warrant to holders to purchase up to 4,939,515 shares of our common stock. The net proceeds received from sale, after offering expenses of \$1.8 million, were \$14.7 million. The shares of common stock and warrants were sold in units, with each unit consisting of one share of common stock and one warrant to purchase one share of common stock at an exercise price of \$3.35 (the "2022 Warrant Price") per share of common stock. Each unit was sold at a negotiated price of \$3.35 per unit. The 2022 Warrant is exercisable at any time beginning on December 10, 2022, and ending on the close of business on June 10, 2027.

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Under the terms of the 2022 Warrant agreement, the Holders are entitled to purchase from the Company one share of Common Stock, at the price of \$3.35 per share. The Company in its sole discretion may lower the 2022 Warrant Price at any time prior to the expiration date for a period of not less than twenty Business Days, provided that the Company shall provide at least twenty days prior written notice of such reduction to Holders of the 2022 Warrant and provided further that any such reduction shall be identical among all of the 2022 Warrant.

A Warrant may be exercised by the Holder by delivering the aggregate exercise price unless the Holder chooses net settlement via the cashless exercise option if, there is no active registration statement or available prospectus for the issuance of the Warrant Shares by the Holder. In a cashless exercise, the Holder will receive a number of Warrant Shares determined by dividing $[(A-B)(X)]$ by (A), where (A) represents volume-weighted average price of the common stock or the bid price of common stock, depending on the circumstances, (B) represents the Exercise Price of the Warrant, as adjusted, and (X) represents the number of Warrant Shares that would be issued upon exercise of the Warrant, if it were a cash exercise rather than a cashless exercise.

If the Company fails to deliver the Warrant Shares to the Holder within a time frame required by the agreement, and the Holder is forced to purchase shares of Common Stock to fulfill a sale that was based on receiving the Warrant Shares (referred to as a "Buy-In"), then the Company must reimburse the Holder in cash for the difference between the total purchase price of the Common Stock purchased and the product of the number of Warrant Shares that should have been delivered and the sale price at which the obligation to purchase arose. The 2022 Warrants also included customary adjustments to the exercise price and the number of shares of common stock issuable upon exercise in the event of a stock split, recapitalization, reclassification, combination or exchange of shares, separation, reorganization, liquidation, or the like.

The Company determined that the 2022 Warrant meets the definition of a derivative and is not considered indexed to the Company's own stock due to the input related to the price per share and any non-cash consideration. Management determined that this input would preclude the 2022 Warrant from being indexed to the Company's stock given that this input could be affected by variables that are extraneous to the pricing of a fixed-for-fixed option or forward contract on equity shares. As such, the 2022 Warrant was recognized as derivative liabilities and will be initially and subsequently measured at fair value with the gain or loss due to changes in fair value recognized in the current period. The Company noted that when debt is issued with liability-classified stock purchase warrants, the residual method should be used so that the warrants are recognized at fair value at issuance and the residual proceeds are allocated to the debt.

Management determined that the \$1.8 million in incremental costs directly attributable to the Common Stock Offering and the issuance of the 2022 Warrant shall be allocated between the two instruments in proportion to the allocation of the issuance proceeds. Furthermore, the incremental costs allocated to the Common Stock were recorded as a reduction of the proceeds in equity while the incremental costs allocated to the 2022 Warrant of \$1.087 million was expensed as incurred.

March 2023 Warrant

See Note 10 Loan payable for discussion related to the accounting for the March 2023 Warrant.

December 2023 Warrants

See NOTE 10 Loan payable for discussion related to the accounting for the December 2023 Warrants.

Put Option Liability

See NOTE 6 Investment in unconsolidated entities for discussion regarding the Ocean Minerals, LLC Exchange Agreement.

NOTE 12 – ACCRUED EXPENSES

Accrued expenses consist of the following:

| | March 31, 2024 | December 31, 2023 |
|-----------------------------|---------------------|----------------------|
| Compensation and incentives | \$ 994 | \$ 5,239 |
| Professional services | 245,469 | 296,332 |
| Deposit | 450,000 | 450,000 |
| Interest | 1,074,058 | 912,915 |
| Exploration license fees | 7,611,291 | 6,828,872 |
| Total accrued expenses | <u>\$ 9,381,812</u> | <u>\$ 8,493,358</u> |

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Deposits primarily consist of an earnest money deposit of \$450,000 from CIC. The earnest money deposit relates to a draft agreement related to potential sale of a stake of our equity in CIC. This transaction has not yet been agreed upon or consummated.

NOTE 13 – STOCKHOLDERS' EQUITY/(DEFICIT)

Stock-Based Compensation

The share-based compensation charged against income, related to our options and restricted stock units, for the three months ended March 31, 2024 and 2023, was \$1,462,747 and \$293,785, respectively.

We granted options to purchase an aggregate of 90,000 shares of Common Stock to directors on January 29, 2024, options to purchase an aggregate of 200,000 shares of common stock to officers on January 29, 2024, and options to purchase an aggregate of 302,000 shares of common stock to employees on January 29, 2024. The value of the stock options granted was determined using the Black-Scholes-Merton option-pricing model, which values options based on the stock price at the grant date, the expected life of the option, the estimated volatility of the stock, the expected dividend payments, and the risk-free interest rate over the life of the option. The options were valued with the following assumptions used for grants issued in the table below. Expected volatilities are based on historical volatility of the Company's stock as well as other companies operating similar businesses. The expected term (in years) is determined using historical data to estimate option exercise patterns. The expected dividend yield is based on the annualized dividend rate over the vesting period. The risk-free interest rate is based on the rate for US Treasury bonds commensurate with the expected term of the granted option.

| | January 29, 2024 |
|-------------------------|------------------------|
| Risk free interest rate | 3.97 % |
| Expected life | 5 years |
| Expected volatility | 62.42 % |
| Expected dividend yield | — |
| Grant-date fair value | 2.61 |

NOTE 14 – CONCENTRATION OF CREDIT RISK

We do not currently have any debt obligations with variable interest rates.

For the three months ended March 31, 2024, we had two customers, CIC, which is a related-party (see Note 5 Related Party Transactions), and OML, also a related party, that accounted for 100% of our total revenue. For the three months ended March 31, 2023, we had one customer, CIC, that accounted for 100% of our total revenue.

At March 31, 2024 and December 31, 2023, our uninsured cash balance was approximately \$1.8 million and \$3.7 million, respectively.

NOTE 15 – SALE-LEASEBACK FINANCING OBLIGATIONS

On April 4, 2023 and June 30, 2023, the Company's subsidiaries sold marine equipment to separate third-party buyers for \$3.5 million and \$1.0 million, respectively. Simultaneously with each sale, the subsidiaries entered into lease agreements with each buyer of the respective marine equipment (the sale of the property and simultaneous leaseback is referred to as a "sale-leaseback"). Each of the leases is for a term of 4 years. Under the terms of the lease agreements, the initial base rent is \$35,000 and \$10,000 per month, respectively. As a part of each of the lease agreements, the lessee is granted an option to purchase the marine equipment back from the buyer, that can be exercised at any time during the period commencing on the first anniversary of the date of the agreements and ending on the day that is 120 days prior to the expiration of the lease term. If the lessee has not already delivered such notice at least 120 days prior to the expiration of the lease term, it is required to purchase the marine equipment upon the expiration of the lease term.

The Company accounted for the sale-leaseback transactions as financing transactions with the purchasers of the property in accordance with ASC Topic 842 as the lease agreements were determined to be finance leases. The Company concluded the lease agreements both met the qualifications to be classified as finance leases due to the obligation to repurchase the equipment.

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The presence of a finance lease indicates that control of the equipment has not transferred to the buyer/lessor and, as such, the transactions were each deemed a "failed sale-leaseback" and must be accounted for as a financing arrangement. As a result of this determination, the Company is viewed as having received the sales proceeds from the buyer/lessor in the form of a hypothetical loan collateralized by its leased equipment. The hypothetical loan is payable as principal and interest in the form of "lease payments" to the buyer/lessor. As such, the Company will not derecognize the property from its books for accounting purposes until the lease ends.

ORI was one of Odyssey's subsidiaries that entered into one of the sale-leaseback financing obligations noted above. As noted in the NOTE 6. Investment in Unconsolidated Entity footnote, Odyssey transferred all of its shares in ORI to OML as part of the Investment in OML. Pursuant to the OML Purchase Agreement, Odyssey is obligated to pay all amounts owed for rent and the repurchase of the marine equipment under the sale-leaseback agreement.

As of March 31, 2024 and December 31, 2023, the carrying values of the financing liabilities were \$3,639,271 and \$3,202,044. The monthly lease payments are split between a reduction of principal and interest expense using the effective interest rate method. No gain or loss was recognized related to the sale-leasebacks.

Under the April 4, 2023 and June 30, 2023 sale-leasebacks, the Company recorded third party payments of \$350,000 and \$100,000 respectively, as a cost of the financing obligation and recorded them as a discount.

Remaining future cash payments related to the financing liability, for the fiscal years ending December 31 are as follows:

| Year ending December 31, | Annual payment obligation |
|-----------------------------|---------------------------------|
| 2024 | \$ 405,000 |
| 2025 | 540,000 |
| 2026 | 540,000 |
| 2027 | 4,700,000 |
| | <u>\$ 6,185,000</u> |

NOTE 16 – SUBSEQUENT EVENTS

We have evaluated subsequent events for recognition or disclosure through the date that this Form10-Q is filed with the SEC. We have noted there are no other subsequent events other than those noted below.

On May 3, 2024, we received payment of approximately \$9.4 million in net proceeds from a recovered shipwreck in which we retained a residual economic interest when we sold substantially all the assets related to our shipwreck business to a third-party purchaser.

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

The following discussion and analysis is intended to provide a narrative of our financial results and an evaluation of our results of operation and financial condition. The discussion should be read in conjunction with our consolidated financial statements, the related notes to the financial statements and our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

In addition to historical information, this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 regarding the Company's expectations concerning its future operations, earnings and prospects. On the date the forward-looking statements are made, the statements represent the Company's expectations, but the expectations concerning its future operations, earnings and prospects may change. The Company's expectations involve risks and uncertainties and are based on many assumptions that the Company believes to be reasonable, but such assumptions may ultimately prove to be inaccurate or incomplete, in whole or in part. Accordingly, there can be no assurances that the Company's expectations and the forward-looking statements will be correct. Please refer to the Company's most recent Annual Report on Form 10-K for a description of risk factors that could cause actual results to differ from the expectations stated in this discussion. Odyssey disclaims any obligation to update any of these forward-looking statements except as required by law.

Operational Update

Additional information regarding our announced projects can be found in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**. Only projects **that are** material in nature or with material status updates are discussed below. We may have other projects in various stages of planning or execution that may not be disclosed for security or legal reasons until considered appropriate by management or required by law.

Our subsea project portfolio contains multiple projects in various stages of development throughout the world and across different mineral resources. We **are** regularly **evaluating** **evaluate** **prospective resources to identify new** **projects through** **projects**. In addition to **conducting geological assessments, we also analyze licensing regulations to assure rights can be secured, business development models, and commercial viability factors; all which factor into our decision making on if and how to pursue opportunities in the development** **best interest** of **new deposits, acquisition of mineral rights/deposits and through a leveraged contracting model, which allows the company to earn equity in deep-sea mineral projects.** **our shareholders.**

With respect to mineral deposits, Subpart 1300 of Regulations S-K outlines the SEC's basic mining disclosure policy and what information may be disclosed in public filings.

Subsea Mineral Mining Exploration Projects

ExO Phosphate Project:

The "Exploraciones Oceánicas" ("ExO") Phosphate Project is a rich deposit of phosphate sands located 70-90 meters deep within Mexico's Exclusive Economic Zone ("EEZ" "EEZ"). This deposit contains a large amount of high-grade phosphate **rock ore** that can be extracted on a financially attractive basis (essentially a standard dredging operation). The product will be **attractive** **desirable** to Mexican and other world producers of fertilizers and can provide important benefits to Mexico's agricultural development.

The deposit lies within an exclusive mining concession licensed to the Mexican company Exploraciones Oceánicas S. de R.L. de CV ("ExO"). Oceanica Resources, S. de R.L., a Panamanian company ("Oceanica") owns 99.99% of ExO, and Odyssey owns

56.29% 56.04% of Oceanica through Odyssey Marine Enterprises, Ltd., a wholly owned Bahamian company ("Enterprises").

In 2012, ExO was granted a 50-year mining license by Mexico (extendable for another 50 years at ExO's option) for the deposit that lies 25-40 km offshore in Baja California Sur.

We spent more than three years preparing an environmentally sustainable development plan with the assistance of experts in marine dredging and leading environmental scientists from around the world. Key features of the environmental plan included:

- No chemicals would be used in the dredging process or released into the sea.
- A specialized return down pipe that exceeds international best practices to manage the return of dredged sands close to the seabed, limiting plume or impact to the water column and marine ecosystem (including primary production).
- The seabed would be restored after dredging in such a way as to promote rapid regeneration of seabed organisms in dredged areas.
- Ecotoxicology tests demonstrated that the dredging and return of sediment to the seabed would not have toxic effects on organisms.

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- Sound propagation studies concluded that noise levels generated during dredging would be similar to whale-watching vessels merchant ships and fisherman's ships that already regularly transit this area, proving the system is not a threat to marine mammals.
- Dredging is limited to less than one square kilometer each year, which means the project would operate in only a tiny proportion of the concession area each year.
- Proven turtle protection measures were incorporated, even though the deposit and the dredging activity are much deeper and colder than where turtles feed and live, making material harm to the species highly remote.
- There will be no material impact on local fisheries as fishermen have historically avoided the water column directly above the deposit due to the naturally low occurrence of fish there.
- The project would not be visible from the shoreline and would not impact tourism or coastal activities.
- Precautionary mitigation measures were incorporated into the development plan in line with best-practice global operational standards.
- The technology proposed to recover the phosphate sands has been safely used in Mexican waters for over 20 years on more than 200 projects. projects with approval by Mexico's regulatory authorities.

Notwithstanding the factors stated above, in April 2016 the Mexican Ministry of the Environment and Natural Resources ("SEMARNAT") unlawfully rejected the permit to move forward with the project.

ExO challenged the decision in Mexican Federal federal court and in March 2018, the Tribunal Federal de Justicia Administrativa ("TFJA"), an 11-judge panel, ruled unanimously that SEMARNAT denied the application in violation of Mexican law and

ordered the agency to re-take its decision. Just prior to the change in administration later in 2018, SEMARNAT denied the permit a second time in defiance of the court. ExO is once again challenging the unlawful decision of the Peña Nieto administration before the TFJA. This action is on-going.

In addition, in April 2019, we filed a claim under the North American Free Trade Agreement ("NAFTA") Claim against Mexico to protect our shareholders' interests and significant investment in the project.

Our claim seeks compensation of over \$2 billion on the basis that SEMARNAT's wrongful repeated denial of authorization has destroyed the value of our investment in the country and is in violation of the following provisions of NAFTA:

- Article 1102. National Treatment.
- Article 1105. Minimum Standard of Treatment; and
- Article 1110. Expropriation and Compensation.

We filed our First Memorial in the NAFTA case in September 2020. It is supported by documentary evidence and 20 expert reports and witness statements. In summary, this evidence includes:

- **MERITS:** Testimony from independent environmental experts that the environmental impact of ExO's phosphate project is minimal and readily mitigated by the mitigation measures proposed by ExO. Witnesses also testified that Mexico's denial of environmental approval by the prior administration was politically motivated and not justified on environmental grounds, and that Mexico granted environmental permits to similar dredging projects in areas that are considered more environmentally sensitive than ExO's project location.
 - **RESOURCE:** An independent certified marine geologist testified as to the size and character of the resource.
 - **OPERATIONAL VIABILITY:** Engineering experts testified that the project uses established dredging and processing technology and the project's anticipated CAPEX and OPEX was reasonable.
 - **VALUE:** A phosphate market analyst testified that the project's projected CAPEX and OPEX would make the project one of the lowest cost phosphate rock resources in the world, and damages experts testified the project would be commercially viable and profitable.
- (1) **MERITS:** Testimony from independent environmental experts that the environmental impact of ExO's phosphate project is minimal and readily mitigated by the mitigation measures proposed by ExO. Witnesses also testified that Mexico's denial of environmental approval by the prior administration was politically motivated and not justified on environmental grounds, and that Mexico granted environmental permits to similar dredging projects in areas that are considered more environmentally sensitive than ExO's project location.
 - (2) **RESOURCE:** An independent certified marine geologist testified as to the size and character of the resource.
 - (3) **OPERATIONAL VIABILITY:** Engineering experts testified that the project uses established dredging and processing technology, and the project's anticipated CAPEX and OPEX was reasonable.
 - (4) **VALUE:** A phosphate market analyst testified that the project's projected CAPEX and OPEX would make the project one of the lowest cost producing phosphate ore resources in the world, as experts testified the project would be commercially viable and profitable.

Odyssey filed its First Memorial in the case on September 4, 2020. Mexico filed its Counter-Memorial on February 23, 2021. On June 29, 2021, we filed our reply to Mexico's Counter-Memorial. Odyssey's filings are available at www.odysseymarine.com/nafta. Mexico filed its Rejoinder on October 19, 2021. The procedural calendar and case filings are available on the ICSID website. The NAFTA Tribunal hearing took place in early 2022. In accordance with the procedural calendar, written post-hearing briefs were filed in September 2022. Odyssey's filings can be found through our website at www.odysseymarine.com/nafta. The procedural calendar and case filings are available on the International Centre for Settlement of Investment Disputes ("ICSID") website. The

evidentiary phase of the case is now closed and the Tribunal has begun its deliberations. On October 6, 2023, Odyssey received a letter from ICSID advising that the Tribunal is well advanced in the drafting of the Award and expects to issue the Award in the first quarter of 2024. ICSID also advised that Odyssey would be duly notified of any change to the timing estimate provided. On March 8, 2024, Odyssey received a letter from ICSID advising that the Tribunal "has continued to make progress in finalizing its determinations" and that it "expects to render the Award in the second quarter of this year." Odyssey cannot otherwise predict the length of these deliberations or when a ruling will be issued, but we remain confident in the merits of our case.

On June 14, 2019, Odyssey and ExO executed an agreement that provided up to \$6.5 million \$6.5 million in funding for prior, current and future costs of the NAFTA action. On January 31, 2020, this agreement was amended and restated, as a result of which the availability increased to \$10.0 million \$10.0 million. In December 2020, Odyssey announced it secured an additional \$10 million \$10 million from the funder

to aid in our NAFTA case. On June 14, 2021, the funder agreed to fund up to an additional \$5.0 million \$5.0 million for litigation arbitration costs. The funder will not have any right of recourse against us unless the environmental permit is awarded or if proceeds are received (See NOTE 9 Loans Payable – Litigation Financing) 12 Fair Value Financial Instruments).

CIC Project:

CIC Limited ("CIC" ("CIC")) is a deep-sea mineral exploration company. CIC is supported by a consortium of companies providing expertise and financial contributions in support of development of the project. Odyssey is a member of the consortium, which also includes Royal Boskalis Westminster. Westminster N.V.

On February 23, 2022, In February 2022, the Cook Islands Seabed Minerals Authority ("SBMA" ("SBMA")) awarded CIC a five-year exploration license beginning June 2022. license. Offshore explorations and research commenced in the third quarter of 2022 with positive results in early sampling, and testing of vessels which tested vessel and equipment functions and performance, which provided further information and data further defining the informed requirements for viable operational functions as the basis for a longer term longer-term operation over the license period. The early operations also resulted in preliminary resource sampling, which will ultimately accrue to the resource evaluation and regional environmental assessment when primary operations commence in 2023 and ongoing operations.

Through a wholly owned subsidiary, we have earned and now hold approximately 14.67% 15.08% of the current outstanding equity units of CIC issued in exchange for provision of services by the Company.

We have the ability to earn up to an aggregate of 20.0 million 20.0 million equity units over the next several calendar years, which represents an approximate 16.0% interest in CIC, based upon the currently outstanding equity units. This means we can earn approximately 1.7 million 1.5 million additional equity units in CIC under our current services agreement. We achieved our current equity position through the provision of services rendered to CIC (see Note NOTE 6 Investment in Unconsolidated Entity).

Ocean Minerals, LLC Project:

Ocean Minerals, LLC ("OML") is a deepwater critical metals exploration and development company incorporated in the Cayman Islands. Moana Minerals Limited ("Moana Minerals" Minerals) is a wholly owned subsidiary of Ocean Minerals LLC OML and is a deepwater critical metals exploration and development company incorporated in the Cook Islands with offices and operations based in

Rarotonga, Cook Islands. In February 2022, the Cook Island's Seabed Mineral Authority ("SBMA") SBMA awarded Moana Minerals a five-year exploration license ("EL3" ("EL3")) for a 23,630 square kilometer area in the Cook Islands' EEZ.

Moana Minerals has discovered validated vast polymetallic nodules nodule resources in their its exploration license area and, pursuant to the SBMA's SBMA's standards and guidelines, it is conducting further exploration activities to increase confidence in the reported mineral resource and size of the reported mineral resources and to secure environmental approvals to perform commercial operations. OML and its project partners are also advancing work to develop recovery systems to harvest and process these high-quality seafloor polymetallic nodules commercially.

On June 4, 2023, Odyssey entered into a purchase agreement to acquire a an approximately 13% interest in OML in exchange for a contribution by Odyssey of its interest in its then wholly owned subsidiary, ORI, whose sole asset was a 6,000-meter remotely operated vehicle ("ROV" ("ROV")) and, cash contributions of up to \$10 million \$10 million in a series of transactions over the next year, following year, a Contribution Agreement and an Equity Exchange Agreement. On July 3, 2023, the parties consummated the initial closing of the purchase agreement, pursuant to which Odyssey's wholly owned subsidiary obtained approximately 6.28% of OML's outstanding equity interests. The purchase agreement allows Odyssey to acquire up to 40% of OML over within the next following 18 months from the initial closing date at Odyssey's discretion.

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The 6,000-meter rated ROV contributed to OML by Odyssey will provide provides OML with an additional tool to advance the project toward eventual applications for an environmental permit and harvesting license when exploration and feasibility studies are completed and demonstrate how harvesting can be done without serious environmental harm. To date OML has utilized the ROV to conduct over 50 kilometers of video surveys of their nodule resource accruing to a better understanding of the geological and environmental setting of the license area. Over the next year, OML expects to advance its current JORC-compliant Joint Ore Reserve Committee ("JORC") compliant report, substantially increasing resources reporting to indicated and measured confidence levels and completing its preliminary Feasibility Study, among other important project milestones.

South American Projects:

Odyssey reached an exclusive agreement in early 2022 with BlueSea Minerals, Ltd. and BlueSea Minerals Brasil Ltda, (collectively, "BlueSea Group") to create a new joint venture company (the "JV") in which Odyssey will own a 75% interest. The JV would have exclusive rights to 19 highly prospective phosphate areas in the Exclusive Economic Zone ("EEZ") of a South American country. Odyssey has determined that it will not actively pursue this project at this time, but it will continue to explore this and other potential opportunities in South America.

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LIHIR Gold Project:

The exploration license for the Lihir Gold Project covers a subsea area that contains at least five several prospective gold exploration targets in two different mineralization types: seamount-related epithermal and modern placer gold. Two subaqueous debris fields within the area are adjacent to the terrestrial Ladolam Gold Mine and are believed to have originated from the same volcanogenic source. The resource lies 500-2,000 meters deep in the Papua New Guinea Exclusive Economic Zone off the coast of Lihir Island, adjacent to the location of one of the world's largest know terrestrial gold deposits. We have an 85.6% interest in Bismarck Mining Corporation, Ltd, the Papua New Guinea company that holds the exploration license (the "Bismarck Exploration License") for the project.

Previous exploration expeditions in the license area, including research conducted by Odyssey, indicate it is highly prospective for commercially viable gold content.

In August 2021, November 2023, Papua New Guinea ("PNG") issued a permit extension allowing Odyssey to continue with our exploration program. We have developed an exploration program for the Lihir Gold Project to validate and quantify the precious and base metal content of the prospective resource. The Company has met with local regulatory authorities, specialists in local mining, environmental legal experts, and logistics support service companies in PNG Papua New Guinea to establish baseline business functions essential for a successful program to support upcoming marine exploration operations in the license area. This offshore work began in late 2021 and is ongoing. Bismarck and Odyssey value the environment and respect the interests and people of Papua New Guinea and Lihir and are committed to transparent sharing of all environmental data collected during the exploration program.

Offshore survey and mapping operations commenced in December 2021 in the Papua New Guinea, Lihir license area and was completed in 2022. This work produced a high-resolution acoustic terrain model of the seafloor in the area, as well as acquiring acoustic images of subseafloor sediments and lithology. This allowed characterization of the geologic setting of the area and essentially created a "snapshot" of the environment. These activities will help us to further characterize the value of this project and allow informed decision making on how to proceed with environmentally sensitive direct geologic sampling. In the first half of 2023, a comprehensive project plan was designed identifying specific target areas for geological and environmental samples to be collected in future offshore operations. No timetable has been set for operations to commence, as operational plans are currently being developed.

Odyssey's multi-year exploration program will is planned to focus on robust environmental surveys and studies that will accrue to environmental permitting in compliance with PNG's Papua New Guinea's requirements as well as the development of an Environmental Impact Assessment ("EIA"). During the exploration phase, steps to validate and quantify the precious and base metal content of the prospective resource will would also be carried out. Once completed, if the data shows extraction can be carried out responsibly, Odyssey will apply for a Mining License.mining license.

Further development of this project is dependent on the characterization of any present resources during the exploration and license approvals.phase.

Critical Accounting Policies and Changes to Accounting Policies

Investment in Unconsolidated Entity

As discussed in Note 6 Investment in Unconsolidated Entities, the Company has a cost basis method investment and an equity method investment with related parties. The Company has entered into agreements with the related parties that required analysis of ASU 215-2 to determine that the Company was not the primary beneficiary. This analysis required judgment and review of the facts and circumstance to determine the proper accounting for the cost and equity method investments. We also review these investments for any potential impairment annually.

There We account for our interests in entities in which we are able to exercise significant influence over operating and financial policies, generally 50% or less ownership interest, under the equity method of accounting. In such cases, our original investments are recorded at cost and adjusted for our share of earnings, losses and distributions. We account for our interests in entities where we have been virtually no material influence over operating and financial policies under the cost method of accounting. In such cases, our original investments are recorded at the cost to acquire the interest and any distributions received are recorded as income. All investments are subject to our impairment review policy.

As discussed in Related Party Transactions and Investment in Unconsolidated Entity Entities to the consolidated financial statements, the Company has a cost investment in a related party. The Company has entered into numerous agreements with the related party that required analysis of ASC 810-10 to determine that the Company was not the primary beneficiary. This analysis required judgment and review of the facts and circumstance to determine the proper accounting for this cost method investment. We also reviewed the impairment guidance to determine any potential impairment of the investment.

The current investment in unconsolidated entities accounted for under the equity method consists of a 6.28% in interest in OML, with an opportunity to purchase up to 40% of OML in the 18 months following the initial acquisition. We determined that the Company has a significant influence over OML's operation due to the agreements to purchase additional interests in OML and the services we provide to OML which require our involvement in the decisions made over OML's operations. The initial value of an investment in an unconsolidated affiliate accounted for under the equity method is recorded at the fair value of the consideration paid. As part of this acquisition, we entered into the OML Put Option to acquire additional interest in OML, which was determined to be an obligation to issue a variable number of shares that is predominantly based on variations in something other than the fair value of the company's equity shares, within the scope of ASC 480. As such, the OML Put Option is initially recorded at its fair value and is then re-valued at each reporting date, with changes in our critical accounting estimates since December 31, 2022, the fair value reported in the statements of operations. The OML Put Option valuation was based on the exercise period of the equity exchange agreement, share price and volatility.

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Fair Value of Financial Instruments

We evaluate all of our agreements to determine whether such instruments have derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. In evaluating the fair value of derivative financial instruments, there are numerous assumptions that management must make that may influence the valuation of the derivatives that would be included in the financial statements. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

As discussed in NOTE 11 Loans Payable and Fair Value Financial Instruments to the consolidated financial statements, we have certain litigation financing with detachable warrants, warrant liabilities, the OML Put Option and an embedded derivative related to the 37N Note included in the consolidated balance sheets at December 31, 2023 and 2022 that are considered derivative financial instruments.

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The Litigation Financing agreement involved numerous amendments, significant non-cash financing, issuance of warrants, and issuance costs. Determination of the fair value of the derivative required significant judgment of and assumptions and estimates regarding the facts and circumstances regarding the potential liability. The fair value of the derivative is an inherently uncertain estimate because almost none of the inputs used in calculating the estimate—other than amounts funded—is objectively quantifiable. The inputs are based on management's good-faith but unavoidably subjective assumptions, judgments and estimates regarding the potential outcomes of the NAFTA arbitration case, the potential outcomes and award amounts conditional on Odyssey winning the arbitration, the potential repayment dates, the potential dates on which any proceeds from the arbitration might be received, and certain market inputs such as discount rates. The calculations based on these inputs resulted in a range of estimated fair values. The Company reported the midpoint of that range as the fair value at each relevant period. The estimate has changed each period based on management's revised judgments and assumptions regarding timing and other inputs. The estimate reported as the fair value is sensitive to the methods, assumptions, judgments and estimates underlying the fair value calculations because the use of different probabilities regarding potential case outcomes, potential awards, repayment dates, discount rates, or other estimated assumptions, or another method of reporting the fair value from within the calculated range, could result in a significantly or materially different estimated fair value being reported.

The fair values of 2022 Warrant and the December 2023 Warrant, which are accounted for as derivative liabilities, were estimated using a Black-Scholes valuation model. The assumptions used in this model included the use of key inputs, including

expected stock volatility, the risk-free interest rate, the expected life of the option and the expected dividend yield. Expected volatility is calculated based on the historical volatility of our Common Stock over the term of the warrant. Risk-free interest rates are calculated based on risk-free rates for the appropriate term. The expected life is estimated based on contractual terms as well as expected exercise dates. The dividend yield is based on the historical dividends issued by us. If the volatility rate or risk-free interest rate were to change, the value of the warrants would be impacted.

The fair value of the embedded derivative liability related to the share settled redemption feature recognized in connection with the 37N Note is determined using the with-and-without valuation method. As inputs into the valuation, we considered the type and probability of occurrence of certain events, the amount of the payments, the expected timing of certain events, and a risk-adjusted discount rate.

The OML put option was initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. The OML Put Option valuation was based on the exercise period of the equity exchange agreement, share price and volatility.

Results of Operations

The dollar values discussed in the following tables, except as otherwise indicated, are approximations to the nearest thousands and therefore do not necessarily sum in columns or rows. For more detail refer to the Financial Statements in Part I, Item 1.

Three months ended **June 30, 2023** **March 31, 2024**, compared to three months ended **June 30, 2022** **March 31, 2023** (as restated)

| Increase/(Decrease) (Dollars in thousands) | 2023 | 2022 | 2023 vs. 2022 | |
|---|------------|------------|---------------|---------|
| | | | \$ | % |
| Total revenues | \$ 173 | \$ 390 | \$ (217) | (55.6)% |
| Marketing, general and administrative | 1,821 | 2,292 | \$ (471) | (20.5)% |
| Operations and research | 1,499 | 1,230 | \$ 269 | 21.9% |
| Total operating expenses | \$ 3,320 | \$ 3,522 | \$ (202) | (5.7)% |
| Total other income (expense) | \$ (4,895) | \$ (3,410) | \$ (1,485) | 43.5% |
| Income tax benefit (provision) | \$ 3 | \$ — | \$ 3 | 100.0% |
| Non-controlling interest | \$ 2,315 | \$ 1,858 | \$ 457 | 24.6% |
| Net income (loss) | \$ (5,724) | \$ (4,683) | \$ (1,041) | 22.2% |

| Increase/(Decrease) (Dollars in thousands) | 2024 | 2023 | 2024 vs. 2023 | |
|---|----------|-----------|---------------|---------|
| | | | \$ | % |
| Total revenues | \$ 203 | \$ 289 | \$ (86) | (29.7)% |
| Marketing, general and administrative | \$ 4,035 | \$ 1,816 | \$ 2,219 | 122.2% |
| Operations and research | \$ 886 | \$ 1,285 | \$ (399) | (31.1)% |
| Total operating expenses | \$ 4,920 | \$ 3,101 | \$ 1,820 | 58.7% |
| Total other expense | \$ 5,638 | \$ 22,884 | \$ (17,246) | (75.4)% |
| Income tax benefit | \$ — | \$ — | \$ — | —% |

| | | | | |
|--|----------|-----------|-------------|-----------|
| Net loss attributable to non-controlling interest | \$ 2,557 | \$ 2,235 | \$ 342 | 15.3 % |
| Net income / (loss) attributable to Odyssey Marine Exploration, Inc. | \$ 3,498 | \$ 22,308 | \$ (18,810) | (84,.3) % |

Revenue

Revenue

The revenue generated in each period was a result of performing marine research and project administration for our customers and related parties. Total revenue for the three months ended June 30, 2023 March 31, 2024 decreased \$217,000 \$86,000 to \$173,000 \$203,000 compared to \$390,000 \$289,000 from the three months ended June 30, 2022 March 31, 2023. One company to which we provided these services in both years is a deep-sea mineral exploration company, CIC, which we consider to be a related party since it is owned and controlled by because our past Chairman of lead director has an interest in the Board company (see NOTE Note 5 Related Party Transactions). We also provided services to OML in 2024, also a related party as we account for OML investment under the equity method of accounting.

Operating Expenses

Marketing, general and administrative expenses primarily include all costs within the following departments: Executive, Finance & Accounting, Legal, Information Technology, Human Resources, Marketing & Communications, Sales and Business Development. Expenses decreased \$471,000 increased \$2.2 million to \$1.8 million approximately \$4.0 million for the three months ended June 30, 2023 March 31, 2024, compared to \$2.3 million \$1.8 million from the three months ended June 30, 2022 March 31, 2023. The items contributing to this \$471,000 decrease were a decrease the \$2.2 million increase was an increase of \$86,000 \$1.3 million in employee benefits and compensation related expenses, a decrease of \$170,000 in legal and other professional expenses, and a decrease in non-cash share-based compensation expense, and an increase of \$168,000 \$878,000 in professional services primarily attributable to audit fees.

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Operations and research expenses are primarily focused around deep-sea mineral exploration, which include minerals research, scientific services, marine operations and project management. Operations and research expenses increased decreased by \$269,000 from \$399,000 to \$886,000 for three months ended June 30, 2023 March 31, 2024 compared to \$1.3 million for the three months ended June 30, 2022 March 31, 2023 as a result of a \$530,000 increase \$287,000 decrease in expenses for marine equipment preparing for sea testing and professional services which includes a \$168,000 increase in employee benefits and compensation related expenses, offset by a \$361,000 \$220,000 decrease in litigation financing costs directly associated with our NAFTA arbitration. arbitration, and a \$112,000 decrease in depreciation expense.

Total Other Income and Expense

Total other income and expense was \$4.9 million \$5.7 million and \$3.4 million \$22.9 million in net expenses other income for three months ended June 30, 2023 March 31, 2024 and 2022, 2023, respectively, resulting in a net expense increase other income decrease of \$1.5 million. \$17.2 million. This variance was attributable to a \$771,000 \$1.1 million increase in interest expense in connection with our NAFTA litigation funding. Additionally, during the three months ended June 30, 2023, we recorded which includes debt discount amortization, a \$301,000 loss on the extinguishment reduction of interest income of \$388,000, a reduction of debt as extinguishment income of \$21.5 million and an increase of \$213,000 in loss from our equity investment offset by a result \$4.8 million benefit from change

in the fair value of derivatives, a decrease of \$142,000 in foreign exchange expense and reduction of expense due to a waiver of \$1.0 million that was paid in the write off of the CIC note receivable original issue discount.prior year.

Taxes and Non-Controlling Interest

Due to losses and our net operating loss carryforwards, we did not accrue any taxes in either period ending 20232024 or 2022.2023.

Starting in 2013, we became the controlling shareholder of Oceanica. Our financial statements thus include the financial results of Oceanica and its subsidiary, ExO. Except for intercompany transactions that are fully eliminated upon consolidation, Oceanica's revenues and expenses, in their entirety, are shown in our condensed consolidated financial statements. The share of Oceanica's net losses corresponding to the equity of Oceanica not owned by us is subsequently shown as the "Non-Controlling"Non-Controlling Interest" in the condensed consolidated statements of operations. The non-controlling interest adjustment in the three months ended

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June 30, 2023 March 31, 2024 was \$2.3 million\$2.6 million as compared to \$1.9 million\$2.2 million for the three months ended June 30, 2022 March 31, 2023. The substance of these amounts is primarily due to the increase in permits and other standard operating costs.

Six months ended June 30, 2023, compared to six months ended June 30, 2022

| Increase/(Decrease) (Dollars in thousands) | 2023 vs. 2022 | | | |
|---|---------------|-------------|------------|----------|
| | 2023 | 2022 | \$ | % |
| Total revenues | \$ 461 | \$ 690 | \$ (229) | (33)% |
| Marketing, general and administrative | 3,699 | 4,211 | \$ (512) | (12.2)% |
| Operations and research | 3,286 | 6,286 | \$ (3,000) | (47.7)% |
| Total operating expenses | \$ 6,985 | \$ 10,497 | \$ (3,511) | (33.5)% |
| Total other income (expense) | \$ 12,841 | \$ (6,826) | \$ 19,667 | (288.1)% |
| Income tax benefit (provision) | \$ 9 | \$ — | \$ 9 | 100 % |
| Non-controlling interest | \$ 4,551 | \$ 3,719 | \$ 832 | 22.4 % |
| Net income (loss) | \$ 10,877 | \$ (12,914) | \$ 23,791 | (184.2)% |

Revenue

Total revenue for the six months ended June 30, 2023 decreased \$229,000 to \$461,000 as compared to \$690,000 from the six months ended June 30, 2022, which is consistent as compared to the same period a year ago.

Operating Expenses

Marketing, general and administrative expenses decreased \$512,000 to \$3.7 million for the six months ended June 30, 2023 as compared to \$4.2 million for the six months ended June 30, 2022. The items contributing to this \$512,000 decrease were a \$359,000 decrease in share-based compensation expense, a \$52,000 decrease in employee benefits and compensation related expenses, a \$296,000 decrease in legal expenses. The decrease was offset by a \$248,000 increase in other professional services.

Operations and research expenses decreased by \$3.0 million for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 as a result of a \$4.6 million decrease in litigation finance costs, offset by a \$1.2 million increase in expenses for marine equipment preparing for sea testing, a \$273,000 increase in depreciation expense, and a \$105,000 increase in employee benefits and compensation related expenses.

Total Other Income and Expense

Total other income and expense was \$12.8 million in net income and \$6.8 million in net expense for 2023 and 2022, respectively, resulting in a net income increase of \$19.7 million. This variance was attributable to a \$21.2 million gain on debt extinguishment, a \$1.4

million increase in interest expense and a \$548,000 increase in foreign exchange rates expense.

Taxes and Non-Controlling Interest

The non-controlling interest adjustment for the six months ended June 30, 2023 was \$4.6 million as compared to \$3.7 million for the six months ended June 30, 2022. The substance of these amounts is primarily due to the increase in permits and other standard operating costs.

Liquidity and Capital Resources

| (In thousands) | Six Months Ended | |
|---|------------------|------------------|
| | June 30, 2023 | June 30, 2022 |
| Summary of Cash Flows: | | |
| Net cash used in operating activities | \$ (7,369) | \$ (2,751) |
| Net cash used in investing activities | 943 | (312) |
| Net cash provided by financing activities | 6,815 | 11,323 |
| Net decrease in cash and cash equivalents | \$ 389 | \$ 8,260 |
| Beginning cash and cash equivalents | 1,443 | 2,275 |
| Ending cash and cash equivalents | \$ 1,832 | \$ 10,535 |

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| (In thousands) | Three Months Ended | |
|--|----------------------|------------------------------------|
| | March 31, 2024 | March 31, 2023 (As restated) |
| Summary of Cash Flows: | | |
| Net cash used in operating activities | \$ (1,579) | \$ (3,985) |
| Net cash used in investing activities | (104) | (508) |
| Net cash (used in) provided by financing activities | (261) | 3,724 |
| Net increase (decrease) in cash and cash equivalents | \$ (1,944) | \$ (769) |
| Beginning cash and cash equivalents | 4,022 | 1,443 |
| Ending cash and cash equivalents | \$ 2,078 | \$ 674 |

Discussion of Cash Flows

Net cash used in operating activities for the six three months ended June 30, 2023 March 31, 2024 was \$7.4 million. \$1.6 million. This represents an approximate \$4.6 million increase \$2.4 million decrease in use of funds when compared to the use of \$2.8 million \$3.0 million for the six three months ended June 30, 2022 March 31, 2023. The net cash used in operating activities reflected a net loss before non-controlling interest income of \$8.0 million \$920,000 and is adjusted primarily by non-cash items of \$20.0 million, \$5.0 million, which primarily includes share-based compensation of 373,000, \$1.5 million, note payable accretion of \$858,000, \$0.9 million, amortization of finance liability of \$66,000, loss on equity investment of \$213,000, offset by an investment \$156,000 of directors compensation settled with share-based instruments, a gain on changes in our fair valued instruments of \$7.8 million and investments in our unconsolidated entity entities of \$438,000. \$214,000. Other operating activities resulted in an increase in working capital

of \$6.3 million, \$1.7 million. This \$6.3 million \$1.7 million increase includes a \$8.6 million increase to increases of \$0.55 million in accrued expenses and other, a \$953,000 increase in accounts payable and an increase of \$1.1 million to accounts payable \$155,000 in 2023. The increase in accrued expenses and accounts payable is predominantly related to our NAFTA financed litigation, other assets.

Cash flows used in investing activities for the six three months ended June 30, 2023 March 31, 2024 and 2022 2023 were minimal. During the six three months ended June 30, 2023 March 31, 2024 the net cash used in investing activities was for the purchase of \$943,000 \$103,000 of property and equipment.

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Cash flows provided used by financing activities for the six three months ended June 30, 2023 March 31, 2024 were \$6.8 million. The \$6.8 million comprises \$15.1 million received from \$260,000. This \$260,000 is comprised of \$244,000 used for the issuance of loans payable offset by the \$11.1 million payment of debt obligation payments obligations and \$1.0 million attributable \$16,000 used to a waiver fee payment. Cash flows provided by financing activities repurchase stock-based awards for the six months ended June 30, 2022 were \$11.3 million. The \$11.3 million comprises \$2.2 million received from issuance payment of loans payable, \$16.5 million the sale of common stock, \$1.8 million due to offering cost paid on the sale of said common stock, \$524,000 for the repurchase of stock based awards, and \$5.1 million of debt obligation payments. payroll withholding taxes.

Other Cash Flow and Equity Areas

General Discussion

At June 30, 2023 March 31, 2024, we had cash and cash equivalents of \$1.8 million, an increase \$2.1 million, a decrease of \$0.4 million \$1.9 million from the December 31, 2022 December 31, 2023 balance of \$1.4 million. \$4.0 million. Financial debt of the company was \$36.8 million \$24.7 million at June 30, 2023 March 31, 2024 and \$46.7 million \$23.34 million at December 31, 2022 December 31, 2023. During March 2023, we entered Note and Warrant Purchase Agreement, pursuant to which we issued and sold to an institutional investor (a) a promissory note (the "DP SPV Note") in the principal amount of up to \$14,0 million, of which \$13.1 million was advanced in March 2023 and an additional \$450,000 was advanced during the three months ended June 30, 2023 and (b) a warrant (the "Warrant" and, together with the Note, the "Securities") to purchase up to 3,465,778 shares of Odyssey's common stock. We also paid AHMSA \$9.0 million in cash to terminate the Minosa Notes in cash and converted a portion of the MINOSA Notes into 304,879 shares of Odyssey's common stock. During April 2023, Odyssey entered into a \$3.5 million sale-leaseback arrangement for marine equipment and CIC repaid principal and interest in the aggregate amount of \$1,068,000 in full satisfaction of the convertible promissory note and the Loan Agreement. A portion of the proceeds of the April sale-leaseback transaction was used to repay the note outstanding to the seller of the marine equipment that we issued in December 2022. During June 2023, Odyssey entered into note purchase agreement with 37North SPV 11, LLC for \$1.0 million and entered into a \$1.0 million sale-leaseback arrangement for marine equipment.

Since SEMARNAT declined to approve the environmental permit application of our Mexican subsidiary in April 2016 and again in October 2018, notwithstanding that the Superior Court of the Federal Court of Administrative Justice ("TFJA") in Mexico nullified SEMARNAT's 2016 denial, we continue to support the efforts of our subsidiaries and partners to work through the administrative, legal and political process necessary to have the decision reviewed and overturned in the court of the TFJA. On January 4, 2019, we initiated the process to submit a claim against Mexico to arbitration under the investment protection chapter of the NAFTA. On September 4, 2020, we filed our First Memorial with the Tribunal. The First Memorial is the filing that fully lays out our case, witnesses and evidence for the Tribunal. Mexico filed its counter-memorial, which is available on the International Centre for Settlement of Investment Disputes ("ICSID") ICSID website, on February 23, 2021. On June 29, 2021, we filed our reply to Mexico's counter-memorial. Odyssey's filings are available at www.odysseymarine.com/nafta. The NAFTA Tribunal hearing took place in early 2022. In accordance with the procedural calendar, written post hearing briefs were filed in September 2022. The evidentiary phase of the case is now closed.

Financings

The Company's consolidated notes payable consisted of the following carrying values at:

| | Loans Payable | |
|--|---------------------|----------------------|
| | March 31, 2024 | December 31, 2023 |
| March 2023 Note | 15,270,792 | 14,858,816 |
| December 2023 Note | 6,037,747 | 6,000,000 |
| Emergency Injury Disaster Loan | 150,000 | 150,000 |
| Vendor note payable | 484,009 | 484,009 |
| AFCO Insurance note payable | 314,621 | 468,751 |
| Pignatelli note | 500,000 | 500,000 |
| 37N Note | 804,997 | 804,997 |
| Finance Liability (NOTE 15) | 4,179,270 | 4,112,332 |
| | <u>27,741,436</u> | <u>27,378,905</u> |
| Total Loans payable | 27,741,436 | 27,378,905 |
| Less: Unamortized deferred lender fee | (79,343) | (106,488) |
| Less: Unamortized deferred discount | <u>(2,940,799)</u> | <u>(3,955,449)</u> |
| | <u>24,721,294</u> | <u>23,316,968</u> |
| Total Loans payable, net | 24,721,294 | 23,316,968 |
| Less: Current portion of loans payable | <u>(16,306,076)</u> | <u>(15,413,894)</u> |
| | <u>\$ 8,415,218</u> | <u>\$ 7,903,074</u> |
| Loans payable - long term | <u>\$ 8,415,218</u> | <u>\$ 7,903,074</u> |

March 2023 Note and related interest expense at: Warrant Purchase Agreement

| | Note payable | | Interest expense | | | |
|--------------------------------|------------------|----------------------|--------------------|------------------|------------------|------------------|
| | | | Three Months Ended | | Six Months Ended | |
| | June 30, 2023 | December 31, 2022 | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| | | 14,750,00 | | | | |
| MINOSA 1 | \$ — | \$ 1 | \$ — | \$ 294,191 | \$ 210,137 | \$ 585,150 |
| MINOSA 2 | — | 5,050,000 | — | 125,904 | 89,932 | 250,424 |
| | | 24,347,51 | | | | |
| Litigation financing | 23,706,579 | 3 | 3,253,645 | 2,977,352 | 6,355,709 | 5,458,020 |
| DP SPV I LLC note | 10,789,776 | — | 924,676 | — | 1,240,656 | — |
| Emergency Injury Disaster Loan | 150,000 | 149,900 | 1,402 | 1,461 | 2,789 | 2,922 |
| Vendor note payable | 484,009 | 484,009 | 14,480 | 14,481 | 28,802 | 28,803 |
| Seller note payable | — | 1,400,000 | 1,962 | — | 64,696 | — |
| AFCO Insurance note payable | 188,037 | 562,280 | 2,849 | — | 10,595 | — |

| | | | | | | |
|-------------------|---------------|-----------|---------|---------|---------|---------|
| Monaco | — | — | — | 37,000 | — | 148,000 |
| Pignatelli note | 500,000 | — | 12,466 | — | 16,027 | — |
| Galileo note | — | — | — | — | 723 | — |
| 37North | 1,004,918 | — | 4,918 | 100,000 | 4,918 | 300,000 |
| Finance liability | 4,101,826 | — | 116,826 | — | 116,826 | — |
| | | 46,743,70 | | | | |
| | \$ 40,925,145 | \$ 3 | | | | |

Litigation Financing

Waiver and Consent

On January 31, 2020, Odyssey and ExO (together with Odyssey, the "Claimholder") and Poplar Falls LLC (the "Funder") entered into an Amended and Restated International Claims Enforcement Agreement (as amended, the "Agreement"), pursuant to which the Funder agreed to provide funding to the Claimholder to facilitate the prosecution and recovery of the claim by the Claimholder against the United Mexican States under Chapter Eleven of the North American Free Trade Agreement.

On March 6, 2023, the Claimholder and the Funder under the Agreement entered into a Waiver and Consent Agreement, pursuant to which, among other things, (a) the Funder consented to allow the Claimholder to fund certain costs and expenses arising from the Subject Claim from the Claimholder's own capital in an aggregate amount not to exceed \$5,000,000, and (b) Odyssey paid a \$1,000,000 nonrefundable waiver fee to the Funder. The waiver fee was accounted for as a debt modification and recorded as an additional debt discount of \$1,000,000, which is being amortized through December 31, 2025, using the effective interest method, which is charged to interest expense.

For the three months ended June 30, 2023 and 2022, we recorded \$86,130 and \$72,013, respectively, of interest expense from the amortization of the debt discount and \$36,724 and \$36,724 of interest from the fee amortization, respectively. For the six months ended June 30, 2023 and 2022, we recorded \$167,614 and \$140,153, respectively of interest expense from the amortization of the debt discount and \$73,448 and \$73,448 of interest from the fee amortization, respectively. The June 30, 2023 and December 31, 2022 carrying value of the debt was \$23,706,579 and \$24,347,513, respectively, and were net of unamortized debt fees of \$73,449 and \$146,897, respectively, as well as the net unamortized debt discount of \$186,382 and \$353,996, respectively, associated with the fair value of the warrant. The total face value of this obligation at June 30, 2023 and December 31, 2022 was \$24,853,038 and \$24,848,406, respectively.

DP SPV I LLC

On March 6, 2023, Odyssey entered into a Note and Warrant Purchase Agreement (the "Purchase Agreement") with an institutional investor pursuant to which Odyssey issued and sold to the investor (a) a promissory note (the "DP SPV March 2023 Note") in the principal amount of up to \$14.0 million, of which \$13.1 million was advanced in March 2023 and an additional \$450,000 was advanced during the three months ended June 30, 2023 \$14.0 million and (b) a warrant (the "Warrant" "March 2023 Warrant" and, together with the DP SPV March 2023 Note, the "Securities") to purchase shares of Odyssey's common stock. The total proceeds of \$14.0 million were allocated between debt and equity for the warrants based on the relative fair value of the two instruments. As a result, there was a debt discount of \$3,742,362, which is being amortized over the remaining term of the March 2023 Note Purchase Agreement using the effective interest method, which is charged to interest expense. We incurred \$98,504 in related fees which are being amortized over the term of the March 2023 Note Purchase Agreement and charged to interest expense.

The principal amount outstanding under the March 2023 Note bears interest at the rate of 11.0% per annum, and interest is payable in cash on a quarterly basis, except that, (a) at Odyssey's option and upon notice to the holder of the DP SPV March 2023 Note, any quarterly interest payment may be satisfied, in lieu of paying such cash interest, by adding an equivalent amount to the principal amount of the DP SPV March 2023 Note ("PIK Interest"), and (b) the first quarterly interest payment due under the DP SPV March 2023 Note will be satisfied with PIK Interest. The DP SPV March 2023 Note provides Odyssey with the right, but not the obligation, upon notice to the holder of the DP SPV March 2023 Note

to redeem (x) at any time before the first anniversary of the issuance of the DP SPV March 2023 Note, all or any portion of the indebtedness outstanding under the March 2023 Note (together with all accrued and unpaid interest, including PIK Interest) for an amount equal to one hundred twenty percent (120%) of the outstanding principal amount so being redeemed, and (y) at any time on or after the first anniversary of the issuance of the DP SPV March 2023 Note, all or any portion of the indebtedness outstanding under the DP SPV March 2023 Note (together with all accrued and unpaid interest, including PIK Interest). Unless the DP SPV March 2023 Note is sooner redeemed at Odyssey's option, all indebtedness under the DP SPV March 2023 Note is due and payable on September 6, 2024. Under the terms of the March 2023 Note Purchase Agreement, Odyssey agreed to use the proceeds of the sale of the Securities to fund Odyssey's obligations under the Termination Agreement (as defined below) above, to pay legal fees and costs related to Odyssey's NAFTA arbitration against the United Mexican States, to pay fees and expenses related to the transactions contemplated by the March 2023 Note Purchase Agreement, and for working capital and other general corporate expenditures. Odyssey's obligations under DP SPV Note are secured by a security interest in substantially all of Odyssey's assets (subject to limited stated exclusions).

Under the terms of the March 2023 Warrant, the holder has the right for a period of three years after issuance to purchase up to 3,465,778 3,703,703 shares of Odyssey's common stock at an exercise price of \$3.78 per share, which represents 120.0% of the official closing price of Odyssey's common stock on the NASDAQ Nasdaq Capital Market immediately preceding the signing of the March 2023 Note Purchase Agreement, upon delivery of a notice of exercise to Odyssey. Upon exercise of the Warrant, Odyssey has the option to either (a) deliver the shares of common stock issuable upon exercise or (b) pay to the holder an amount equal to the difference between (i) the aggregate exercise price payable under the notice of exercise and (ii) the product of (A) the number of shares of common stock indicated in the notice of exercise multiplied by (B) the arithmetic average of the daily volume-weighted average price of the common stock on the NASDAQ Nasdaq Capital Market for the five consecutive trading days ending on, and including, the trading day immediately prior to the date of the notice of exercise. The warrant provides for customary adjustments to the exercise price and the number of shares of common stock issuable upon exercise in the event of a stock split, recapitalization, reclassification, combination or exchange of shares, separation, reorganization, liquidation, or the like.

On March 6, 2023, the Company recognized the fair value of warrants using the Black-Scholes valuation technique at \$3,742,362 and classified the warrants as equity and debt discount of the March 2023 Note. On January 30, 2024, the March 2023 Warrant was amended to add a cashless exercise provision. Due to that amendment, the Company determined that the March 2023 Warrant meets the definition of a derivative and is not considered indexed to the Company's own stock due to the settlement adjustment that provides that the share price input upon cashless exercise is always based on the highest of three prices. As such, the March 2023 Warrant is now recognized as a derivative liability and will be initially and subsequently measured at fair value with the gain or loss due to changes in fair value recognized in the current period. The Company noted that when debt is issued with liability-classified stock purchase warrants, the residual method should be used so that the warrants are recognized at fair value at issuance and the residual proceeds are allocated to the debt. The amended March 2023 Warrant was measured using the Black-Scholes valuation method on January 30, 2024, and re-classified from equity to warrant liability. The difference between the warrant liability and initial equity balance through additional paid-in capital ("APIC") was recognized as an additional discount to APIC. Subsequently, the warrants were re-measured on March 31, 2024, and recognized in earnings as favorable change in the fair value of the derivative liability. The fair value of the March 2023 Warrant at March 31, 2024 was \$5,263,018.

In connection with the execution and delivery of the Purchase Agreement, Odyssey entered into a registration rights agreement (the "Registration Rights Agreement") pursuant to which Odyssey agreed to register registered the offer and sale of the shares (the "Exercise Shares") of Odyssey common stock issuable upon exercise of the Warrant. Pursuant to the Registration Rights Agreement, Odyssey agreed to prepare and file Warrant in a Prospectus filed with the Securities and Exchange Commission (the "SEC") a registration statement covering the resale of the Exercise Shares and to use its reasonable best efforts to have the registration statement declared effective by the SEC as soon as practicable thereafter, subject to stated deadlines of June 1, 2023.

We incurred \$98,504 in related fees which are being amortized over the term of the Purchase Agreement and charged to legal expense with-in marketing, general and administrative expense. The total proceeds of \$13.6 million were allocated between debt and equity for the warrants based on the relative fair value of the two instruments. As a result, there was a debt discount of \$3,536,154, which is being amortized over the remaining term of the Purchase Agreement using the effective interest method, which is charged to interest expense.

For the ~~six~~three months ended ~~June 30, 2023~~ March 31, 2024, and 2023, we recorded \$750,871 incurred \$618,067 and \$208,685, respectively, of interest expense from the amortization of the debt discount and \$16,268 and \$4,648, respectively, interest from the fee amortization respectively, which has been recorded in interest expense. The ~~June 30, 2023~~ March 31, 2024 carrying value of the debt was \$10,789,776 \$14,162,450, which includes interest Paid In Kind ("PIK") of \$1,270,792, and was net of unamortized debt fees of \$77,587, \$28,425, net of unamortized debt discount of \$2,785,283 \$1,079,917 associated with the fair value of the warrant. The total face value of this obligation at ~~June 30, 2023~~ on March 31, 2024, and December 31, 2023, was \$13,652,646, \$15,270,792 and \$14,858,816, respectively.

37North

37North

On June 29, 2023 we entered into a Note Purchase Agreement ("Note Agreement") with 37North SPV 11, LLC ("37N") 37N pursuant to which 37N agreed to loan us \$1,000,000. The proceeds from this transaction were received in full on June 29, 2023. Pursuant to the Note Agreement, the indebtedness was non-interest bearing and matured on July 30, 2023. At any time from 31 days after the maturity date, 37N has the option to convert all or a portion of the outstanding amount of the indebtedness into conversion shares equal to the quotient obtained by dividing (A) 120% of the amount of the indebtedness, by (B) the lower of \$3.66 or 70% of the 10-day

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volume-weighted average principal ("VWAP") market trading price of Common Stock. The aggregate maximum number of shares of Common Stock to be issued in connection with conversion of the indebtedness is not to exceed (i) 19.9% of the outstanding shares of Common Stock prior to the date of the Agreement, (ii) 19.9% of the combined voting power of the outstanding voting securities, or (iii) ~~exceed~~such number of shares of Common Stock that would violate the applicable listing rules of the Principal Market if the stockholders did not approve the issuance of Common Stock upon conversion of the indebtedness.

Any time prior to maturity, we had the option to prepay the indebtedness at an amount of 108% of the unpaid principal. From the maturity date to 29 days after the maturity date (August 27, 2023), we ~~are~~were permitted to repay all (but not less than) of an amount equal to 112.5% of the unpaid amount of the indebtedness. At any time after the 30th day after the maturity date (August 28, 2023), we are permitted to repay all (but not less than) of an amount equal to 115% of the unpaid amount of the indebtedness

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after 10 ~~days~~'days' notice. If 37N delivers an exercise notice during this 10-day period, the Note would be converted to shares of Common Stock, instead of being repaid. ~~As of March 31, 2024, we have not repaid this Note Agreement.~~

If 37N delivers an exercise notice and the number of shares issuable is limited by the 19.9% limitation outlined above, then we are permitted to repay all ~~of~~ the remaining unpaid amount of the Loan in an amount equal to 130% of the remaining unpaid amount. ~~On December 27, 2023, 37N delivered an exercise notice to us pursuant to which it exercised its right to convert \$360,003 of the outstanding indebtedness under the Note Agreement into shares of our Common Stock. In accordance with the Note Agreement, based on the applicable conversation rate of \$2.3226 under the agreement, we issued 155,000 shares of our common Stock to 37N on December 29, 2023.~~

Accounting considerations

We evaluated the indebtedness and, based on the criteria of ASC 480 Distinguishing Liabilities from Equity and 815 Derivatives and Hedging, the 37N convertible note is classified as a liability on the consolidated balance sheet with a share settled redemption feature that is recorded as an embedded derivative. As a result, the share settled redemption and conversion features were recorded at fair value at each reporting period outstanding with changes recognized through Interest expenses on the consolidated statement of operations. The Company analyzed the conversion feature of the note and determined that, the embedded conversion option is not considered clearly and closely related because it includes a conditional obligation to the host contract and requires bifurcation. The optional prepayment option provides the right to accelerate the settlement issue a variable number of debt; however, the prepayment options can only be exercised by the Company. As such, they are considered clearly and closely related to the debt host instrument and bifurcation was not necessary. Although the indebtedness did not bear interest, it was required to be repaid shares based on a fixed amount known at amounts greater than the face value. According to ASC 470-10-35-2, if a debt instrument has a contractual maturity date that can be extended at the issuer's option, at an increasing rate, the debt discounts and issuance costs must be amortized over the period in which inception, the debt is estimated to be outstanding, even if properly classified as a liability in the balance sheet. The Company identified seven embedded features, all of which were of de minimis fair value other than the Share Settled Redemption Feature. As such, only that period extends beyond was bifurcated and accounted for separately from the debt's original contractual maturity date. The difference between the proceeds received and the repayment amount are generally amortized over the expected life of the indebtedness using the effective interest method. Management estimated the expected life to be very limited, so the expected repayment amount of \$1.2 million, representing 120% of the indebtedness, was recorded upon issuance of the Note Agreement.

debt host. Certain default put provisions were not considered to be clearly and closely related to the debt host, but management concluded that the value of these default put provisions was de minimis.

At March 31, 2024, the debt instrument and embedded derivatives were recorded on the consolidated balance sheets at fair value of \$804,997 and \$336,857, respectively, under Loans payable – short term and Litigation financing and other – long term. At December 31, 2023, the debt instrument and embedded derivatives were recorded on the consolidated balance sheets at fair value of \$804,997 and \$702,291, respectively, under Loans payable – short term and Litigation financing and other – long term.

December 2023 Note and Warrant Purchase Agreement

On December 1, 2023, we entered into a Note and Warrant Purchase Agreement (the “December 2023 Note Purchase Agreement”) with institutional investors pursuant to which we issued and sold to the investors (a) a series of promissory notes (the “December 2023 Notes”) in the principal amount of up to \$6.0 million and (b) two tranches of warrants (the “December 2023 Warrants” and, together with the December 2023 Notes, the “December 2023 Securities”) to purchase shares of our common stock. We issued December 2023 Notes in the aggregate amount of \$3.75 million and related warrants on December 1, 2023, and December 2023 Notes in the aggregate amount of \$2.25 million and related warrants on December 28, 2023.

The principal amount outstanding under the December 2023 Notes bears interest at the rate of 11.0% per annum, and interest is payable in cash on a quarterly basis, except that, (a) at our option and upon notice to the holder of the December 2023 Notes, any quarterly interest payment may be satisfied, in lieu of paying such cash interest, by adding an equivalent amount to the principal amount of the December 2023 Notes (“December 2023 PIK Interest”), and (b) the first quarterly interest payment due under the December 2023 Notes will be satisfied with December 2023 PIK Interest. The December 2023 Notes provide us with the right, but not the obligation, upon notice to the holders of the December 2023 Notes to redeem (x) at any time before the first anniversary of the issuance of the December 2023 Notes, all or any portion of the indebtedness outstanding under the December 2023 Notes (together with all accrued and unpaid interest, including December 2023 PIK Interest) for an amount equal to one hundred twenty percent (120%) of the outstanding principal amount so being redeemed, and (y) at any time on or after the first anniversary of the issuance of the December 2023 Notes, all or any portion of the indebtedness outstanding under the December 2023 Notes (together with all accrued and unpaid interest, including December 2023 PIK Interest). Unless the December 2023 Notes are sooner redeemed at our option, all indebtedness under the

December 2023 Notes is due and payable on June 1, 2025. Under the terms of the December 2023 Note Purchase Agreement, we agreed to use the proceeds of the sale of the December 2023

Securities for working capital and other general corporate expenditures and to pay fees and expenses related to the transactions contemplated by the December 2023 Note Purchase Agreement. Our obligations under December 2023 Notes are secured by a pledge of and security interest in our equity interests in Odyssey Marine Cayman Limited (subject to limited stated exclusions)..

Under the terms of the first tranche of December 2023 Warrants, the holders have the right for a period of three years after issuance to purchase an aggregate of up to 1,411,765 shares of our common stock at an exercise price of \$4.25 per share, which represents 120.0% of the official closing price of our common stock on the Nasdaq Capital Market immediately preceding the signing of the December 2023 Note Purchase Agreement, upon delivery of a notice of exercise to Odyssey. Under the terms of the second tranche of December 2023 Warrants, the holders have the right for a period of three years after issuance to purchase an aggregate of up to 211,565 shares of our common stock at an exercise price of \$7.09 per share, which represents 200.0% of the official closing price of our common stock on the Nasdaq Capital Market immediately preceding the signing of the December 2023 Note Purchase Agreement, upon delivery of a notice of exercise to Odyssey. Upon exercise of the December 2023 Warrants, Odyssey has the option to either (a) deliver the shares of common stock issuable upon exercise or (b) pay to the holder an amount equal to the difference between (i) the aggregate exercise price payable under the notice of exercise and (ii) the product of (A) the number of shares of common stock indicated in the notice of exercise multiplied by (B) the arithmetic average of the daily volume-weighted average price of the common stock on the Nasdaq Capital Market for the five consecutive trading days ending on, and including, the trading day immediately prior to the date of the notice of exercise. The December 2023 Warrants provide the holders with a cashless exercise option if we have announced payment of a dividend or distribution on account of our common stock. The December 2023 Warrants also include customary adjustments to the exercise price and the number of shares of common stock issuable upon exercise in the event of a stock split, recapitalization, reclassification, combination or exchange of shares, separation, reorganization, liquidation, or the like.

In connection with the execution and delivery of the December 2023 Note Purchase Agreement, we entered into a registration rights agreement (the "December 2023 Registration Rights Agreement") pursuant to which we agreed to register the offer and sale of the shares (the "December 2023 Exercise Shares") of our common stock issuable upon exercise of the December 2023 Warrants. Pursuant to the December 2023 Registration Rights Agreement, we agreed to prepare and file with the Securities and Exchange Commission (the "SEC") a registration statement covering the resale of the December 2023 Exercise Shares and to use our reasonable best efforts to have the registration statement declared effective by the SEC as soon as practicable thereafter, subject to stated deadlines.

The Company determined that the December 2023 Warrants meet the definition of a derivative and are not considered indexed to the Company's own stock due to the settlement adjustment that provides that the share price input upon cashless exercise is always based on the highest of three prices. As such, the December 2023 Warrants were recognized as derivative liabilities and will be initially and subsequently measured at fair value with the gain or loss due to changes in fair value recognized in the current period. The Company noted that when debt is issued with liability-classified stock purchase warrants, the residual method should be used so that the warrants are recognized at fair value at issuance and the residual proceeds are allocated to the debt.

We incurred \$65,500 in related expenses, which are being amortized over the term of the December 2023 Note Purchase Agreement and charged to interest expense. The total proceeds of \$6.0 million were allocated between debt and warrant liability by recognizing the warrants at their full fair value and allocating the residual proceeds to the December 2023 Notes. The initial fair value of the December 2023 Warrants was \$2,392,563, resulting in a corresponding discount on the December 2023 Notes which is being amortized over the remaining term of the December 2023 Note Purchase Agreement using the effective interest method, which is charged to interest expense.

For the three months ended March 31, 2024 and 2023, we recorded \$396,582 and \$0, respectively, of interest expense from the amortization of the debt discount and \$10,877 and \$0, respectively, of interest from the fee amortization. At March 31, 2024, the carrying value of the debt was \$4,125,947 and was net of unamortized debt fees of \$50,918, net of unamortized debt discount of \$1,860,882 associated with the fair value of the warrant. The total face value of this obligation at March 31, 2024 was \$6,037,747. The current interest rate of the December 2023 Notes was 11.0%.

Going Concern Consideration

We have experienced several years of net losses and may continue to do so. Our ability to generate net income or positive cash flows for the following twelve months is dependent upon financings, our success in developing and monetizing our interests in mineral exploration entities, generating income from exploration charters, contracted services, collecting on amounts owed to us.

Our 2023 2024 business plan requires us to generate new cash inflows to effectively allow us to perform our planned projects. We continually plan to generate new cash inflows through the monetization of our receivables and equity stakes in seabed mineral companies, financings, syndications or other partnership opportunities. If cash inflow ever became becomes insufficient to meet our desired

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projected business plan requirements, we would be required to follow a contingency business plan based on curtailed expenses and fewer cash requirements. During March 2023, On December 1, 2023, we entered into the December 2023 Note and Warrant Purchase Agreement with institutional investors pursuant to which we issued and sold to an institutional investor a promissory note (the "Note") the investors the December 2023 Notes in the principal amount of up to \$14.0 million, \$6.0 million and the December 2023 Warrants to purchase shares of which \$13.1 million was advanced in March our common stock. We issued December 2023 and an additional \$450,000 was advanced during the three months ended June 30, 2023. On April 4, 2023, and June 30, Odyssey entered into a \$3.5 million and \$1.0 million sale-leaseback arrangements, respectively, for marine equipment. A portion of the proceeds of the April sale-leaseback transaction was used to repay the note outstanding to the seller of the marine equipment that we issued in December 2022. On April 6, 2023, CIC repaid principal and interest Notes in the aggregate amount of \$1,068,000 \$3.75 million and related warrants on December 1, 2023, and December 2023 Notes in full satisfaction the aggregate amount of the convertible promissory note \$2.25 million and the Loan Agreement, related warrants on December 28, 2023. On June 26, 2023 May 3, 2024, Odyssey entered into note purchase agreement with 37North SPV 11, LLC for \$1.0 million. we received a payment of approximately \$9.4 million arising from a residual economic interest in a salvaged shipwreck. The balance of the proceeds from the Note, after payment December 2023 Notes and a portion of certain obligations, the sale-leaseback arrangements and the CIC loan and note repayment, proceeds received in May 2024, together with other anticipated cash inflows, are expected to provide operating funds through at least the third quarter of 2024.

Our consolidated non-restricted cash balance at June 30, 2023 March 31, 2024 was \$1.8 million, \$2.1 million. We have a working capital deficit at June 30, 2023 March 31, 2024 of \$35.7 million, \$30.1 million. The total consolidated book value of our assets was approximately \$14.0 million \$20.7 million at June 30, 2023 March 31, 2024, which includes cash of \$1.8 million, \$2.1 million. The fair market value of these assets may differ from their net carrying book value. The factors noted above raise substantial doubt about our ability to continue as a going concern. These condensed consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern.

New Accounting Pronouncements

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-06, Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40). The amendments in this update are effective for public business entities that meet the definition of a Securities and Exchange

Commission ("SEC") filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities,

the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The FASB specified that an entity should adopt the guidance as of the beginning of its annual fiscal year.

The amendments in ASU No. 2020-06 affect entities that issue convertible instruments and/or contracts in an entity's own equity. For convertible instruments, the instruments primarily affected are those issued with beneficial conversion features or cash conversion features because the accounting models for those specific features are removed. However, all entities that issue convertible instruments are affected by the amendments to the disclosure requirements in this update. For contracts in an entity's own equity, the contracts primarily affected are freestanding instruments and embedded features that are accounted for as derivatives under the current guidance because of failure to meet the settlement conditions of the derivatives scope exception related to certain requirements of the settlement assessment. The FASB simplified the settlement assessment by removing the requirements (1) to consider whether the contract would be settled in registered shares, (2) to consider whether collateral is required to be posted, and (3) to assess shareholder rights. Those amendments also affect the assessment of whether an embedded conversion feature in a convertible instrument qualifies for the derivatives scope exception. Additionally, the amendments in this update affect the diluted EPS calculation for instruments that may be settled in cash or shares and for convertible instruments. We adopted this ASU as of January 1, 2022. Adoption did not have a material impact on its consolidated financial.

Other recent accounting pronouncements issued by the FASB, the AICPA and the SEC did not or are not believed by management to have a material effect, if any, on the Company's financial statements.

Off-Balance Sheet Arrangements

We do not engage in off-balance sheet financing arrangements. In particular, we do not have any interest in so-called limited purpose entities, which include special purpose entities ("SPEs") and structured finance entities.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates, commodity prices and equity prices. We do not believe we have material market risk exposure and have not entered into any market risk sensitive instruments to mitigate these risks or for trading or speculative purposes.

We currently do not have any debt obligations with variable interest rates.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedure

Disclosure controls are procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, such as this report, Comprehensive Form 10-K, are recorded, processed, summarized and reported within the time periods specified in the SEC's SEC's rules and forms. Disclosure controls are also designed to ensure that such information is accumulated and communicated to management, including our Chief Executive Officer ("CEO") and principal financial officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance of achieving the desired control objectives, as ours are designed to do, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our management, including our CEO, and who is currently also acting as our CFO for this purpose, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our management, including our CEO and CFO, concluded that our

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disclosure controls and procedures were not effective as of June 30, 2023 March 31, 2024, as the result of the material weakness in our internal control over financial reporting discussed below, which is currently being remediated.

Notwithstanding the material weakness, management believes the consolidated financial statements included in this report Comprehensive Form 10-K present fairly, in all material respects, the Company's financial condition, results of operations and cash flows for each of the periods presented in this report in conformity with accounting principles generally accepted in the United States. US GAAP.

Material Weakness in Internal Control over Financial Reporting

In connection with our evaluation for the period year ended June 30, 2023 December 31, 2023, we identified a material weakness weaknesses in our internal control over financial reporting for the years ended December 31, 2023, and 2022, that continued during the period ended June 30, 2023 March 31, 2024, relating to the appropriate review of accounting positions for certain significant transactions. Specifically, (a) the Company does not have sufficient resources with the adequate technical skills to identify and evaluate specific accounting positions and conclusions, and (b) the Company has inadequate processes and controls to ensure appropriate level of precision of review related to our financial statement footnote disclosures.

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The material weakness did not result in any material misstatement in our interim financial statements or disclosures as set forth in this report, and there were no changes required to any of our previously released interim or audited consolidated financial statements.

Remediation Efforts to Address Material Weakness

Management is committed to maintaining a strong internal control environment. In response to the identified material weakness, management, with the oversight of the Audit Committee of the Board of Directors, has taken actions to remediate the material weakness in internal control over financial reporting by (a) engaging an Interim Controller with responsibility for monitoring the performance of controls by control owners, (b) commencing an evaluation of the skills and experience of our existing personnel with respect to public company experience and appropriate level of expertise in the respective areas of accounting, SEC financial reporting and associated internal controls commensurate with the type, volume and complexity of our accounting operations, transactions and reporting requirements, and (c) identifying accounting advisory consultants to engage to provide additional depth and breadth in our technical accounting, and will continue to utilize such consultants as appropriate until we have ensured that our personnel have the appropriate expertise and experience. In addition, we have reinforced the importance of adherence to Company policies regarding control performance and related documentation with control owners, identified training and resource needs for control owners, and developed monitoring activities to validate the performance of controls by control owners.

The Company anticipates the actions described above and resulting improvements in controls will strengthen the Company's processes, procedures and controls related to management's review of accounting positions for our transactions and will address the related material weakness. However, the material weakness cannot be considered remediated until the applicable control has operated for a sufficient period of time, and management has concluded, through testing, that the control is operating effectively.

Changes in Internal Control over Financial Reporting

Other than the material weakness described above, and the ongoing remediation of such material weakness, there were no changes during the three and six months ended June 30, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

The Company may be subject to a variety of claims or suits that arise from time to time in the ordinary course of business. We are not a party to any litigation as a defendant where a loss contingency is required to be reflected in our condensed consolidated financial statements.

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ITEM 1A. Risk Factors

For information regarding risk factors, please refer to Item 1A in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. Investors should consider such risk factors prior to making an investment decision with respect to the Company's securities.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

None.

ITEM 4. Mine Safety Disclosures

Not applicable

ITEM 5. Other Information

Not applicable

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ITEM 6. Exhibits

- 31.1 [Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 \(Filed herewith electronically\).](#)
- 32.1 [Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350 \(Filed herewith electronically\).](#)
- 101 Interactive Data File
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

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SIGNATURES

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.

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INC.

Date: May 17, 2024

Date: August 14, 2023

By: _____

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Principal Financial and Accounting Officer

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EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark D. Gordon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Odyssey Marine Exploration, Inc.;
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. I am 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my 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 annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my 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.

May 17, 2024

Date: August 14, 2023

/s/ Mark D. Gordon

Mark D. Gordon

Chief Executive Officer, as

Principal Executive Officer

and Principal Financial Officer

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER

ODYSSEY MARINE EXPLORATION, INC.

PURSUANT TO 18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I hereby certify that, to the best of my knowledge, the quarterly report on Form 10-Q of Odyssey Marine Exploration, Inc. for the period ending June 30, 2023 March 31, 2024:

(1) 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 aspects, the financial condition and results of operations of Odyssey Marine Exploration, Inc.

/s/ Mark D. Gordon

Mark D. Gordon

Chief Executive Officer, as
Principal Executive Officer
and Principal Financial Officer

August 14, 2023

May 17, 2024

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Odyssey Marine Exploration, Inc. and will be retained by Odyssey Marine Exploration, Inc. and furnished to the Securities and Exchange Commission upon request.

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