

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

Form 10-Q

(Mark One)

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

For the quarterly period ended **March 31, 2024**

OR

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

For the transition period from _____ to _____

COMMISSION FILE NUMBER 000-54697

THE CORETEC GROUP INC.

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

Oklahoma
(State or other jurisdiction of
incorporation or organization)

73-1479206
(I.R.S. Employer
Identification No.)

333 Jackson Plaza, STE 460, Ann Arbor, MI 48103
(Address of principal executive offices) (Zip Code)

(866) 916-0833
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
None	None	None

Indicate by check mark whether the registrant (1) has filed reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of May 14, 2024, the issuer had 315,049,151 outstanding shares of Common Stock.

TABLE OF CONTENTS

	Page
PART I – Financial Information	
Item 1. Financial Statements.	F-1
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.	3
Item 3. Quantitative and Qualitative Disclosures About Market Risk.	13
Item 4. Controls and Procedures.	13
PART II – Other Information	
Item 1. Legal Proceedings.	14
Item 1A. Risk Factors.	14
Item 2. Unregistered Sales of Securities and Use of Proceeds	14
Item 3. Defaults Upon Senior Securities.	14
Item 4. Mine Safety Disclosure.	14
Item 5. Other Information.	14
Item 6. Exhibits.	15
SIGNATURES	16

PART I

Item 1. Financial Statements.

**THE CORETEC GROUP INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)**

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash	\$ 115,073	\$ 523,988
Prepaid expenses	88,292	132,680
Total current assets	203,365	656,668
Property and equipment, net	105,806	109,766
Other assets:		
Intangibles, net	803,688	824,345
Goodwill	166,000	166,000
Deposits-other	4,550	4,550
Total other assets	974,238	994,895
Total Assets	\$ 1,283,409	\$ 1,761,329
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 154,727	\$ 75,918
Notes payable, current portion	524,256	571,451
Total current liabilities	678,983	647,369
Long term debt, net	1,009,542	1,003,816
Total Liabilities	1,688,525	1,651,185
Stockholders' equity (deficit):		
Preferred stock, Series A convertible, \$0.0002 par value, 500,000 shares authorized; 345,000 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively.	69	69
Common stock \$0.0002 par value, 1,500,000,000 shares authorized; 301,368,572 and 284,104,032 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively.	60,272	56,819
Additional paid-in capital	18,711,715	18,706,208
Accumulated deficit	(19,177,172)	(18,652,952)
Total Stockholders' Equity (Deficit)	(405,116)	110,144
Total Liabilities and Stockholders' Equity	\$ 1,283,409	\$ 1,761,329

See notes to unaudited condensed consolidated financial statements

THE CORETEC GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Income:		
Revenue	\$ -	\$ -
Expenses:		
Research and development	122,454	111,902
General and administrative	358,095	347,194
Interest	44,518	54,081
Total expenses	<u>525,067</u>	<u>513,177</u>
Other income	847	5,793
Net loss	<u>(524,220)</u>	<u>(507,384)</u>
Loss per share:		
Basic and diluted	<u>\$ (0.002)</u>	<u>\$ (0.002)</u>
Weighted average shares outstanding, basic and diluted	<u>292,909,312</u>	<u>268,871,202</u>

See notes to unaudited condensed consolidated financial statements

THE CORETEC GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE THREE MONTHS ENDED MARCH 31, 2024 and THREE MONTHS ENDED MARCH 31, 2023
(unaudited)

	<u>Series A Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Par Value</u>	<u>Shares</u>	<u>Par Value</u>			
Balance December 31, 2023	345,000	\$ 69	284,104,032	\$ 56,819	\$ 18,706,208	\$ (18,652,952)	\$ 110,144
Common stock issued for services	-	-	903,224	181	8,779	-	8,960
Warrants exercised	-	-	14,861,316	2,972	(2,972)	-	-
Options exercised	-	-	1,500,000	300	(300)	-	-
Net loss for the period	-	-	-	-	-	(524,220)	(524,220)
Balance March 31, 2024	<u>345,000</u>	<u>\$ 69</u>	<u>301,368,572</u>	<u>\$ 60,272</u>	<u>\$ 18,711,715</u>	<u>\$ (19,177,172)</u>	<u>\$ (405,116)</u>
Balance December 31, 2022	345,000	\$ 69	268,871,202	\$ 53,772	\$ 18,119,792	\$ (16,345,313)	\$ 1,828,320
Net loss for the period	-	-	-	-	-	(507,384)	(507,384)
Balance March 31, 2023	<u>345,000</u>	<u>\$ 69</u>	<u>268,871,202</u>	<u>\$ 53,772</u>	<u>\$ 18,119,792</u>	<u>\$ (16,852,697)</u>	<u>\$ 1,320,936</u>

See notes to unaudited condensed consolidated financial statements

THE CORETEC GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Cash Flows from Operating Activities		
Net loss	\$ (524,220)	\$ (507,384)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	3,960	2,373
Amortization - intangibles	20,657	20,658
Amortization - debt discount	5,726	16,267
Change in:		
Prepaid expenses	44,388	57,533
Accounts payable and accrued liabilities	87,769	28,169
Net cash used in operating activities	(361,720)	(382,384)
Cash Flows from Financing Activities		
Payments on notes payable	(47,195)	(30,498)
Net cash used in financing activities	(47,195)	(30,498)
Net change in cash	(408,915)	(412,882)
Cash, beginning of period	523,988	2,356,348
Cash, end of period	\$ 115,073	\$ 1,943,466
Supplemental Disclosure of Cash flow Information		
Cash paid during the period for interest	\$ 1,653	\$ 33,439
Non-Cash Financing Activities		
Common stock issued to satisfy liabilities	\$ 8,960	\$ -

See notes to unaudited condensed consolidated financial statements

THE CORETEC GROUP INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Business Organization, Nature of Business and Basis of Presentation

Nature of Business

The Coretec Group Inc. (the “Group”) (formerly 3DIcon Corporation) (“3DIcon”) was incorporated on August 11, 1995, under the laws of the State of Oklahoma as First Keating Corporation. The articles of incorporation were amended August 1, 2003 to change the name to 3DIcon Corporation. During 2001, First Keating Corporation began to focus on the development of 360-degree holographic technology. From January 1, 2001, 3DIcon’s primary activity has been the raising of capital in order to pursue its goal of becoming a significant participant in the development, commercialization and marketing of next generation 3D display technologies.

Coretec Industries, LLC (“Coretec”), is a wholly owned subsidiary of the Group (collectively the “Company”). The Company is currently developing, testing, and providing new and/or improved technologies, products, and service solutions for energy-related industries including, but not limited to oil/gas, renewable energy, and distributed energy industries. Many of these technologies and products also have application for medical, electronic, photonic, display, and lighting markets among others. Early adoption of these technologies and products is anticipated in markets for energy storage (Li-ion batteries), renewable energy (BIPV), and electronics (Asset Monitoring).

Reverse Acquisition

On May 31, 2016, the Group entered into a Share Exchange Agreement (the “Share Exchange Agreement”) with Coretec and four Coretec members (the “Members”), which Members held all outstanding membership interests in Coretec. On September 30, 2016 (the “Closing Date”), the Group closed the transaction contemplated by the Share Exchange Agreement. Pursuant to the Share Exchange Agreement, the Members agreed to sell all their membership interests in Coretec to the Group in exchange for the Group’s issuance of an aggregate 4,760,872 shares of the Group’s Series B Convertible Preferred Stock to the Members (the “Exchange”). Coretec became a wholly owned subsidiary of the Group and the former Members beneficially owned approximately 65% of the Group’s common stock on a fully diluted basis on the Closing Date. Upon the closing of the Share Exchange Agreement, two of the Group’s Directors resigned and three new Directors associated with Coretec were nominated and elected, giving control of the board of directors to former Coretec Members.

Basis of Presentation

The accompanying condensed consolidated financial statements of the Company have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures made are adequate to make the information presented not misleading. These condensed consolidated financial statements should be read in conjunction with the Company’s year-end audited consolidated financial statements and related footnotes included in the previously filed Form 10-K, and in the opinion of management, reflects all adjustments necessary to present fairly the consolidated financial position of the Company. The consolidated results of operations for interim periods may not be indicative of the results which may be realized for the full year.

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Group and its wholly owned subsidiary, Coretec. Intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities. Actual results could differ from the estimates and assumptions used.

Intangibles

Intangible assets consist of purchased patents and capitalized website costs. Intangible assets are recorded at the fair value as of the date of acquisition, and intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives.

Goodwill

Goodwill was acquired with the reverse acquisition. The Company evaluates the carrying value of goodwill on an annual basis and if events occur or circumstances change that would more likely than not reduce the fair value of goodwill below its carrying amount. When assessing whether goodwill is impaired, management considers first a qualitative approach to evaluate whether it is more likely than not the fair value of the goodwill is below its carrying amount; if so, management considers a quantitative approach by analyzing changes in performance and market-based metrics as compared to those used at the time of the initial acquisition. For the periods presented, no impairment charges were recognized.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is recorded over the estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; major improvements and betterments are capitalized.

Estimated useful lives of property and equipment are as follows for the major classes of assets:

Asset Description	Estimated Lives (years)
Furniture and fixtures	7
Laboratory Equipment	7

Impairment of Long-Lived Assets

Long-lived assets, such as intangibles, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument held by the Company:

Current assets and current liabilities - The carrying value approximates fair value due to the short maturity of these items.

Notes payable - The fair value of the Company's notes payable has been estimated by the Company based upon the liability's characteristics, including interest rates, embedded instruments and conversion discounts. The carrying value approximates fair value after taking into consideration the liability's characteristics.

Basic and Diluted Loss Per Common Share

Basic loss per common share is computed by dividing net loss by the weighted average number of vested common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other instruments to issue common stock were exercised or converted into common stock. The following securities are excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	March 31,	
	2024	2023
Options	98,158,160	77,158,160
Warrants	105,093,000	132,514,000
Series A convertible preferred stock	115,000	115,000
Convertible debt	45,155,537	45,155,537
Total potentially dilutive shares	248,521,697	254,942,697

Research and Development

Research and development costs are expensed as incurred.

Income Taxes

The Company accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's consolidated financial statements or tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than enactments of changes in tax laws or rates. The effect on deferred tax assets and liabilities of a change in tax rates will be recognized as income or expense in the period that includes the enactment date. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company's tax benefits are fully offset by a valuation allowance due to the uncertainty that the deferred tax assets would be realized. Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in filed income tax returns that require recognition or disclosure in the accompanying consolidated financial statements.

Note 3 – Financing, Going Concern and Management’s Plans

As of this report, the Company has insufficient revenue and capital commitments to fund the development of its planned products, pay current operating expenses and debt commitments beyond a year following the issuance of these consolidated financial statements. These conditions, among others, raise substantial doubt about the Company’s ability to continue as a going concern for a year following the issuance of these consolidated financial statements.

On March 1, 2024, the Company entered into a Share Exchange Agreement with Core Optics, LLC, a Virginia limited liability company (“Core Optics”), Core Optics Co., Ltd., a Republic of Korea corporation (“Operating Subsidiary”) and Core SS LLC, a Virginia limited liability company (the “Member”), which Member holds all outstanding membership interests in Core Optics. Pursuant to the Share Exchange Agreement, the closing of which remains subject to the satisfaction of various closing conditions, the Member agreed to sell all of its membership interests in Core Optics to the Company in exchange for the Company’s issuance of (i) 10,000,000 shares of Series C Convertible Preferred Stock, par value \$0.0002 per share, of the Company; and (ii) 705,561,076 shares of the Company’s common stock, for the Membership Interests so transferred by the Member (the “Exchange”). Upon consummation of the Exchange, Core Optics will be a wholly-owned-direct subsidiary of the Company, Operating Subsidiary will be a wholly-owned-indirect subsidiary of the Company, the combined company will continue to operate under the name The Coretec Group, Inc., the Company’s common stock will continue to trade under the ticker symbol “CRTG”, and the Member is expected to beneficially own approximately 80% of the Company’s common stock on a fully-diluted basis.

Each share of the Series C Preferred Stock is expected to be convertible into 150 shares of common stock and has a stated value of \$3.00. The Preferred Stock is not expected to: require the payment of any dividends; include any operational covenants; or require the Company to redeem the Series C Preferred Stock. Each holder of Series C Preferred Stock is expected to be entitled to cast the number of votes equal to the number of shares of Company common stock into which the Series C Preferred Stock held by such holder are convertible. In addition, it is expected that all outstanding Series C Preferred Stock will be automatically converted after a mandatory conversion event, which will be set forth in a certificate of designation that the Company would file with the Secretary of the State of Oklahoma at or before the closing of the Exchange.

Consummation of the Exchange is subject to customary conditions, including without limitation, (i) the delivery to the Company by the Member or its designees, if any, of a representation letter attesting to its status as an “accredited investor;” (ii) the delivery to the Company by the Member or its designees, if any, a lock up agreement in the form attached to the Share Exchange Agreement; (iii) the delivery by the Company of lock up agreements, in the form attached to the Share Exchange Agreement, from certain members of the Company’s management; (iv) the delivery to the Company of the required consolidated financial statements, as specified under the Share Exchange Agreement; (v) delivery by the Company to Core Optics of an applicable notice or approval from the OTC Markets that Company’s Common Stock continue to be quoted on the OTCQB after the Closing; and (vi) delivery by the Company and Core Optics of all required consents to consummate all transactions contemplated by the Share Exchange Agreement. Consummation of the Exchange may also be deemed as a fundamental transaction under certain outstanding derivative securities, which could result, among other things, in a mandatory cash redemption payment based on the Black-Scholes value on the outstanding instrument.

The Share Exchange Agreement contains certain termination rights for the Company, Core Optics, and the Member.

The Company and the Core Optics management team are actively working toward a closing date for the merger. Both parties are engaged in carefully proceeding through standard closing conditions and expect to close the transaction prior to June 30, 2024.

The ability of the Company to continue as a going concern depends on the successful completion of the Company’s referenced share exchange agreement with Core Optics, LLC and the ability of the Company, post-merger, to fund the combined entities activities and development of its planned products.

In the event that the referenced share exchange agreement does not close, then the Company intends to continue to raise additional capital through other debt and equity financings. There is no assurance that these funds will be sufficient to enable the Company to fully complete its development activities or attain profitable operations. If the Company is unable to obtain such additional financing on a timely basis or, notwithstanding any request the Company may make, the Company’s debt holders do not agree to convert their notes into equity or extend the maturity dates of their notes, the Company may have to curtail its development, marketing and promotional activities, which would have a material adverse effect on the Company’s business, financial condition and results of operations, and ultimately the Company could be forced to discontinue its operations and liquidate.

The accompanying consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplates the continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the consolidated financial statements do not necessarily purport to represent realizable or settlement values. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 4 – Intangibles

The following table sets forth patents and other intangibles:

	March 31, 2024	December 31, 2023
Patents	\$ 1,400,000	\$ 1,400,000
Website development costs	12,007	12,007
Accumulated amortization	(608,319)	(587,662)
Net intangible assets	<u>\$ 803,688</u>	<u>\$ 824,345</u>

The patents were obtained with the September 30, 2016 reverse acquisition of the 3DIcon Corporation. Amortization expense for the next five fiscal years and thereafter is expected to be approximately \$80,000 annually through the year ended December 31, 2034.

Note 5 – Property, Plant and Equipment

The following table sets forth the tangible assets:

	March 31, 2024	December 31, 2023
Laboratory equipment	\$ 127,191	\$ 127,191
Accumulated depreciation	(21,385)	(17,425)
Net property, plant and equipment	<u>\$ 105,806</u>	<u>\$ 109,766</u>

The Company's laboratory equipment primarily consists of assets utilized for synthesis, battery manufacturing, testing and analysis.

Note 6 – Debt

Notes payable and long-term debt consists of the following:

	March 31, 2024	December 31, 2023
<i>Notes payable:</i>		
8.29% Insurance premium finance agreement due June 2024	\$ 48,181	\$ 95,376
Current portion of long term debt	476,075	476,075
Notes payable - current	\$ 524,256	\$ 571,451
<i>Long term debt:</i>		
10% promissory note, principal payments start July 2024	\$ 1,485,617	\$ 1,485,617
Less:		
Current portion of long term debt	(476,075)	(476,075)
Warrants issued	-	(1,688)
Debt issuance costs	-	(4,038)
Total long term debt	\$ 1,009,542	\$ 1,003,816

8.29% Insurance premium finance agreement, due by June 2024

The Company entered into an insurance financing agreement in August 2023 totaling \$156,806. The monthly payments under the agreement are due in ten installments of \$16,283. The Company has made payments on the note of \$113,979 and \$65,131 as of March 31, 2024 and December 31, 2023, respectively.

10% Promissory note, principal payments start July 2024

On October 4, 2019, the Company entered into a Credit Agreement and related Promissory Note with Diversified Alpha Fund of Navigator Global Fund Manager Platform SPC (“DAF”), the Lender. DAF is a segregated portfolio fund of Navigator Global Fund Manager Platform SPC. DAF is managed and controlled by Mollitium Investment Management (Mollitium). Mollitium utilizes Diversified Global Investment Advisors Ltd. (“DGIA”) to act in an advisory role. DGIA maintains an Investment Committee to support the services to Mollitium. Simon Calton serves as part of this five-member investment committee and in accordance with the investment committee’s guidelines, Mr. Calton does not participate in matters or voting that pertain to the Company due to his conflict of interest. Investment advice provided by DGIA to Mollitium are recommendations only and the final decision on actions are the responsibility of Mollitium. Carlton James Global Management, Ltd (CJGM) serves as a distributor of investments by introducing funds available to the market of which DAF is included in CJGM’s group of funds. Compensation to CJGM occurs when investments are made into funds that they introduce. CJGM is part of the Carlton James Group of which Mr. Calton is CEO.

The 10% Promissory Note, in a principal amount of \$2,500,000, is due on the 15th day of the 4th anniversary of each advance with the first capital payment due on July 15, 2024. The Promissory Note has attached warrants to subscribe for and purchase 3,000,000 shares of common stock at an exercise price of \$0.052 per share. Under the terms of the Credit Agreement, DAF will fund the Promissory Note in sixteen (16) tranches in amounts of \$125,000 and \$175,000 per month beginning in October 2019. The funding of the Promissory Note is at the discretion of DAF and may differ from the planned schedule. As of March 31, 2024, DAF has advanced \$2,345,000 with no definitive date or commitment to advance the remaining \$155,000. Interest is accrued monthly and paid in advance for the first six months and thereafter interest only payments shall be paid quarterly.

On November 16, 2021, the Company countersigned a letter of variation (the Variation) to the credit agreement entered into on October 4, 2019, with DAF. Pursuant to the Variation, the Lender agreed to extend the repayment days for each advance made by Lender under the credit agreement until the fourth anniversary of such advance. DAF also communicated to the Company that interest only payments are due on a quarterly basis, which commenced in January of 2022.

On May 12, 2023, the Company countersigned a second letter of variation (the Second Variation) to the credit agreement entered into on October 4, 2019, with DAF. Pursuant to the Second Variation, the Lender agreed to extend the repayment days for each advance made by Lender under the credit agreement by an additional four months. The first principal payment will be due on July 15, 2024 with all other terms and conditions of the credit facility remaining unchanged.

Under the terms of the Credit Agreement, DAF has the right to elect to convert all or part of the Promissory Note at a price equal to seventy percent (70%) of the average closing price of the Company's common stock as reported on the over-the-counter quotation system on the OTC Markets during the fifteen (15) calendar days prior to the loan closing date of October 4, 2019, which calculates to \$0.0329 per share.

Under the terms of the Credit Agreement, warrants to subscribe for and purchase 3,000,000 shares of common stock at an exercise price of \$0.052 per share were issued to DAF. The estimated value of the warrants granted monthly, with each advance, is calculated using the Black-Scholes option pricing model. The resulting estimated value of the warrant is used to proportionally allocate the fair value of the debt advance and the fair value of the warrants.

There were no warrants issued under the Credit Agreement during the three months ended March 31, 2024 and 2023. The Company amortized \$4,038 and \$11,929 for prior warrant issue costs during the three months ended March 31, 2024 and 2023, respectively.

Additionally, under the terms of the Credit Agreement, the Company agreed to pay a commitment fee of 3% of each advance and reimburse DAF for certain expenses in connection with the preparation, interpretation, performance and enforcement of the Credit Agreement. Those costs are being amortized over the life of the debt. The Company amortized \$1,688 and \$4,337 during the three months ended March 31, 2024 and 2023, respectively.

Interest payments were made to DAF of \$0 and \$32,765 during the three months ended March 31, 2024 and 2023, respectively.

The following table sets forth the principal payment schedule by year:

Year	Principal payments due
2024	476,075
2025	870,000
2026	139,542
	\$ 1,485,617

Note 7 – Equity Incentive Plans

In January 2018, the Company's 2018 Equity Incentive Plan (the "2018 EIP") was established. The total number of shares of stock which may be purchased or granted directly by options, stock awards or restricted stock purchase offers, or purchased indirectly through exercise of options granted under the 2018 EIP shall not exceed fifteen million (15,000,000) shares. The shares are included in a registration statement filed January 2018. There were 0 shares available for issuance under the 2018 EIP as of March 31, 2024.

On September 30, 2021, the Board of Directors approved The Coretec Group, Inc. 2021 Equity Incentive Plan ("2021 EIP") which covers the potential issuance of 62,000,000 shares of common stock, from which various awards may be granted, including but not limited to: (a) Incentive Stock Options, (b) Non-qualified Stock Options, (c) Stock Appreciation Rights, (d) Restricted Awards, (e) Performance Share Awards, and (f) Performance Cash Awards. There were 0 shares available for issuance under the 2021 EIP as of March 31, 2024.

On October 27, 2023, the Board of Directors approved The Coretec Group, Inc. 2023 Equity Incentive Plan (the "2023 Plan"), which covers the potential issuance of 57,000,000 shares of common stock, from which various awards may be granted, including but not limited to: (a) Incentive Stock Options, (b) Non-qualified Stock Options, (c) Stock Appreciation Rights, (d) Restricted Awards, (e) Performance Share Awards, and (f) Performance Cash Awards. There were 33,596,776 shares available for issuance under the 2023 EIP as of March 31, 2024.

Note 8 – Common Stock, Preferred Stock, Warrants and Options

Common Stock

On June 8, 2020, the Board of Directors consented to a share exchange agreement with holders of 21,500,000 options awarded on August 7, 2019. The agreement allows for holders to exchange their options for rule 144 common stock at an exchange rate of 0.6 shares per 1 option. Under the exchange agreement, 9,500,000 options have been exchanged for 5,700,000 shares of common stock as of March 31, 2024.

On October 27, 2023 the Board of Directors consented to extend the previous practice of satisfying accrued liabilities of vendors by issuing common stock from the equity incentive plans through September 1, 2024. The number of shares issued to satisfy a liability was determined by the average closing price for the fifteen (15) days prior to conversion at a discount rate of 50% to that fifteen (15) day average. The stock issuance, in lieu of cash payment, requires written approval of the Chief Executive Officer. The Company issued 903,224 and 0 shares under this consent for the three months ended March 31, 2024 and 2023, respectively.

Warrants

Warrants to subscribe for and purchase up to 3,000,000 shares of common stock at an exercise price of \$0.052 per share were included under the terms of the DAF Credit Agreement. The warrants will be issued in amounts of 150,000 and 210,000 per month during the funding period. In the event that funding advances deviate from the planned schedule then warrants will be issued pro-rata at 1.2 warrants for every \$1 of funding. Warrants granted under the terms of the DAF Credit Agreement total 2,814,000 as of March 31, 2024 and December 31, 2023. The estimated value of the warrants granted monthly, with each advance, is calculated using the Black-Scholes option pricing model. The expected dividend yield is based on the average annual dividend yield as of the grant date. Expected volatility is based on the historical volatility of our stock. The risk-free interest rate is based on the U.S. Treasury Constant Maturity rates as of the grant date. The expected life of the warrant is based on historical exercise behavior and expected future experience. The resulting estimated value of the warrant is used to proportionally allocate the fair value of the debt advance and the fair value of the warrants.

On March 2, 2021, the Company entered into the Purchase Agreement with a single institutional investor in a private placement to sell (i) 23,500,000 shares of its common stock, (ii) pre-funded warrants to purchase up to an aggregate of 51,500,000 shares of its common stock, and (iii) warrants to purchase up to an aggregate of 82,500,000 shares of its common stock for gross proceeds of approximately \$6,000,000. The combined purchase price for one share of common stock and associated Warrant is \$0.08 and for one Pre-Funded Warrant and associated Warrant is \$0.0799. The sale of the securities under the Purchase Agreement closed on March 5, 2021. The pre-funded warrants have an exercise price of \$0.0001 per share, subject to adjustment as set forth in the pre-funded warrants for stock splits, stock dividends, recapitalizations and similar events. The pre-funded warrants will be exercisable immediately and may be exercised at any time until all of the pre-funded warrants are exercised in full. In addition, the Company agreed to issue to the placement agent (or its designees) warrants to purchase a number of shares equal to 8.0% of the aggregate number of shares and pre-funded warrant shares sold under the Purchase Agreement, or warrants to purchase an aggregate of up to 6,000,000 shares. The placement agent warrants generally will have the same terms as the warrants, except they will have an exercise price of \$0.10.

Warrants Summary

The Company did not issue any new warrants for the three months ended March 31, 2024 and 2023. The following table summarizes the Company's warrants as of March 31, 2024:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Aggregate Intrinsic Value
Outstanding, December 31, 2023	120,014,000	\$ 0.0612	2.63	
Exercised	(14,921,000)	0.0001		
Outstanding, March 31, 2024	<u>105,093,000</u>	<u>\$ 0.0699</u>	<u>2.37</u>	<u>\$ 267,313</u>

Options

Stock options for employees, directors or consultants, are valued at the date of award, which does not precede the approval date, and compensation cost is recognized in the period the options are vested. The Company recognizes compensation expense for awards subject to graded vesting on a straight-line basis. Stock options generally become exercisable on the date of grant and expire based on the terms of each grant.

The estimated fair value of options for common stock granted was determined using the Black-Scholes option pricing model. The expected dividend yield is based on the average annual dividend yield as of the grant date. Expected volatility is based on the historical volatility of our stock. The risk-free interest rate is based on the U.S. Treasury Constant Maturity rates as of the grant date. The expected life of the option is based on historical exercise behavior and expected future experience.

The Company recognized \$0 of stock option expense during the three months ended March 31, 2024 and 2023.

Options Summary

There was no option activity for the three months ended March 31, 2024. The following table summarizes the Company's options as of March 31, 2024:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Aggregate Intrinsic Value
Outstanding, December 31, 2023	101,158,160	\$ 0.059		
Options exercised	(3,000,000)	0.024		
Outstanding, March 31, 2024	98,158,160	\$ 0.060	2.92	\$ -
Exercisable, March 31, 2024	98,158,160	\$ 0.060	2.92	\$ -

The following table, based on exercise price, summarizes the Company's options as of March 31, 2024:

Exercise Price	Outstanding Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options
\$ 0.024	21,000,000	4.57	21,000,000
\$ 0.028	24,000,000	3.54	24,000,000
\$ 0.041	12,500,000	0.35	12,500,000
\$ 0.055	950,000	2.98	950,000
\$ 0.065	1,000,000	1.25	1,000,000
\$ 0.105	38,500,000	2.50	38,500,000
\$ 0.240	208,160	2.96	208,160
Total	98,158,160	2.92	98,158,160

Note 9 – Commitments

Litigation, Claims, and Assessments

The Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. In the opinion of management, such matters are currently not expected to have a material impact on the Company's condensed consolidated financial statements. The Company records legal costs associated with loss contingencies as incurred and accrues for all probable and estimable settlements.

Real property leases

The Company is headquartered in Ann Arbor, Michigan where it is leasing office space and a wet laboratory, under gross lease terms. The office lease and wet laboratory leases were separate contracts. The annual rent obligation for the wet laboratory was \$12,600 payable in equal monthly installments for the calendar years of 2022 and 2023. On December 15, 2023, the Company entered into a short renewal period for January 1, 2024 through April 30, 2024 under the same monthly financial terms. On May 1, 2022 the Company entered into an annual lease for dedicated office space. The annual office rent obligation was \$42,000 payable in equal monthly installments. The company renewed this lease for the period of May 1, 2023 through April 30, 2024 under the same financial terms.

On February 1, 2024 the Company entered into an annual lease for a suite to house both wet laboratory space and administrative offices on the same business campus. The annual office rent obligation is \$54,000 payable in equal monthly installments, under gross lease terms. The prior office lease also terminated on February 1, 2024 and the prior wet laboratory lease terminated on February 29, 2024.

Rent expense for the wet lab and office operating leases was \$14,600 and \$13,650 for the years ended March 31, 2024 and 2023, respectively.

Note 10 – Subsequent Events

On April 19, 2024 an investor provided notice of cashless exercise for 13,779,000 of pre-funded warrants with a price per share of \$0.0001. The warrant exercise results in an issuance of 13,680,579 common shares.

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

Forward-Looking Statements

The information in this report contains forward-looking statements. All statements other than statements of historical fact made in this report are forward looking. In particular, the statements herein regarding industry prospects and future results of operations or financial position are forward-looking statements. These forward-looking statements can be identified by the use of words such as “believes,” “estimates,” “could,” “possibly,” “probably,” “anticipates,” “projects,” “expects,” “may,” “will,” or “should” or other variations or similar words. No assurances can be given that the future results anticipated by the forward-looking statements will be achieved. Forward-looking statements reflect management’s current expectations and are inherently uncertain. Our actual results may differ significantly from management’s expectations.

This Quarterly Report on Form 10-Q includes the accounts of The Coretec Group Inc., an Oklahoma corporation, together with its wholly owned subsidiary, Coretec Industries LLC, a North Dakota limited liability corporation formed in North Dakota (individually referred to as “Coretec”). References in this Report to “we,” “our,” “us” or the “Group” refer to The Coretec Group Inc. and its consolidated subsidiary unless context dictates otherwise. The following discussion and analysis should be read in conjunction with our consolidated financial statements, included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of our management.

Plan of Operation

Organizational History

On June 22, 2017, the Group filed an Amended Certificate of Incorporation with the Secretary of State of the State of Oklahoma to change its name from “3DIcon Corporation” to “The Coretec Group Inc.,” which became effective on June 29, 2017.

The Group, formerly known as 3DIcon Corporation, was incorporated on August 11, 1995, under the laws of the State of Oklahoma. Prior to September 30, 2016, the Group’s primary activity had been the raising of capital in order to pursue its goal of becoming a significant participant in the development, commercialization and marketing of next generation 3D display technologies.

On September 30, 2016, Coretec Industries LLC became a wholly owned subsidiary of the Group, and the Group issued an aggregate 15,870 shares of the Group’s Series B Convertible Preferred Stock; those shares were subsequently converted into 30,374,363 shares of common stock.

Overview of the Company.

Coretec’s Technology. The Coretec Group owns intellectual property and patents related to the production and application of engineered silicon to enable new technologies and to improve the lifespan and performance of a variety of materials in a range of industries. The Company is exploring opportunities to use its silicon discoveries and developments to improve the performance of lithium-ion batteries, solid-state LED lights and semiconductors, among other technologies. It is also exploring ways to use its intellectual property to develop optical plastics to advance development of its CSpace 3D imaging chamber.

Endurion. The Company is developing a lithium-ion battery with a silicon-based anode under the name Endurion. The battery industry acknowledges silicon as the next frontier in increasing battery life and utility. To date, battery developers have experienced expansion and contraction problems with silicon anodes including continual formation and degradation of solid-electrolyte-interphase (SEI) material as lithium-ions are absorbed and discharged. During this process, silicon particles can break down, immediately reducing the charging capacity of the anodes. Additionally, the continual formation of SEI material consumes lithium-ions that are then unavailable for charging and can cause negative effects on cycle life. The Company’s battery development program, Endurion, addresses this problem by using silicon-based nanoparticles to mitigate the swelling and pulverization issues that are common in early iterations of silicon anodes. Additionally, Endurion nanoparticles are being engineered with an inherent SEI layer that will allow better conduction of lithium-ions across the SEI layer, thus leading to better cycle life. Using a bottom-up wet chemistry approach, Endurion is being designed to increase energy density in batteries and allow for greater endurance, enhanced performance, and larger capacity in burgeoning applications such as electric vehicles, military technologies, mobile devices, and space exploration.

Cyclohexasilane (CHS). Coretec’s underlying technology is focused on the production of a high-value liquid silicon precursor, cyclohexasilane (“CHS”). A key advantage of CHS is that it remains in liquid form at room temperature and does not convert to a gas until heated above 450°F. CHS is superior to other silicon precursor in many ways compared to materials commonly used for manufacturing silicon-based semiconductors and solar cells (monosilane or trichlorosilane), which have much lower boiling points that require more prescriptive handling that results in higher shipping and handling costs. Using CHS offers several potential technical advantages of using CHS versus common silicon precursors. The Company anticipates that CHS will first be used as an alternative to monosilane or trichlorosilane when adding silicon to lithium ion batteries or when used in manufacturing silicon-based semiconductors.

The Company also envisions long-term potential in several emerging markets where there are opportunities to convert CHS into nanoparticles and nanowires, for such purposes as:

- Energy storage
- Solid-state LED lighting
- Light sensing spectrometers
- Printable electronics
- Building-integrated photovoltaic (BIPV) solar energy

Enhancement of CSpace. The Company’s CSpace segment is developing technologies to produce 360-degree volumetric, high-resolution images in a 3D image chamber. The Company is applying its technical expertise and intellectual property in silicon-based materials to advance commercialization prospects for its CSpace technology.

A key challenge in the evolution of CSpace® is the development of the material used for the image chamber. The Company is exploring and testing a variety of glass alternatives with a focus primarily in optimizing the weight and cost of a glass medium.

Near-Term Revenue Opportunities. Opportunities for near-term revenue continue to be explored in battery and microelectronic markets. Interest in the use of silicon in Li-ion batteries continues to increase driven by the growing demand for electrical vehicles, the growth of mobile electronics, and energy storage systems for backup power in commercial wind and solar systems. Discussions are ongoing with end-users of Li-ion battery anode materials that are seeking next generation materials to further increase performance while improving lifetime, charging time, safety and reliability.

We believe these users will be well positioned to benefit from Endurion. While we believe Endurion will provide near term revenue, we also continue to explore revenue opportunities with CHS in microelectronics and especially those early adopter markets where advanced microelectronics are being developed in lower volumes and with less price sensitivity.

Endurion Business

The global demand for an improved battery is increasing exponentially. The lithium-ion battery market size is expected to grow from \$45 billion in 2022 to \$135 billion by 2031; with a compounded annual growth rate of 13% over that time period. The Company’s plan is to develop a Li-ion battery with a silicon-based anode. Research has shown that silicon has a 10X increased capacity of energy storage. So, even incremental amounts of silicon in the traditional graphite matrix could contribute substantially to overall increased anode capacity. The Coretec Group’s unique functionalized silicon nanoparticle anode material with an engineered SEI layer allows greater ability to access the unique material properties of silicon potentially leading to increased energy density, faster charging, and enhanced cycle life.

Endurion Business Model

Coretec's business model for Endurion is to use its expertise in engineering silicon to create modified silicon nanoparticles for the Endurion battery. The Company uses its personnel, laboratory, and physical assets to research and develop Endurion. In addition, the Company will utilize the resources of outside vendors for products and services including outside testing providers, chemical material suppliers, and battery manufacturers.

Potential Applications for Endurion Revenue

- Electric vehicles
- Consumer electronics
- Stationery and utility-scale energy storage for green energy development – wind and solar
- Military vehicles, drones, and weapon systems as well as wearable power for soldiers

Endurion Competition

The global lithium-ion battery market size was valued at USD \$45 billion in 2022 and a number of multi-billion dollar companies such as Panasonic and Samsung manufacture Li-ion batteries. Lithium silicon batteries are a subclass of the total Li-ion battery market. The global adoption of electric vehicles is driving the growth in battery innovation. A number of private and public companies are attempting to improve lithium-ion batteries by using silicon in the battery anode. To date, a proven solution for a silicon based anode has yet to be commercialized on a large scale.

The Company's wet chemistry approach is innovative and ground breaking. The Endurion technology will produce an anode for lithium-ion batteries with an artificial SEI layer on silicon nanoparticles. The competitive advantage of Endurion is realizing the immense benefits of silicon in lithium-ion batteries and achieving:

- Greater energy density
- Faster charging
- Improved cycle life

Cyclohexasilane Business

The Company's business model is to identify and commercialize disruptive technologies requiring silicon that serve advanced technology markets. Sources of disruptive technology are often licensed technology created by major universities, institutes, national laboratories and other research centers. Where technology does not already exist, the Company intends to sponsor and jointly develop research with its customers, as well continue its research in the Company's lab.

Coretec is developing, testing, and providing new and/or improved technologies and resulting product solutions for energy-related industries including, but not limited to energy storage, renewable energy, energy conservation, and distributed energy industries. Many of these technologies and resulting product solutions can also be applied to the broader markets of anti-counterfeit packaging, medical devices, electronics, photonics, and displays. The initial technologies and product solutions are based on new innovations in:

- Cyclohexasilane (Si₆H₁₂)
- Silicon quantum dots (Si QDs)
- "Stacked" polysilane ((R₂Si)_n)
- Doped alloy variants of the various silicon innovations
- Future, high-refractive-index siloxane polymers (HRISP)

Early adoption of these technologies and resulting product solutions is anticipated in markets for energy storage (lithium-ion batteries), solid-state lighting (LEDs), solar energy and printable electronics.

Coretec's management leverages years of expertise and experience in equipment and services for the energy storage industry, procuring and managing investments and financial services, and in R&D and commercialization of material and chemical technologies.

Coretec's business model includes monitoring the ever-growing catalogue of new technologies and valuable IP for licensing opportunities that could lead to incremental improvements and/or additional features in resulting products or lead to next generation products for use by energy-related industries and is created and held within universities and other parties that may lack financial resources and/or interest to further develop and commercialize them.

Additionally, where needs exist, but new technologies and resulting products are not currently available, the Company aims to conduct research-and-development ("R&D") activities through sponsored projects performed at major universities, institutes, national laboratories and other research centers. Coretec will leverage existing, world-class expertise, experience, and laboratory facilities in these non-profit entities for R&D, testing, and proof-of-concept studies up to and including studies at the device level that may be required to create commercialization opportunities.

Following these proof-of-concept studies, commercialization opportunities (e.g., manufacturing, marketing, sales) created for its technologies and IP will include, but are not limited to:

- Joint ventures or other business collaborations with Coretec's joint development partners who can manufacture, market and sell new or improved products (based upon Coretec's technologies and IP) into existing or new supply chains
- Manufacturing, marketing and selling its own products
- Creating exit strategies such as:
 - The sale of one or more technologies and related IP to the private sector
 - The licensing of and/or sublicensing of one or more technologies and related IP to the private sector
 - Other business transactions, such as mergers, acquisitions and spinoffs

CHS Research & Development

Coretec's priorities for R&D and commercialization are customer- and market-driven and guided by the needs and specifications of the energy-related industries served. Identified customer- and market-driven opportunities include:

- Novel silicon-based materials that facilitate "greener" more eco-friendly energy production, including:
 - Lower-cost, longer-life, higher-capacity battery energy storage systems, such as lithium-ion batteries (LiBs), for use in transportation and distributed power-generation systems
 - More aesthetically appealing, lower cost building-integrated photovoltaics (BIPV)
 - Flexible and/or printable electronics for use in monitoring the condition of distributed or remote assets, e.g., wind power and embedded, wireless sensors to detect corrosion and other changes in pipelines.
- Novel silicon-based materials that facilitate "greener" more energy efficient products, such as the encapsulation of high-brightness LEDs to improve light extraction, and solar cells to improve full-spectrum light collection
- Novel silicon-based materials that facilitate more efficient and eco-friendly exploration and monitoring of distributed energy industries, including imaging materials for visualizing oil and gas exploration and distribution data using volumetric 3D displays
- Novel silicon-based materials that prevent illegal imitation or reproduction of a product or service used within energy-related industries, including trusted-supply products (anti-counterfeit packaging) for supply chain assurance, currency, identity documents, lottery tickets, etc.

Future CHS Revenue

In the future, the Company anticipates revenue from one or more business transactions, such as:

- The sale of Coretec novel silicon-based materials that improve or otherwise enhance the performance of such products as lithium-ion batteries, electronics, solar cells, and displays and/or other optical-based devices
- A share of the revenue from the sale of jointly developed product(s) and/or from one or more joint ventures with strategic partners
- The sale or licensing of technologies and associated intellectual property to joint development partners or other companies

CHS Competition

Based on market research and competitive analysis, the Company believes its CHS technology is unique and provides an advantage in that should allow for 1) high-yield, low-cost production using readily available raw materials, 2) storage, transport and use as a liquid at room temperature 3) processing of the liquid into fibers, particles, and films that, when heated, form silicon, and 4) the creation of doped silicon by doping CHS at an atomic level. Competing silanes provided by numerous manufacturers exist as a gas at room temperature, making them explosive. This results in greater costs for storage, handling, transportation and use. The closest competitor to Coretec's CHS is cyclopentasilane which exists as a gas at room temperature. Cyclopentasilane has proven costly and difficult to manufacture. Other competitors exist for specific applications. For example, graphene and carbon nanotubes are potential competitors in printable electronics. However, they are only now emerging and require a purification process that is proving costly.

Coretec's business and commercialization model is based in part upon establishing joint development partnerships with companies that are commercially successful and financially sound as well as deeply embedded in the supply chains for the aforementioned energy-related products. For example, Coretec is developing a strategic partnership with a domestic supplier of silicon-based materials that will facilitate further development and scale-up of cyclohexasilane (Si₆H₁₂) plus chemical derivatives and other materials based on CHS. This strategic partnership will enable Coretec to supply large quantities of these novel silicon materials to those companies interested in producing prototype batteries, electronics, and photovoltaic/solar cells for testing and commercial evaluation. Coretec will continue to seek other such strategic partnerships within the private sector.

Volumetric 3D Display Business

The Company owns the rights to a patented volumetric 3D display technology that was developed by and with the University of Oklahoma (the "University") under a Sponsored Research Agreement ("SRA"). The development to date has resulted in multiple technologies, two working laboratory prototypes (Lab Proto 1 and Lab Proto 2). Under the SRA, the Company has obtained the exclusive worldwide marketing rights to these 3D display technologies. On December 28, 2010, the United States Patent and Trademark Office ("USPTO") approved the patent called "Light Surface Display for Rendering a Three-Dimensional Image," and issued the United States Patent No. 7,858,913. On August 21, 2012, the USPTO approved a continuation patent called "3D Volumetric Display" and issued the US Patent No. 8,247,755. These patents describe the foundation of what is called CSpace® technology ("CSpace").

Overview of Volumetric 3D Display Technology

CSpace is a patented glasses-free 3D static volumetric display technology that is being designed to produce high-resolution full-color, true 3D images from 3D datasets generated by imaging systems or transformed from raw datasets (e.g., cyber data) that can benefit from visualization in 3D. Coretec CSpace will deliver 800 million voxels in a full color desktop format having a 360 degree viewing angle. The creation of high resolution images in a glass chamber reduces eye and cognitive fatigue that can degrade user comfort, endurance and reliability during decision making.

Commercialization Strategy and Target Applications

The Company plans to commercialize the CSpace volumetric 3D technology through customer-funded research-and-development contracts and technology licensing agreements for such high-value applications as air-traffic control, design visualization, and medical imaging. The Company plans to develop products for contract engineering and with joint development customers. At this time the Company does not have any commercialized products and does not plan to develop its own products based on the CSpace technology due to the high –value, low-volume nature of the best-fit initial applications for this technology. These applications include but are not limited to the following:

- Healthcare (diagnostics, surgical planning, training, telemedicine, bio surveillance)
- Cybersecurity data visualization
- Military (operational planning, training, modeling and simulation, battlespace awareness, damage assessment, autonomous piloting)
- Physical security (passenger, luggage & cargo screening)
- Mining, oil & gas exploration
- Meteorological and oceanographic data visualization

CSpace Competition

Based on market research, we have concluded that the CSpace volumetric technology is unique and advantaged versus other 3D technologies in that it can deliver both 1) a true 360-degree viewing experience for multiple simultaneous users, and 2) high image quality, high reliability and large image size. Rear projection 3D displays such as those from Zecotek, Setred, and EuroLCDs (formerly LC Tech LightSpace) do not provide a 360-degree viewing experience and are typically limited to one or two users. Early proof-of-concept work done on infrared active phosphor displays by 3D Display Laboratories proved to not be scalable due to limited phosphor persistence and vector scanning limitations. While holographic and light-field displays show promise, they do not deliver a true 360-degree viewing experience and cost-effective multiple user systems do not appear feasible due to current and expected pixel density, data bandwidth and compute power limitations.

History of 3D Technology Research and Development at the University of Oklahoma

Beginning in 2007 the University, under an SRA with the Company, undertook the development of high potential 3D display technologies. It is anticipated that Coretec's technology will play a key role in the continued development of an image space material for CSpace.

Intellectual Property

Pending Applications

- “Method of Preparing CYCLOSILANE” – applications filed in the United States and internationally, September 27, 2021
- “Method for Fabricating Silicon Quantum Dots” PCT application filed, August 30, 2022
- “Surface-Functionalized Silicon Quantum Dots”, application filed in the United States, December 2, 2022.
- “Cyclohexasilane for Electrodes”, application filed in the United States, August 22, 2023
- “SI Anode”, provisional application filed in the United States, May 1, 2023

Granted

- “Ultra High-Resolution Volumetric Three-Dimensional Display” - 9,423,682, August 23, 2016
- “Holoform 3D Projection Display” – 9,477,087, October 25, 2016

Licensed

- The following patents are exclusively licensed to the Company from the University of Oklahoma:

United States Patents Granted

- “3D Volumetric Display” - 8,247,755, August 21, 2012
- “3DLight Surface Display” - 8,075,139, December 13, 2011
- “Light Surface Display for Rendering a Three-Dimensional Image” - 7,858,913, December 28, 2010
- “Computer System with Digital Micromirror Device” – 8,487,865, July 16, 2014

International Patents Granted-Japan

- “Light Surface Display for Rendering a Three-Dimensional Image” - Japanese Patent Number 5,594,718, August 11, 2014

Pending Trademark Applications

- “ENDURION” – application filed in the United States June 3, 2022.

Registered Trademarks

- **3DICON** – 3,702,837 – Registered October 27, 2009
- “CSPACE” – 3,548,298 – Registered December 16, 2008

Recent Developments

On February 12, 2024 an investor provided notice of cashless exercise for 14,921,000 pre-funded warrants with a price per share of \$0.0001. The warrant exercise results in an issuance of 14,861,316 common shares.

On March 1, 2024, the Company entered into a Share Exchange Agreement (the “Share Exchange Agreement”) with Core Optics, LLC, a Virginia limited liability company (“Core Optics”), Core Optics Co., Ltd., a Republic of Korea corporation (“Operating Subsidiary”) and Core SS LLC, a Virginia limited liability company (the “Member”), which Member holds all outstanding membership interests in Core Optics. Pursuant to the Share Exchange Agreement, the closing of which remains subject to the satisfaction of various closing conditions, the Member agreed to sell all of its membership interests in Core Optics to the Company in exchange for the Company’s issuance of (i) Ten Million (10,000,000) shares of Series C Convertible Preferred Stock, par value \$0.0002 per share, of the Company (the “Series C Preferred Stock”); and (ii) Seven-Hundred-Five Million Five-Hundred-Sixty-One Thousand Seventy-Six (705,561,076) shares of the Company’s common stock, par value \$0.0002 (“Common Stock”), for the Membership Interests so transferred by the Member (the “Exchange”). Upon consummation of the Exchange, Core Optics will be a wholly-owned-direct subsidiary of the Company, Operating Subsidiary will be a wholly-owned-indirect subsidiary of the Company, the combined company will continue to operate under the name The Coretec Group, Inc., the Company’s Common Stock will continue to trade under the ticker symbol “CRTG”, and the Member is expected to beneficially own approximately 80% of the Company’s Common Stock on a fully-diluted basis.

Each share of the Series C Preferred Stock is expected to be convertible into One Hundred Fifty (150) shares of Common Stock and has a stated value of \$3.00. The Preferred Stock is not expected to: require the payment of any dividends; include any operational covenants; or require the Company to redeem the Series C Preferred Stock. Each holder of Series C Preferred Stock is expected to be entitled to cast the number of votes equal to the number of shares of Company Common Stock into which the Series C Preferred Stock held by such holder are convertible. In addition, it is expected that all outstanding Series C Preferred Stock will be automatically converted after a mandatory conversion event, which will be set forth in a certificate of designation that the Company would file with the Secretary of the State of Oklahoma at or before the closing of the Exchange.

Consummation of the Exchange is subject to customary conditions, including without limitation, (i) the delivery to the Company by the Member or its designees, if any, of a representation letter attesting to its status as an “accredited investor;” (ii) the delivery to the Company by the Member or its designees, if any, a lock up agreement in the form attached to the Share Exchange Agreement; (iii) the delivery by the Company of lock up agreements, in the form attached to the Share Exchange Agreement, from certain members of the Company’s management; (iv) the delivery to the Company of the required consolidated financial statements, as specified under the Share Exchange Agreement; (v) delivery by the Company to Core Optics of an applicable notice or approval from the OTC Markets that Company’s Common Stock will continue to be quoted on the OTCQB after the Closing; and (vi) delivery by the Company and Core Optics of all required consents to consummate all transactions contemplated by the Share Exchange Agreement.

The Share Exchange Agreement contains certain termination rights for the Company, Core Optics, and the Member.

The foregoing description of the Share Exchange Agreement is not complete and is qualified in its entirety by reference to the Share Exchange Agreement, which is filed as Exhibit 10.1 hereto and is incorporated herein by reference.

On March 7, 2024 a contractor provided notice of cashless exercise for 3,000,000 stock option grants with a price per share of \$0.0235. The option exercise results in an issuance of 1,500,000 common shares.

On April 19, 2024 an investor provided notice of cashless exercise for 13,779,000 of pre-funded warrants with a price per share of \$0.0001. The warrant exercise results in an issuance of 13,680,579 common shares.

Results of Operations

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2024 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2023.

Revenue

We did not have revenue for the three-month periods ended March 31, 2024 and 2023.

Research and Development Expenses

The research and development expenses were \$122,454 and \$111,902 for the three months ended March 31, 2024 and 2023, respectively. These costs represent sponsored research, labor, consulting, battery development costs, software, amortization of patent costs, and intangible legal expenses.

The approximate \$11,000 expense increase includes an approximate increase of \$17,000 in payroll and related labor expenses, an approximate \$17,000 increase in laboratory materials and consumables, an approximate \$7,000 increase in intellectual property legal costs, an approximate \$4,000 increase in consulting expenses, and an approximate \$5,000 increase in various supporting expenses. These increases were offset by reductions of approximately \$39,000 for battery research cost subcontracting.

General and Administrative Expenses

Our general and administrative expenses were \$358,095 for the three months ended March 31, 2024, as compared to \$347,194 for the three months ended March 31, 2023.

The approximate \$11,000 expense increase includes an approximate increase of \$39,000 for legal expenses and an approximate increase of \$16,000 for insurance expenses. These increases were offset by an approximate \$22,000 decrease in press releases and marketing expenses, an approximate \$20,000 decrease in sales and marketing consulting expenses, and an approximate \$2,000 decrease in various expenses.

Interest Expense

Interest expense for the three months ended March 31, 2024 was \$44,518 as compared to \$54,081 for the three months ended March 31, 2023. The approximately \$10,000 net decrease was the result of interest charges and amortization costs pursuant to the DAF promissory note terms and conditions.

Financial Condition, Liquidity and Capital Resources

The Company has insufficient revenue and capital commitments to fund the development of its planned products and pay current operating expenses beyond a year following the issuance of these condensed consolidated financial statements. These conditions, among others, raise substantial doubt about the Company's ability to continue as a going concern for a year following the issuance of these condensed consolidated financial statements.

Management is committed to securing revenue and or capital commitments to fund the development of its planned products and to pay operating expenses, to realize the value of its technologies. Management remains focused on controlling cash while advancing its technology platforms and will continue to leverage stock-for-services whenever possible.

Our ability to fund the operations of the Company is highly dependent on the underlying stock price of the Company.

The operating budget consists of the following expenses:

- Research and development related expenses for Endurion battery development
- Equipment and related infrastructure for battery fabrication and testing
- Intellectual property patent filing via engagement of legal counsel and Chief Technical Officer
- Continued use of public relations consulting firm, marketing outreach to bolster the Company's message and digital platform
- General and administrative expenses: Chief Executive and Chief Financial officer expenses, salaries, insurance, investor related expenses, rent, travel, website, etc.
- Professional fees for accounting and audit; legal services for securities and financing

We had cash of \$115,073 at March 31, 2024.

We had negative working capital of \$475,618 at March 31, 2024.

During the three months ended March 31, 2024, we used \$361,720 of cash for operating activities, a net decrease of \$20,664 or 5% compared to the three months ended March 31, 2023.

The net decrease in the use of cash for operating activities was a result of an increase in the net loss of \$16,836, a decrease in the amortization and depreciation of \$8,955, a decrease in prepaid expenses of \$13,145, and an increase in accounts payable and accrued liabilities of \$59,600.

During the three months ended March 31, 2024, we used \$47,195 of cash for financing activities compared to \$30,498 for the three months ended March 31, 2023. The net increase of \$16,697 results from an increase in payments on notes payable.

Significant Accounting Policies

There has been no change in the significant accounting policies summarized in our Form 10-K for the year ended December 31, 2023, which was filed on March 21, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company is a smaller reporting company, as defined by Rule 229.10(f)(1) and is not required to provide the information required by this Item.

Item 4. Controls and Procedures.

Limitations on Effectiveness of Controls. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2024. The term “disclosure controls and procedures,” as defined in Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Based on our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2024, our disclosure controls and procedures were not effective at a reasonable assurance level as we do not have sufficient resources in our accounting function, which restricts the Company’s ability to gather, analyze and properly review information related to financial reporting in a timely manner. In addition, due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, management will engage financial consultants and perform additional analysis and other procedures to help address this material weakness. Until remediation actions are fully implemented, and the operational effectiveness of related internal controls are validated through testing, the material weaknesses described above will continue to exist.

Notwithstanding the assessment that our disclosure controls and procedures were not effective and that there is a material weakness as identified herein, we believe that our consolidated financial statements contained in this Quarterly Report fairly present our consolidated financial position, results of operations and cash flows for the periods covered thereby in all material respects.

Changes in Disclosure Controls and Procedures. There has been no change in our disclosure controls and procedures identified in connection with the evaluation required by Rule 13a-15(d) of the Exchange Act that occurred during the quarter ended March 31, 2024, that has materially affected, or is reasonably likely to materially affect, our disclosure controls and procedures.

PART II

Item 1. Legal Proceedings.

We are not a party to any pending legal proceeding, nor is our property the subject of a pending legal proceeding, that is not in the ordinary course of business or otherwise material to the financial condition of our business. None of our directors, officers or affiliates is involved in a proceeding adverse to our business or has a material interest adverse to our business.

Item 1A. Risk Factors.

Not Applicable.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosure.

Not Applicable.

Item 5. Other Information.

Rule 10b5-1 Trading Arrangement

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

Item 6. Exhibits.

Exhibit Number	Description of Exhibit
10.1	Share Exchange Agreement dated as of March 1, 2024 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K as filed on March 6, 2024)
31.1*	Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer.
32.1**	Section 1350 Certifications of Chief Executive Officer.
32.2**	Section 1350 Certifications of Chief Financial Officer.
101.INS	Inline XBRL Instance
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation
101.DEF	Inline XBRL Taxonomy Extension Definition
101.LAB	Inline XBRL Taxonomy Extension Labels
101.PRE	Inline XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
*	Filed herewith
**	Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CORETEC GROUP INC.

Date: May 14, 2024

/s/ Matthew J. Kappers

Name: Matthew J. Kappers

Title: Chief Executive Officer

/s/ Matthew L. Hoffman

Name: Matthew L. Hoffman

Title: Chief Financial Officer

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

I, Matthew J. Kappers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Coretec Group Inc.
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
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 function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: May 14, 2024

By: /s/ Matthew J. Kappers
Matthew J. Kappers
Chief Executive Officer

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

I, Matthew L. Hoffman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Coretec Group Inc.
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
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 function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: May 14, 2024

By: /s/ Matthew L. Hoffman
Matthew L. Hoffman
Chief Financial Officer

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

In connection with the Quarterly Report of The Coretec Group Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew J. Kappers, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

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

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. section 1350 and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Date: May 14, 2024

By: /s/ Matthew J. Kappers
Matthew J. Kappers
Chief Executive Officer

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

In connection with the Quarterly Report of The Coretec Group Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew L. Hoffman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

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

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. section 1350 and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Date: May 14, 2024

By: /s/ Matthew L. Hoffman
Matthew L. Hoffman
Chief Financial Officer