

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

BioStem Technologies, Inc.

2836 Center Port Circle, Pompano Beach, FL 33064

(954)-380-8342

www.biostemtech.com

info@biostemtech.com

SIC Code: 2836

Quarterly Report

For the period ending June 30, 2024 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

16,287,342 as of June 30, 2024. *(Current Reporting Period Date or More Recent Date)*

16,343,762 as of March 31, 2024. *(Previous Reporting Period Date or More Recent Date)*

16,214,390 as of December 31, 2023. *(Most Recent Completed Fiscal Year End)*

Shell Status

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

Yes: No:

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

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

¹ "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

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

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

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

- a. BioStem Technologies, Inc. (Active)
- b. BioStem Technologies was formerly named Caribbean International Holdings, Inc., until August 28, 2014, when the issuer changed its name to BioStem Technologies, Inc.
- c. Caribbean International Holdings, Inc. was formerly named Caribbean Casino & Gaming Corporation, until November 29, 2012, when it changed its name to Caribbean International Holdings, Inc.
- d. Caribbean Casino & Gaming Corporation was formed on February 12, 2009.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g., active, default, inactive):

Florida; Active Status.

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

None.

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

None.

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

2836 Center Port Circle, Pompano Beach, FL 33064

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

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

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

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

2) Security Information

Transfer Agent

Name: V Stock Transfer
Phone: 212-828-8436
Email: info@vstocktransfer.com
Address: 18 Lafayette Pl, Woodmere, NY 11598

Publicly Quoted or Traded Securities:

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

| | | |
|--|------------------|----------------------------------|
| Trading symbol: | <u>BSEM</u> | |
| Exact title and class of securities outstanding: | <u>Common</u> | |
| CUSIP: | <u>090684200</u> | |
| Par or stated value: | <u>\$0.001</u> | |
| Total shares authorized: | 975,000,000 | <u>as of date: June 30, 2024</u> |
| Total shares outstanding: | 16,287,342 | <u>as of date: June 30, 2024</u> |
| Total number of shareholders of record: | 3,151 | <u>as of date: June 30, 2024</u> |

All additional class(es) of publicly quoted or traded securities (if any):

NA

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

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

| | | |
|---|----------------------------|----------------------------------|
| Exact title and class of the security: | Series A-1 Preferred Stock | |
| CUSIP (if applicable): | NA | |
| Par or stated value: | No Par | |
| Total shares authorized: | 300 | <u>as of date: June 30, 2024</u> |
| Total shares outstanding (if applicable): | 300 | <u>as of date: June 30, 2024</u> |
| Total number of shareholders of record (if applicable): | 3 | <u>as of date: June 30, 2024</u> |

| | | |
|---|----------------------------|----------------------------------|
| Exact title and class of the security: | Series B-1 Preferred Stock | |
| CUSIP (if applicable): | NA | |
| Par or stated value: | No Par Value | |
| Total shares authorized: | 500,000 | <u>as of date: June 30, 2024</u> |
| Total shares outstanding (if applicable): | 5 | <u>as of date: June 30, 2024</u> |
| Total number of shareholders of record (if applicable): | 1 | <u>as of date: June 30, 2024</u> |

Security Description:

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

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

Each holder is entitled to one vote for each share of Common Stock held on all matters submitted to a vote of stockholders of the Company. Holders of Common Stock are not entitled to any preemptive rights.

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

Series A-1 Convertible Preferred Shares:

The Company has designated 300 shares of preferred stock as "Series A-1 Convertible Preferred Shares". The Series A-1 Convertible Preferred Shares entitled their holders to a number of votes equal to the number of shares issuable upon conversion times 2,000,000 granting the holders of Series A-1 Convertible Preferred Shares, as a group, effective control of the Company.

Series A-1 Convertible Preferred Shares are convertible, at the option of the holders, or automatically upon a Qualified Public Offering resulting in gross proceeds to the Company of not less than \$30 million, in whole but not in part, into 300 shares of common stock.

Holders of Series A-1 Convertible Preferred Shares are not entitled to receive dividends out of assets legally available thereof, prior and in preference to any declaration or payment of any dividend on the common stock or any other capital stock of the Corporation.

Series B-1 Convertible Preferred Shares:

The Company has designated 500,000 shares of preferred stock as "Series B-1 Convertible Preferred Shares".

The Series B-1 Convertible Preferred Shares entitle their holders to votes equal to the number of shares issuable upon conversion.

Each Series B-1 Convertible Preferred Share is convertible, at the option of the holders, or automatically upon a Qualified Public Offering resulting in gross proceeds to the Company of not less than \$30 million, in whole but not in part, into six (6) shares of common stock.

The Series B-1 Preferred Shares shall be entitled to receive an annual dividend, payable in newly issued common stock, in an amount equal to ten percent (10%) of the number of then existing Series B-1 Preferred Shares issued and outstanding prior and in preference to any declaration or payment of any dividend on the common stock or any other capital stock of the Corporation. This Dividend shall be cumulative.

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

None.

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

None.

3) Issuance History

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

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

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

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

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

| Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> | | | *Right-click the rows below and select "Insert" to add rows as needed. | | | | | | |
|--|--|--|--|---|--|--|---|---|---------------------------------|
| Date <u>12/31/2022</u> Common: <u>12,161,047</u> Preferred Series A-1: <u>300</u> Preferred Series B-1: <u>5</u> | | | | | | | | | |
| Date of Transaction | Transaction type (e.g., new issuance, cancellation, shares returned to treasury) | Number of Shares Issued (or cancelled) | Class of Securities | Value of shares issued (\$/per share) at Issuance | Were the shares issued at a discount to market price at the time of issuance? (Yes/No) | Individual/ Entity Shares were issued to. *You must disclose the control person(s) for any entities listed. | Reason for share issuance (e.g. for cash or debt conversion) - OR-Nature of Services Provided | Restricted or Unrestricted as of this filing. | Exemption or Registration Type. |
| 1/4/2023 | New Issuance | 305 | Common | 3.28 | No | JEFFREY K HARRISON | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 1/4/2023 | New Issuance | 305 | Common | 3.28 | No | SHAUN OPIE | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 1/4/2023 | New Issuance | 305 | Common | 3.28 | No | PHYSIOMICS SYSTEMS, LLC / DAN SHELLY | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 1/4/2023 | New Issuance | 305 | Common | 3.28 | No | BRANT D. WATSON REVOCABLE LIVING TRUST / BRANT WATSON TRUSTEE | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |

| | | | | | | | | | |
|------------|-----------------------------|-----------|--------|-------|----|---|---|------------|--------------|
| 12/23/2023 | New Issuance | 37,500 | Common | 2.00 | No | WES DE SOUZA | SECURITY CONVERSION | RESTRICTED | RULE 4(a)(2) |
| 1/1/2024 | New Issuance | 194 | Common | 5.15 | No | JEFFREY K HARRISON | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 1/1/2024 | New Issuance | 194 | Common | 5.15 | No | SHAUN OPIE | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 1/1/2024 | New Issuance | 194 | Common | 5.15 | No | PHYSIOMICS SYSTEMS, LLC / DAN SHELLY | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 1/4/2024 | New Issuance | 2,942 | Common | 5.17 | No | OLYMPUS 3 ACQUISITIONS, LLC / CHRIS LEONE | SECURITY CONVERSION | RESTRICTED | RULE 4(a)(2) |
| 1/8/2024 | New Issuance | 12,500 | Common | 2 | No | WES DE SOUZA | SECURITY CONVERSION | RESTRICTED | RULE 4(a)(2) |
| 1/30/2024 | New Issuance | 50,000 | Common | 2 | No | JOSEPH LOMBAS | SECURITY CONVERSION | RESTRICTED | RULE 4(a)(2) |
| 2/1/2024 | New Issuance | 167 | Common | 6 | No | JEFFREY K HARRISON | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 2/1/2024 | New Issuance | 167 | Common | 6 | No | SHAUN OPIE | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 2/1/2024 | New Issuance | 167 | Common | 6 | No | PHYSIOMICS SYSTEMS, LLC / DAN SHELLY | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 2/6/2024 | New Issuance | 25,000 | Common | 2 | No | JOSHUA J. GOODEN | SECURITY CONVERSION | RESTRICTED | RULE 4(a)(2) |
| 3/1/2024 | New Issuance | 115 | Common | 8.72 | No | JEFFREY K HARRISON | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 3/1/2024 | New Issuance | 115 | Common | 8.72 | No | SHAUN OPIE | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 3/1/2024 | New Issuance | 115 | Common | 8.72 | No | PHYSIOMICS SYSTEMS, LLC / DAN SHELLY | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 4/1/2024 | New Issuance | 106 | Common | 9.39 | No | JEFFREY K HARRISON | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 4/1/2024 | New Issuance | 106 | Common | 9.39 | No | SHAUN OPIE | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 4/1/2024 | New Issuance | 106 | Common | 9.39 | No | PHYSIOMICS SYSTEMS, LLC / DAN SHELLY | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 4/8/2024 | New Issuance | 60,000 | Common | 10.78 | No | PCG Advisory, Inc. / Jeff Ramsom | SERVICES RENDERED | RESTRICTED | RULE 4(a)(2) |
| 4/12/2024 | Shares Returned to Treasury | (117,359) | Common | N/A | No | MAXIM PARTNERS LLC / CLIFFORD A. TELLER | SHARES RETURNED TO TREASURY | RESTRICTED | RULE 4(a)(2) |

| | | | | | | | | | |
|--|---|-----------------------|--------|-------|----|--------------------------------------|---|------------|--------------|
| 5/1/2024 | New Issuance | 88 | Common | 11.31 | No | JEFFREY K HARRISON | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 5/1/2024 | New Issuance | 88 | Common | 11.31 | No | SHAUN OPIE | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 5/1/2024 | New Issuance | 88 | Common | 11.31 | No | PHYSIOMICS SYSTEMS, LLC / DAN SHELLY | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 6/1/2024 | New Issuance | 119 | Common | 8.40 | No | JEFFREY K HARRISON | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 6/1/2024 | New Issuance | 119 | Common | 8.40 | No | SHAUN OPIE | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| 6/1/2024 | New Issuance | 119 | Common | 8.40 | No | PHYSIOMICS SYSTEMS, LLC / DAN SHELLY | COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES | RESTRICTED | RULE 4(a)(2) |
| Shares Outstanding on Date of This Report: | | | | | | | | | |
| | | <u>Ending Balance</u> | | | | | | | |
| <u>Ending Balance:</u> | | | | | | | | | |
| Date <u>6/30/2024</u> | Common: <u>16,287,342</u> Preferred Series A-1: <u>300</u> Preferred Series B-1: <u>5</u> | | | | | | | | |

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

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

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

NA

B. Promissory and Convertible Notes

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

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

| Date of Note Issuance | Outstanding Balance (\$) | Principal Amount at Issuance (\$) | Interest Accrued (\$) | Maturity Date | Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares) | Name of Noteholder. *You must disclose the control person(s) for any entities listed. | Reason for Issuance (e.g. Loan, Services, etc.) |
|-----------------------|--------------------------|-----------------------------------|-----------------------|-----------------|--|--|---|
| <u>06/01/2023</u> | <u>\$366,030.26</u> | <u>\$750,000</u> | <u>\$0</u> | <u>06/01/25</u> | <u>Holder issued 373,134 Common Stock Purchase Warrants: exercise price \$2.01</u> | <u>Jeffrey Meilander</u> | <u>Loan</u> |

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

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

NA

4) Issuer's Business, Products and Services

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

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

Organization and Description of the Business

BioStem Technologies, Inc. (hereinafter "the Company"), was incorporated as Aladdin & Company Trading in Utah on July 7, 2006. On March 2, 2009, Aladdin & Company Trading both changed its name to Caribbean Casino & Gaming Corporation and re-domiciled to Florida. Caribbean Casino & Gaming Corporation further changed its name to Caribbean International Holdings, Inc. on January 7, 2013. The Company then changed its name to BioStem Technologies, Inc, on August 28, 2014. The Company is active and currently in good standing with the State of Florida.

The Company's fiscal year end is December 31.

- B. List any subsidiaries, parent company, or affiliated companies.

The Company has one wholly owned, non-operating subsidiary, Nesvik Pharmaceuticals, Inc. Throughout 2022, the Company owed a controlling interest (90%) in an operating subsidiary, Blue Tech Industries, Inc. (d/b/a BioStem Life Sciences, Inc.) or "BSLS". The remaining 10% ownership of BSLS is reported as non-controlling interest ("NCI") within the consolidated financial statements. In January 2023, the Company repurchased the 10% noncontrolling interest in BSLS for 500,000 shares of BSEM Common Stock valued at \$1.63 per share.

Prior to January 2023 the Company owned a controlling interest (90%) in an operating subsidiary, Blue Tech Industries, Inc. (d/b/a BioStem Life Sciences, Inc. or "BSLS"). In January 2023, the Company repurchased the remaining 10% noncontrolling interest ("NCI") in exchange for common stock of the Company. In June 2024, the Company created Auxocell Operations Inc ("Auxocell"), a new subsidiary 100% owned by BioStem Technologies. Auxocell is domiciled in Nevada and holds all of the assets acquired in the Auxocell asset acquisition.

- C. Describe the issuers' principal products or services.

BioStem Technologies is a leading innovator focused on harnessing the natural properties of perinatal tissue in the development, manufacture and commercialization of allografts and regenerative therapies. Leveraging our proprietary BioRetain® processing method, we manufacture perinatal tissue allografts at the highest levels of quality. BioRetain has been developed by applying the latest research in regenerative medicine, focused on maintaining natural growth factors and preserving tissue structure. Our allografts are trusted by top clinicians across a range of specialties.

5) Issuer's Facilities

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

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

The Company owns and operates a 6,100 sq. ft. manufacturing facility with multiple ISO 5 and ISO 7 suites designed for commercial production of human cells, tissues, and cellular based products

("HCT/Ps"). The Company is currently in the process of expanding its manufacturing capacity by doubling its ISO clean room.

The Company also leases certain laboratory and office equipment accounted for as finance leases within the Company's financial statements.

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

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

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

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

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

| Names of All Officers, Directors and Control Persons | Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%) | Residential Address (City / State Only) | Number of shares owned | Share type/class | Ownership Percentage of Class Outstanding | Names of control person(s) if a corporate entity |
|--|---|---|--------------------------------|---------------------------------------|---|--|
| <u>Jason Matuszewski</u> | <u>Officer, Director and 5% Stockholder</u> | <u>Boca Raton, FL</u> | <u>1,391,592</u> <u>100</u> | <u>Common</u> <u>Preferred A-1</u> | <u>8.54%</u> <u>33.33%</u> | <u>_____</u> |
| <u>Andrew VanVurst</u> | <u>Officer, Director and 5% Stockholder</u> | <u>Lighthouse Point, FL</u> | <u>1,692,348</u> <u>100</u> | <u>Common</u> <u>Preferred A-1</u> | <u>10.39%</u> <u>33.33%</u> | <u>_____</u> |
| <u>Henry VanVurst</u> | <u>Owner of more than 5%</u> | <u>Fort Lauderdale, FL</u> | <u>1,258,745</u> <u>100</u> | <u>Common</u> <u>Preferred A-1</u> | <u>7.73%</u> <u>33.33%</u> | <u>_____</u> |
| <u>Michael Fortunato</u> | <u>Officer, Director and 5% Stockholder</u> | <u>Pittsburgh, PA</u> | <u>105,000</u> | <u>Common</u> | <u><1%</u> | <u>_____</u> |
| <u>Brandon Poe</u> | <u>Director <5%</u> | <u>San Diego, CA</u> | <u>33,878</u> | <u>Common</u> | <u><1%</u> | <u>_____</u> |
| <u>Kenneth Warrington</u> | <u>Director <5%</u> | <u>Gainesville, FL</u> | <u>7,462</u> | <u>Fully Vested Common</u> | <u><1%</u> | <u>_____</u> |

| | | | | <u>Stock Options</u> | | |
|---------------------|------------------------|------------------------------|---------------|----------------------|---------------|--|
| <u>Patrick Daly</u> | <u>Director <5%</u> | <u>Raleigh, NC</u> | <u>7,989</u> | <u>Common</u> | <u><1%</u> | |
| <u>Thomas Dugan</u> | <u>Director <5%</u> | <u>Ponte Vedra Beach, FL</u> | <u>12,392</u> | <u>Common</u> | <u><1%</u> | |

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

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

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

None

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

None

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

None

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

None

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

None

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

None

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

None

8) Third Party Service Providers

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

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Jessica Haggard, Esq.
Firm: Anthony, Linder & Cacomanolis
Address 1: 1700 Palm Beach Lakes Blvd., Suite 820
Address 2: West Palm Beach, FL 33401
Phone: (561) 514-0936
Email: JHaggard@ALClaw.com

Accountant or Auditor

Name: Ilyssa Blum
Firm: Marcum, LLP
Address 1: 201 East Las Olas Boulevard, 21st Floor
Address 2: Ft. Lauderdale, FL 33301
Phone: (954) 320-8020
Email: Ilyssa.Blum@marcumllp.com

Investor Relations

Name: Jeff Ramson
Firm: PCG Advisory
Address 1: 950 Third Avenue, Suite 2700
Address 2: NY, NY 10022
Phone: (646) 863-6341
Email: jramson@pcgadvisory.com

All other means of Investor Communication:

X (f/k/a Twitter): X BSEM Twitter (https://twitter.com/BSEM_Tech)
Discord: _____
LinkedIn: X BSEM LinkedIn Page
Facebook: _____
[Other - Instagram] X BSEM Instagram Link

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: NA
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

9) Disclosure & Financial Information

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

Name: Michael Fortunato, CPA
Title: CFO
Relationship to Issuer: Officer

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

- IFRS
- U.S. GAAP

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

Name: Michael A. Fortunato, CPA
Title: CFO
Relationship to Issuer: Officer

Describe the qualifications of the person or persons who prepared the financial statements: The CFO is a licensed CPA and has over 30 years of experience in accounting and financial reporting.

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.

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

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Jason V. Matuszewski certify that:

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

August 12, 2024 [Date]

/s/ Jason V. Matuszewski [CEO's Signature]

(Digital Signatures should appear as “/s/ [OFFICER NAME]”)

Principal Financial Officer:

I, Michael A. Fortunato certify that:

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

August 12, 2024

/s/ Michael A. Fortunato [CFO's Signature]

(Digital Signatures should appear as “/s/ [OFFICER NAME]”)



**BIOSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS**

For the Six-Months Ended June 30, 2024 and 2023 (Unaudited)

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BioStem Technologies, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

| | <u>June 30, 2024</u> | <u>December 31, 2023</u> |
|---|----------------------|--------------------------|
| Current Assets | | |
| Cash | \$ 6,572,126 | \$ 239,406 |
| Accounts receivable, net | 78,190,570 | 11,371,730 |
| Inventory, net | 1,370,749 | 658,678 |
| Prepaid expenses and other assets | 1,939,187 | 329,239 |
| Total current assets | <u>88,072,632</u> | <u>12,599,053</u> |
| Long-Term Assets | | |
| Property and equipment, net | 1,443,677 | 1,154,856 |
| Construction-in-process | 43,423 | 202,700 |
| Right-of-use asset, net | 318,334 | 11,443 |
| Intangible assets, net | 285,870 | 347,604 |
| Goodwill | 244,635 | 244,635 |
| Other assets | 50,009 | - |
| Total assets | <u>\$ 90,458,580</u> | <u>\$ 14,560,291</u> |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 4,578,905 | \$ 1,391,711 |
| Bona fide services fee payable (Note 4) | 60,792,973 | 7,787,211 |
| Accrued interest | 1,829,534 | 1,697,787 |
| Short-term finance lease | 99,567 | 8,988 |
| Notes payable | 4,083,660 | 4,445,782 |
| Other current liabilities, net | 587,054 | 289,409 |
| Total current liabilities | <u>71,971,693</u> | <u>15,620,888</u> |
| Long-Term Liabilities | | |
| Finance lease, less current portion | 235,598 | 3,294 |
| Notes payable, less current portion | 142,436 | 265,635 |
| Other long-term liabilities, less current portion | - | 14,850 |
| Total long-term liabilities | <u>378,034</u> | <u>283,779</u> |
| Total liabilities | <u>72,349,727</u> | <u>15,904,667</u> |
| Commitments and contingencies (Note 10) | | |
| Stockholders' Equity (Deficit) | | |
| Series A-1 convertible preferred stock, \$0.001 par value authorized, 300 shares; issued and outstanding, 300 shares as of June 30, 2024 and December 31, 2023. | - | - |
| Series B-1 convertible preferred stock, \$0.001 par value authorized, 500,000 shares; issued and outstanding 5 shares as of June 30, 2024 and December 31, 2023. | - | - |
| Common stock, \$0.001 par value authorized, 975,000,000 shares issued and outstanding 16,287,342 and 16,214,390 shares as of June 30, 2024 and December 31, 2023. | 16,418 | 16,215 |
| Additional paid-in capital | 50,717,858 | 44,306,872 |
| Treasury stock, 18,000 shares at cost | (43,346) | (43,346) |
| Accumulated deficit | (32,582,077) | (45,624,117) |
| Total stockholders' equity (deficit) | <u>18,108,853</u> | <u>(1,344,376)</u> |
| Total liabilities and stockholders' equity (deficit) | <u>\$ 90,458,580</u> | <u>\$ 14,560,291</u> |

See the Condensed Notes to the Unaudited Consolidated Financial Statements.

BioStem Technologies, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---------------------|-----------------------|-----------------------|-----------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Revenue, net | \$ 74,491,996 | \$ 1,068,400 | \$ 116,396,209 | \$ 1,644,503 |
| Cost of goods sold | 3,747,896 | 206,104 | 5,972,600 | 307,253 |
| Gross profit | <u>70,744,100</u> | <u>862,295</u> | <u>\$ 110,423,609</u> | <u>\$ 1,337,250</u> |
| Operating Expenses: | | | | |
| Sales and marketing expenses | 59,003,833 | 596,101 | 89,551,554 | 729,358 |
| General and administrative expenses | 2,786,106 | 2,862,010 | 7,185,889 | 6,503,975 |
| Research and development expenses | 80,917 | 57,555 | 151,665 | 96,421 |
| Depreciation and amortization expense | 54,113 | 60,018 | 107,778 | 118,363 |
| Total operating expenses | <u>61,924,969</u> | <u>3,575,684</u> | <u>96,996,886</u> | <u>7,448,117</u> |
| Income/(loss) from operations | <u>8,819,131</u> | <u>(2,713,389)</u> | <u>13,426,723</u> | <u>(6,110,867)</u> |
| Other Income (Expense): | | | | |
| Interest expense | (142,722) | (143,040) | (306,664) | (263,466) |
| Other income (expense) | (115) | 1,402 | (1,686) | 4,893 |
| Other income (expense), net | <u>(142,837)</u> | <u>(141,638)</u> | <u>(308,350)</u> | <u>(258,573)</u> |
| Total Income (loss) from operations before income taxes | 8,676,294 | (2,855,027) | 13,118,373 | (6,369,440) |
| Income taxes | (2,313,937) | - | (3,498,624) | - |
| Net Income (loss) | <u>\$ 6,362,357</u> | <u>\$ (2,855,027)</u> | <u>\$ 9,619,749</u> | <u>\$ (6,369,440)</u> |
| Basic net income (loss) per share attributable to common stockholders | <u>\$ 0.39</u> | <u>\$ (0.22)</u> | <u>\$ 0.59</u> | <u>\$ (0.50)</u> |
| Diluted net income (loss) per share attributable to common stockholders | <u>\$ 0.30</u> | <u>\$ (0.22)</u> | <u>\$ 0.43</u> | <u>\$ (0.48)</u> |
| Basic weighted average common shares outstanding | <u>16,296,689</u> | <u>13,259,109</u> | <u>16,306,640</u> | <u>12,848,200</u> |
| Diluted weighted average common shares outstanding | <u>21,350,511</u> | <u>13,259,109</u> | <u>22,383,275</u> | <u>13,259,109</u> |

See the Condensed Notes to the Unaudited Consolidated Financial Statements.

BioStem Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity (Deficit)
(Unaudited)

| | Series A-1 | | Series B-1 | | Common Stock | | Additional Paid-In Capital | Treasury Stock | Accumulated Deficit | Total Stockholders' |
|---|------------|-------------|------------|-------------|-------------------|------------------|-------------------------------|--------------------|------------------------|------------------------|
| | Shares | Amount | Shares | Amount | Shares | Amount | | | | |
| Three Months Ended June 30, 2024 | | | | | | | | | | |
| Balance as of March 31, 2024 | 300 | \$ - | 5 | \$ - | 16,343,496 | \$ 16,344 | \$ 47,850,008 | \$ (43,346) | \$ (41,182,042) | \$ 6,640,964 |
| Stock based compensation-stock options | - | - | - | - | - | - | 746,817 | - | - | 746,817 |
| Issuance of common stock for services | - | - | - | - | 73,944 | 74 | 177,533 | - | - | 177,607 |
| Warrant issued for prepaid services | - | - | - | - | - | - | 1,943,500 | - | - | 1,943,500 |
| Net income | - | - | - | - | - | - | - | - | 8,676,294 | 8,676,294 |
| Balance as of June 30, 2024 | 300 | \$ - | 5 | \$ - | 16,417,440 | \$ 16,418 | \$ 50,717,858 | \$ (43,346) | \$ (32,505,748) | \$ 18,185,182 |

| | Series A-1 | | Series B-1 | | Common Stock | | Additional Paid-In Capital | Treasury Stock | Accumulated Deficit | Noncontrolling Interest | Stockholders' Equity (Deficit) |
|---|------------|-------------|------------|-------------|-------------------|------------------|-------------------------------|--------------------|------------------------|----------------------------|-----------------------------------|
| | Shares | Amount | Shares | Amount | Shares | Amount | | | | | |
| Three Months Ended June 30, 2023 | | | | | | | | | | | |
| Balance as of March 31, 2023 | 300 | \$ - | 5 | \$ - | 13,105,186 | \$ 13,106 | \$ 36,191,326 | \$ (43,346) | \$ (40,655,547) | \$ - | \$ (4,494,461) |
| Stock Based Compensation-Stock Options | - | - | - | - | - | - | 1,158,507 | - | - | - | 1,158,507 |
| Issuance of common stock for services | - | - | - | - | 62,052 | 62 | 202,463 | - | - | - | 202,525 |
| Issuance of common stock for cash | - | - | - | - | 109,333 | 109 | 163,891 | - | - | - | 164,000 |
| Issuance of shares and warrants in legal settlement | - | - | - | - | 200,000 | 200 | 639,300 | - | - | - | 639,500 |
| Warrant issued with note payable | - | - | - | - | - | - | 305,310 | - | - | - | 305,310 |
| Net income | - | - | - | - | - | - | - | - | (2,855,027) | - | (2,855,027) |
| Balance as of June 30, 2023 | 300 | \$ - | 5 | \$ - | 13,476,571 | \$ 13,477 | \$ 38,660,797 | \$ (43,346) | \$ (43,510,574) | \$ - | \$ (4,879,646) |

See the Condensed Notes to the Unaudited Consolidated Financial Statements.

BioStem Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity (Deficit)
(Unaudited)

| | Series A-1 | | Series B-1 | | Common Stock | | Additional Paid-In Capital | Treasury Stock | Accumulated Deficit | Total Stockholders' Equity (Deficit) |
|---|------------|-------------|------------|-------------|-------------------|------------------|-------------------------------|--------------------|------------------------|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | | | | |
| Six Months Ended June 30, 2024 | | | | | | | | | | |
| Balance as of December 31, 2023 | 300 | \$ - | 5 | \$ - | 16,214,390 | \$ 16,215 | \$ 44,306,872 | \$ (43,346) | \$ (45,624,117) | \$ (1,344,376) |
| Stock based compensation-stock options | - | - | - | - | - | - | 3,932,101 | - | - | 3,932,101 |
| Issuance of common stock for services | - | - | - | - | 75,108 | 75 | 270,297 | - | - | 270,372 |
| Conversion of debt and accrued interest to common stock | - | - | - | - | 2,942 | 3 | 15,207 | - | - | 15,210 |
| Issuance of shares for warrant exercise | - | - | - | - | 125,000 | 125 | 249,881 | - | - | 250,006 |
| Issuance of shares and warrants in legal settlement | - | - | - | - | - | - | - | - | - | - |
| Warrant issued with note payable | - | - | - | - | - | - | - | - | - | - |
| Warrant issued for prepaid services | - | - | - | - | - | - | 1,943,500 | - | - | 1,943,500 |
| Net income | - | - | - | - | - | - | - | - | 13,118,369 | 13,118,369 |
| Balance as of June 30, 2024 | 300 | \$ - | 5 | \$ - | 16,417,440 | \$ 16,418 | \$ 50,717,858 | \$ (43,346) | \$ (32,505,748) | \$ 18,185,182 |

| <u>Six Months Ended June 30, 2023</u> | <u>Series A-1</u> | | <u>Series B-1</u> | | <u>Common Stock</u> | | <u>Additional Paid-In Capital</u> | <u>Treasury Stock</u> | <u>Accumulated Deficit</u> | <u>Noncontrolling Interest</u> | <u>Total Stockholders' Equity (Deficit)</u> |
|--|-------------------|---------------|-------------------|---------------|---------------------|------------------|---------------------------------------|-----------------------|--------------------------------|------------------------------------|---|
| | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> | | | | | |
| Balance as of December 31, 2022 | 300 | \$ - | 5 | \$ - | 12,161,047 | \$ 12,162 | \$ 33,095,921 | \$ (43,346) | \$ (37,141,133) | \$ 126,444 | \$ (3,949,952) |
| Stock Based Compensation-Stock Options | - | - | - | - | - | - | 3,463,661 | - | - | - | 3,463,661 |
| Issuance of common stock for services | - | - | - | - | 113,834 | 114 | 404,805 | - | - | - | 404,919 |
| Issuance of common stock for cash | - | - | - | - | 249,333 | 249 | 373,751 | - | - | - | 374,000 |
| Conversion of debt and accrued interest to common stock | - | - | - | - | 252,357 | 252 | 252,105 | - | - | - | 252,357 |
| Issuance of shares for purchase of noncontrolling interest | - | - | - | - | 500,000 | 500 | 125,944 | - | - | (126,444) | - |
| Issuance of shares and warrants in legal settlement | - | - | - | - | 200,000 | 200 | 639,300 | - | - | - | 639,500 |
| Warrant issued with note payable | - | - | - | - | - | - | 305,310 | - | - | - | 305,310 |
| Net loss | - | - | - | - | - | - | - | - | (6,369,441) | - | (6,369,441) |
| Balance as of June 30, 2023 | 300 | \$ - | 5 | \$ - | 13,476,571 | \$ 13,477 | \$ 38,660,797 | \$ (43,346) | \$ (43,510,574) | \$ - | \$ (4,879,646) |

See the Condensed Notes to the Unaudited Consolidated Financial Statements.

BioStem Technologies, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

| | <u>Six-months ended,</u> | |
|--|--------------------------|----------------------|
| | <u>June 30, 2024</u> | <u>June 30, 2023</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) | \$ 13,118,369 | \$ (6,435,114) |
| Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities: | | |
| Depreciation expense | 42,860 | - |
| Amortization expense | 61,734 | 62,633 |
| Amortization of debt discount | 57,934 | - |
| Stock-based compensation expense | 3,932,101 | 3,534,335 |
| Issuance of common stock for services | 270,372 | 334,245 |
| Stock and warrants issued for legal settlement | - | 639,500 |
| Amortization of prepaid services paid with common stock and warrant | 291,864 | - |
| Non-cash lease expense | 15,992 | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (66,818,840) | (128,131) |
| Inventory | (712,071) | (103,052) |
| Prepaid expenses and other assets | 41,688 | (4,955) |
| Accounts payable and accrued expenses | (50,009) | 168,151 |
| Accrued interest | 3,187,194 | 149,321 |
| Salaries payable | 131,747 | 91,667 |
| Bona fide service fee payable | 53,005,762 | - |
| Other current liabilities | 297,645 | 6,120 |
| Other long-term liabilities | (14,850) | - |
| Net cash provided by/(used in) operating activities | <u>6,859,492</u> | <u>(1,685,280)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | (172,404) | (9,019) |
| Purchases of assets | - | (105,000) |
| Net cash used in investing activities | <u>(172,404)</u> | <u>(114,019)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Borrowings on notes payable | - | 1,080,230 |
| Repayments on notes payable | (604,374) | (103,353) |
| Issuance of common stock for cash | - | 374,000 |
| Issuance of common stock for warrant exercise | 250,006 | - |
| Net cash provided by/(used in) financing activities | <u>(354,368)</u> | <u>1,350,877</u> |
| Cash, cash equivalents: | | |
| Net change during the period | 6,332,720 | (448,422) |
| Balance, beginning of period | 239,406 | 772,136 |
| Balance, end of period | <u>\$ 6,572,126</u> | <u>\$ 323,714</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid for interest | <u>\$ 295,689</u> | <u>\$ 103,789</u> |
| SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES: | | |
| Conversion of debt and accrued interest to shares of common stock | <u>\$ -</u> | <u>\$ 252,105</u> |
| Issuance of shares for repurchase of noncontrolling interest | <u>\$ -</u> | <u>\$ 126,444</u> |
| Warrant issued with note payable | <u>\$ -</u> | <u>\$ 305,310</u> |

See the Condensed Notes to the Unaudited Consolidated Financial Statements

BioStem Technologies, Inc. and Subsidiaries
Condensed Notes to the Consolidated Financial Statements
For the Six Months Ended June 30, 2024 and 2023
(Unaudited)

Note 1 - Organization and Description of Business

BioStem Technologies, Inc. (hereinafter “the Company”), was incorporated as Aladdin & Company Trading in Utah on July 7, 2006. Aladdin & Company Trading later changed its name to Caribbean Casino & Gaming Corporation and re-domiciled in Florida on March 2, 2009. On January 7, 2013, Caribbean Casino & Gaming Corporation changed its name to Caribbean International Holdings, Inc. on January 7, 2013. On August 28, 2014, the Company changed its name to BioStem Technologies, Inc.

Since 2018, the Company’s primary business is the development, manufacture, and sale of tissue allografts for the advanced wound care market with a focus on the treatment of diabetic, pressure and venous ulcers. The Company markets and distributes products directly to medical professionals, such as podiatrists and plastic surgeons, through direct and indirect salesforces and indirectly through distributors.

The Company’s fiscal year end is December 31.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The consolidated financial statements of the Company are presented in United States dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). In the opinion of management, the Company has made all necessary adjustments, which include normal recurring adjustments, for a fair statement of the Company’s consolidated financial position and results of operations for the periods presented. Certain information and disclosures included in these interim consolidated financial statements have been condensed or omitted pursuant to the U.S. Securities and Exchange Commission (“SEC”) rules. These condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and accompanying notes for the year ended December 31, 2023, as filed with the Over-the-Counter (“OTC”) Market on April 24, 2024. The results for the six-month periods ended June 30, 2024 and 2023, are not necessarily indicative of the results to be expected for a full year, any other interim periods or any future year or periods.

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”) and include the accounts of BioStem Technologies, Inc. and all its wholly-owned subsidiaries BioStem Life Sciences, Inc. and Nesvik Pharmaceuticals, Inc, which is currently inactive. All intercompany transactions have been eliminated in consolidation.

Prior to January 2023 the Company owned a controlling interest (90%) in an operating subsidiary, Blue Tech Industries, Inc. (d/b/a BioStem Life Sciences, Inc. or “BSLS”). In January 2023, the Company repurchased the remaining 10% noncontrolling interest (“NCI”) in exchange for common stock of the Company. In June 2024, the Company created Auxocell Operations Inc (“Auxocell”), a new subsidiary 100% owned by BioStem Technologies. Auxocell is domiciled in Nevada and holds all of the assets acquired in the Auxocell asset acquisition (see Note 7).

Use of Estimates

The preparation of these interim unaudited consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes.

Such estimates and assumptions impact both assets and liabilities, including but not limited to the estimated fair value of stock-based payments, the valuation of deferred tax assets.

BioStem Technologies, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

(Unaudited)

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate could change in the near term due to one or more future non-conforming events. Accordingly, actual results could differ significantly from estimates.

Risks and Uncertainties

The Company's operations are subject to risk and uncertainties including financial, operational, regulatory, and other risks including the potential risk of business failure.

The Company has experienced, and in the future expects to continue to experience, variability in its sales and earnings. The factors expected to contribute to this variability include, among others: (i) the uncertainty associated with the commercialization and ultimate success of the Company's products; (ii) competition inherent in the markets where products are expected to be sold; (iii) general economic conditions; and (iv) the related volatility of prices pertaining to the cost of sales.

The Company has a high concentration of our revenue and accounts receivable comes from a limited number of customers. Accordingly, in each year there may be a small number of customers from whom we generate our revenue. These customers may not be repeat purchasers and in each year it may be a different single purchaser or small number of purchasers from which we generate a large percentage of our revenues. The Company relies on these purchasers and there is a risk that these purchasers may be unable to make payment under their obligations to us, thereby affecting our revenues.

Summary of Significant Accounting Policies

The significant accounting policies applied in the Company's audited financial statements, as disclosed in its annual financial report filed with the OTC on April 24, 2024, are applied consistently in these unaudited interim consolidated financial statements.

Recently Issued Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. This standard was effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years with early adoption permitted. In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842): Effective Dates*, which defers the effective date of Topic 326. As a smaller reporting Company, Topic 326 was effective for the Company beginning January 1, 2023. The Company adopted this ASU January 1, 2023 and it did not have a significant impact on its consolidated financial statements and related disclosures.

Note 3 - Inventory

Inventory is stated at the lower of cost or estimated net realizable value. Inventory cost is determined by the first-in, first-out ("FIFO") basis. Inventory costs include raw material, labor and operating overhead which includes supplies, depreciation and amortization of leased lab equipment and other related costs.

The Company performs an assessment of the recoverability of inventory cost during each reporting period, and it provides an allowance for slow-moving, excess, and obsolete inventories to their estimated net realizable value in the

BioStem Technologies, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
(Unaudited)

period in which the need for an allowance is first identified. Such impairment charges are recorded within cost of goods sold. As of June 30, 2024 and December 31, 2023, the Company did not record any such impairments.

The table below presents the Company’s inventory values, by category, as of June 30, 2024 and December 31, 2023, respectively:

| | June 30, 2024 | December 31, 2023 |
|----------------------------------|--------------------------|------------------------------|
| Raw Materials | \$ 290,385 | \$ 62,642 |
| Finished Goods | 1,080,364 | 596,036 |
| Total-gross value | 1,370,749 | 658,678 |
| <i>Less: valuation allowance</i> | - | - |
| Total-net realizable value | <u>\$ 1,370,749</u> | <u>\$ 658,678</u> |

Note 4 - Revenue Recognition

The Company records revenue from product sales in accordance with ASC 606 (“ASC 606”), *Revenue from Contracts with Customers*.

The Company recognizes revenue from product sales at a point in time when control of the Company’s product has transferred to the customer, which generally occurs upon shipment. Shipping and handling costs are included as a component of revenue. Shipping and handling costs are passed through to customers with an equal offsetting amount included in cost of goods sold.

Revenue is recognized in an amount that reflects the consideration that the Company expects to receive in exchange for the product, which is generally fixed. Based on prior experience, and the nature of the product, variable consideration resulting from product discounts is not material.

Returns from customers are not accepted. Accordingly, there is no provision for sales returns recorded for any period presented.

Distribution and Services Agreement

During the year ended December 31, 2023, the Company executed a distribution and services agreement (“D&S Agreement”) with a large medical distributor located in the United States (the “Distributor”) for the distribution of the Company’s Amnio Wrap 2 (“AW2”) product. The Company licenses the rights to manufacture and commercialize AW2 from an unrelated party and in conjunction with the licensing arrangement, pays a per square centimeter license fee for all AW2 products sold by the Distributor.

The Distributor purchases the AW2 product from the Company at a fixed fee per square centimeter (“Sales Price”) with no right of return. Separately, the Distributor invoices the Company monthly for distinct sales, marketing and distribution services it provides on behalf of the Company (“Bona Fide Services Fee or BFSF”).

The BFSF is consideration payable to the Distributor for a distinct service the Distributor is providing to the Company. In accordance with ASC 606-10-32-26, such distinct services provided by a customer are accounted for in the same way that other purchases from suppliers would be accounted for. If the amount of consideration payable to the customer exceeds the fair value of the distinct good or service that the entity receives from the customer, then the entity shall account for such an excess as a reduction of the transaction price.

The Company has determined that the fair value of the BFSF does not exceed the consideration paid to the Distributor for these services. Therefore, the Company records, as revenue, the Sales Price per cm² for all AW2 products sold to the Distributor upon shipment and recognizes the BFSF as an operating expense within sales and marketing expenses.

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During the six months ended June 30, 2024, revenues earned from the shipment of AW2 under the distribution and services agreement were \$115,306,500 and BFSF was \$87,792,126 which is included in sales and marketing expenses on the consolidated statement of operations.

As of June 30, 2024 and December 31, 2023, accounts receivable due under this arrangement were \$78,073,127 and \$11,126,598, respectively, and amounts due to Distributor for BFSF were \$60,792,973 and \$7,787,211, respectively, which has been presented as Bona Fide Services Fee payable on the consolidated balance sheet. The BFSF is paid upon receipt of outstanding accounts receivables.

Disaggregation of Revenue

The following table provides information about revenue disaggregated by major products categories:

| | For the Three-Months Ended | | For the Six-Months Ended | |
|------------------------------|----------------------------|--------------|--------------------------|--------------|
| | June 30, | | June 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Membrane product net revenue | \$ 74,491,996 | \$ 304,165 | \$ 115,708,803 | \$ 323,015 |
| Cord product net revenue | - | 764,235 | 687,406 | 1,321,488 |
| Total net Revenue | \$ 74,491,996 | \$ 1,068,400 | \$ 116,396,209 | \$ 1,644,503 |

Contract Balances

The following table provides information about the Company's accounts receivables and contract liabilities from contracts with customers as of June 30, 2024 and December 31, 2023:

| | June 30, 2024 | December 31, 2023 |
|--------------------------|---------------|-------------------|
| Accounts receivable, net | \$ 78,190,570 | \$ 11,371,730 |
| Contract liabilities | \$ 8,812 | \$ 8,731 |

Accounts receivable represent the Company's unconditional rights to consideration for product shipped. Contract liabilities represent amounts collected from customers upfront upon placement of an order for product which is included in other current liabilities in the Company's interim unaudited consolidated balance sheets. The Company generally recognizes revenue from contract liabilities within the following fiscal year.

The Company expects to collect the outstanding balance of current accounts receivable net within the next twelve months. The Company estimates its allowance for doubtful accounts by evaluating specific receivable balances based on historical collection trends, the age of outstanding receivables, and the creditworthiness of its customers.

Contract Costs

The Company incurs incremental costs to obtain contracts with its customers. These costs consist primarily of sales commissions paid to our sales force. As the expected period of amortization is not expected to exceed one year, the Company has elected to expense such costs as incurred.

Cost of Goods Sold

Cost of goods sold represents costs directly related to the production of the Company's products. Products sold are typically shipped directly to the customer with costs associated with shipping and handling included as a component of the cost of goods sold. Costs associated with any inventory write-downs resulting from quarterly physical inventory counts are also included in the cost of goods sold.

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Note 5 - Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing the net income (loss) by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed by adjusting the weighted-average number of common shares outstanding to include outstanding common stock options, restricted stock awards, warrants to purchase common stock, convertible preferred stock, and common stock issuable in connection with convertible notes. For periods in which the Company has reported net losses, diluted net loss per share is the same as basic net loss per share because dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

| | Six Months Ended | | Three Months Ended | |
|---|------------------|------------------|--------------------|------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Net Income (Loss) available to common shareholders (numerator) | \$ 6,362,357 | \$ (6,369,441) | \$ 6,362,357 | \$ (2,855,027) |
| Weighted-average number of common shares (denominator) | 16,306,640 | 12,848,200 | 16,296,689 | 13,259,109 |
| Basic earnings per common share | \$ 0.39 | \$ (0.50) | \$ 0.39 | \$ (0.22) |
| Weighted-average number of common shares | 16,306,640 | 12,848,200 | 16,296,689 | 13,259,109 |
| Potential shares of common stock arising from stock options, warrants, and unvested RSU's | 4,825,610 | - | 5,053,822 | - |
| Total shares-diluted (denominator) | 21,132,250 | 12,848,200 | 21,350,511 | 13,259,109 |
| Diluted earnings per common share | \$ 0.30 | \$ (0.50) | \$ 0.30 | \$ (0.22) |
| Anti-dilutive weighted shares excluded from the calculation of earnings per common share | - | 6,587,597 | - | 6,587,597 |

Note 6 - Property and Equipment and Construction in Process

The following table presents property and equipment as of June 30, 2024 and December 31, 2023:

| | June 30, 2024 | December 31, 2023 |
|--------------------------------------|---------------|-------------------|
| Building | \$ 433,448 | \$ 433,448 |
| Building Improvements | 800,629 | 694,124 |
| Land | 75,000 | 75,000 |
| Machinery and Equipment | 909,192 | 930,334 |
| Computer and Office Equipment | 64,702 | 64,702 |
| Furniture and Fixtures | 68,066 | 68,066 |
| HVAC | 243,014 | 0 |
| Total property, plant, and equipment | 2,594,051 | 2,265,674 |
| Less: Accumulated Depreciation | (1,150,374) | (1,110,817) |
| Property, Plant and Equipment - Net | \$ 1,443,677 | \$ 1,154,856 |
| Construction-in-Process | \$ 43,423 | \$ 202,700 |

Depreciation expenses were \$42,860 and \$55,729 for the six months ended June 30, 2024 and 2023, respectively.

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Note 7 – Intangible Assets Other Than Goodwill

The Company’s intangible assets were acquired in business combinations or asset acquisitions and are recognized at fair value using generally accepted valuation methods deemed appropriate for the type of intangible asset acquired and reported net of accumulated amortization, separately from goodwill. On February 23, 2023, the Company entered into an agreement to acquire certain intangible assets of Auxocell Laboratories, Inc. (“Auxocell”). The purchase price for Auxocell was \$105,000 paid in cash which was allocated to the intangible assets acquired, intellectual property. This transaction was accounted for as an asset acquisition.

Intangible assets with finite lives are amortized over their estimated useful lives. Intangible assets include developed technology, intellectual property, and customer relationships.

Amortization of intangible assets with finite lives is calculated on the straight-line method based on the following estimated useful lives:

| | |
|--|---------|
| Website and software development costs | 5 years |
| Intellectual property | 7 years |
| Customer relationships | 7 years |
| Other | 5 years |

Acquired intangible assets with finite useful lives are reviewed for impairment when events or changes in circumstances suggest that the carrying value of these assets may not be recoverable. No impairment losses were recognized by the Company for the six months ended June 30, 2023 or 2024.

The following table presents intangible assets other than goodwill as of June 30, 2024 and December 31, 2023:

| | As of June 30, 2024 | | |
|--------------------------------------|------------------------------|---------------------------------|----------------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Intellectual property | \$ 47,000 | \$ 39,167 | \$ 7,833 |
| Website & software development costs | 225,907 | 83,870 | 142,037 |
| Customer relationships | 354,000 | 295,000 | 59,000 |
| Other | 105,000 | 28,000 | 77,000 |
| Total | \$ 731,907 | \$ 446,037 | \$ 285,870 |

| | As of December 31, 2023 | | |
|--------------------------------------|--------------------------------|---------------------------------|----------------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Intellectual property | \$ 47,000 | \$ 35,810 | \$ 11,190 |
| Website & software development costs | 225,907 | 61,279 | 164,628 |
| Customer relationships | 354,000 | 269,714 | 84,286 |
| Other | 105,000 | 17,500 | 87,500 |
| Total | \$ 731,907 | \$ 384,303 | \$ 347,604 |

During each of the six months ended June 30, 2024 and June 30, 2023, respectively, amortization expense was \$61,873 and \$58,245, respectively.

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Future expected amortization expense of intangible assets is as follows:

| Year Ending December 31, | |
|---------------------------------|--------------------------|
| 2024 | \$ 61,734 |
| 2025 | 104,372 |
| 2026 | 66,181 |
| 2027 | 50,083 |
| 2028 | 3,500 |
| Total | \$ <u>285,870</u> |

Note 8 – Notes Payable

The following table presents the carrying value of the Company's notes payable as of June 30, 2024 and December 31, 2023:

BioStem Technologies, Inc. and Subsidiaries
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(Unaudited)

| | June 30, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
| On July 27, 2018, the Company entered into a Bridge Loan Agreement and Promissory Note, with an interest rate of 0.50% per month for the first six months and 0.75% per month through the Maturity Date of July 27, 2019. This agreement has not been repaid on the maturity date and is currently in default | \$ 1,000,000 | \$ 1,000,000 |
| On October 5, 2018, the Company entered into a Bridge Loan Agreement and Promissory Note, with an interest rate of 0.50%, per month for the first six months and 0.75% per month through the Maturity Date of October 5, 2019. This agreement has not been repaid on the maturity date and is currently in default | 2,000,000 | 2,000,000 |
| On April 29, 2022, the Company entered an \$850,000 mortgage note at 8.25 % per annum with a maturity date of May 1, 2024. Between June 1, 2022, and the maturity date, the Company is required to make monthly interest only payments of \$6,021 with a balloon payment of \$850,000 due May 1, 2024. On May 1, 2024 the note was reviewed and extended with a new maturity date of May 1, 2025 at 10.00% per annum. The Company is required to make monthly interest only payments of \$7,083 with a balloon payment of \$850,000 due May 1, 2025. The loan is secured by the corporate headquarters building. | 850,000 | 850,000 |
| On April 30, 2020, the Company obtained a \$263,400 Paycheck Protection Program (PPP) Term Note with PNC Bank. Loan was subject to forgiveness if certain criteria were met, if not, due in five years with 1% of interest. Payments were deferred for the first seven months of the loan. In 2021, \$193,354 of the note was forgiven and the remaining balance will be repaid. | - | 26,462 |
| On May 18, 2020, the Company obtained a \$150,000 Economic Injury Disaster Loan. Installment payments, including principal and interest, of \$731 monthly, will begin 30 months from the promissory note or November 18, 2022. Interest will accrue at an annual rate of 3.75%. | 150,000 | 150,000 |
| The Company obtained three separate loans from the same lender and aggregate principal of \$284,719. The loans bear interest at a rate of 23.0% per annum. The Company is required to make minimum monthly payments of \$18,831. The loans mature after various times through August 2024. This loan is secured by the Company's receivables, inventory and other tangible and intangible assets and was paid off during Q1 of 2024. | - | 80,748 |
| On June 1, 2023, the Company issued a promissory note in the amount of \$750,000 with an interest rate of 12% per annum. Between July 1, 2023 and the maturity date May 25, 2025 the Company is required to make minimum payments of \$35,305 monthly. The Note is an unsecured obligation (2). | 366,030 | 549,427 |
| On September 14, 2023, the Company entered an \$278,000 financing arrangement with a lender. The financing is collateralized by a portion of the Company's outstanding accounts receivable. The Company is required to make 36 weekly payments of \$7,723 | - | 162,155 |
| On September 13, 2023, the Company entered an \$279,800 financing arrangement with a lender. The financing is collateralized by a portion of the Company's outstanding accounts receivable. The Company is required to make 36 weekly payments of \$7,772 | - | 155,444 |
| In July 2023, the Company issued a promissory note in the amount of \$50,000 with an interest rate of 1% per annum and a maturity date of September 30, 2023 extended to December 2023. The loan was converted to company stock and paid off on January 4, 2024 | - | 50,000 |
| Total notes payable | 4,366,030 | 5,024,235 |
| Less: unamortized discounts | (139,934) | (312,819) |
| Total notes payable | 4,226,096 | 4,711,416 |
| Less: current portion of notes payable | (4,083,660) | (4,445,781) |
| Notes payable-long-term | \$ 142,436 | \$ 265,635 |

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⁽¹⁾ In August 2019, the Company received notice from GMA Bridge Fund, LLC that the Company is in default for the loan that matured on July 27, 2019, for non-payment and gave the Company notice that the note which matured on October 5, 2019, was also in default. The Company continues to accrue interest on these loans and is in discussion with the lender to renegotiate the terms of these notes.

⁽²⁾ In connection with the issuance of the \$750,000 promissory note, the lender received 373,134 common stock warrants with an exercise price of \$2.01 and exercise period of five years. The Company recorded a debt discount of \$305,310 based on the relative fair value of the warrants. The fair value of the warrants was determined using a Black-Scholes pricing model and the following assumptions: expected term 3 years, risk free interest rate of 3.98%, and volatility of 107.74%.

| Year Ending June 30, | |
|------------------------------------|------------------|
| 2024 | \$ 3,163,325 |
| 2025 | 1,058,384 |
| 2026 | 3,918 |
| 2027 | 4,068 |
| 2028 | 4,223 |
| Thereafter | 132,111 |
| Total | 4,366,030 |
| <i>Less: unamortized discounts</i> | <i>(139,934)</i> |
| Total notes payable | \$ 4,226,096 |

Note 9 – Shareholders’ Equity (Deficit)

Series A-1 Convertible Preferred Shares

The Company has designated 300 shares of preferred stock with a par value of \$.001 as “Series A-1 Convertible Preferred Shares”.

The Series A-1 Convertible Preferred Shares entitle their holders to a number of votes equal to the number of shares issuable upon conversion times 2,000,000 granting the holders of Series A-1 Convertible Preferred Shares, as a group, effective control of the Company.

Each Series A-1 Convertible Preferred Shares are convertible, at the option of the holders, or automatically upon a Qualified Public Offering resulting in gross proceeds to the Company of not less than \$30 million, in whole but not in part, into 300 shares of common stock.

Holders of Series A-1 Convertible Preferred Shares are not entitled to receive dividends, out of assets legally available thereof, prior and in preference to any declaration or payment of any dividend on the common stock or any other capital stock of the Corporation.

As of June 30, 2024 and December 31, 2023, there are 300 shares of Series A-1 Convertible Preferred Shares outstanding.

Series B-1 Convertible Preferred Shares

BioStem Technologies, Inc. and Subsidiaries

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The Company has designated 500,000 shares of preferred stock with a par value of \$.001 as “Series B-1 Convertible Preferred Shares”.

The Series B-1 Convertible Preferred Shares entitle their holders to votes equal to the number of shares issuable upon conversion.

Each Series B-1 Convertible Preferred Share is convertible, at the option of the holders, or automatically upon a Qualified Public Offering resulting in gross proceeds to the Company of not less than \$30 million, in whole but no in part, into 6 shares of common stock.

The Series B-1 Preferred Shares shall be entitled to receive an annual dividend, payable in newly issued common stock, in an amount equal to ten percent of the number of then existing Series B-1 Preferred Shares issued and outstanding prior and in preference to any declaration or payment of any dividend on the common stock or any other capital stock of the Corporation. This Dividend shall be cumulative.

As of June 30, 2024 and December 31, 2023, there are 5 shares of Series B-1 Convertible Preferred Shares outstanding.

Common Stock

The Company is authorized to issue 975,000,000 shares of common stock with a par value of \$0.001 per share as of June 30, 2024 and December 31, 2023.

The Company issued shares for services during the six months ended June 30, 2024 of 1,164 shares for approximately \$9,000.

The Company converted \$50,000 debt into 2,942 shares of common stock for the six months ended June 30, 2024 for approximately \$15,000. The Company repaid \$35,000 to one shareholder.

The Company issued 125,000 shares of common stock for warrant exercises during the six months ended June 30, 2024 for approximately \$250,000.

Note 10 – Commitments and Contingencies

Legal Matters

From time to time, claims are made against the Company in the ordinary course of business, which could result in litigation. Claims and associated litigation are subject to inherent uncertainties and unfavorable outcomes could occur, such as monetary damages, fines, penalties, or injunctions prohibiting the Company from selling one or more products or engaging in other activities. The occurrence of an unfavorable outcome in any specific period could have a material adverse effect on the Company’s results of operations for that period or future periods. The Company is not presently a party to any pending or threatened legal proceedings.

Note 12 –Income Taxes

The Company is principally subject to taxation in the United States. The Company has a history of net operating losses both federally and in various states and began utilizing those losses to offset current taxable income in 2024. As net operating loss carryovers become limited or are fully utilized, the Company will accrue current federal and state income tax expense.

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The income tax rate for the three and six months ended June 30, 2024 was 26%, and 26%, respectively an increase from the U.S. statutory rate of 21% primarily due to the tax adjustments related to executive compensation, and other nondeductible expenses. The income tax expense for the three and six months ended June 30, 2024 was \$2,313,937 and \$3,498,624, respectively.

Note 13 - Subsequent Events

The Company has evaluated all transactions and events after the balance sheet date through August 12, 2024 the date on which these financials were available to be issued, and except as already included below, has determined that no additional disclosures are required.

On April 1, 2024, the Company occupied its new expanded office space. On March 15, 2024 the Company entered into a thirty-eight (38) month lease for office space commencing April 1, 2024. Monthly lease payments are \$10,405, \$10,580 and \$10,750 for the periods June 1, 2024 through May 31, 2025, June 1, 2025 through May 31, 2026 and June 1, 2026 through May 31, 2027, respectively. The Company expects a right of use asset and liability of approximately \$311,000 as of April 1, 2024.

On April 5, 2024, we agreed to repurchase 117,359 shares of common stock for \$1.00 that had been previously issued to a service provider. As of the repurchase date, the Company and service provider agreed to release all claims with no restrictions.

On April 8, 2024, the Company entered into an agreement with a service provider to provide certain services until December 27, 2025 in exchange for 60,000 shares of the Company's stock, and a common stock purchase warrant ("Warrant") which permits the service provider to purchase 50,000, 50,000 and 100,000 shares of the Company's common stock at a price of \$4.00 per share, \$5.00 per share and \$6.00 per share, respectively. The Warrant is immediately exercisable at any time, in whole or in part, by the service provider from April 8, 2024, to April 8, 2029. The total estimated grant date fair value of the Warrant using the Black-Scholes option pricing model is \$2,628,500 and will be recognized into expense over the term of the service provider's agreement.

In July 2024, the Company issued 33,334 shares of its common stock to two holders of common stock purchase warrants in exchange for a total of \$66,668 in cash.