

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

BioStem Technologies, Inc.

2836 Center Port Circle, Pompano Beach, FL 33064

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SIC Code: 2836

Quarterly Report

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

Outstanding Shares

The number of shares outstanding of our Common Stock was:

16,338,436 as of September 30, 2024. *(Current Reporting Period Date or More Recent Date)*

16,287,342 as of June 30, 2024. *(Previous 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:

4901 Spectrum Blvd, Suite 606, Fort Lauderdale, FL 33309

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

2836 Center Port Circle, Pompano Beach, FL 33064

☐ 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: September 30, 2024</u>
Total shares outstanding:	16,338,436	<u>as of date: September 30, 2024</u>
Total number of shareholders of record:	316	<u>as of date: September 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: September 30, 2024</u>
Total shares outstanding (if applicable):	300	<u>as of date: September 30, 2024</u>
Total number of shareholders of record (if applicable):	3	<u>as of date: September 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: September 30, 2024</u>
Total shares outstanding (if applicable):	5	<u>as of date: September 30, 2024</u>
Total number of shareholders of record (if applicable):	1	<u>as of date: September 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: ☒ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End:			*Right-click the rows below and select "Insert" to add rows as needed.						
Opening Balance									
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)
2/1/2023	New Issuance	5,047	Common	1.65	No	ANTHONY L.G., PLLC	COMPENSATION FOR LEGAL SERVICES	RESTRICTED	RULE 4(a)(2)
2/2/2023	New Issuance	19,000	Common	1.5	No	OLYMPUS 3 ACQUISITIONS,	COMPENSATION FOR MARKETING SERVICES	RESTRICTED	RULE 4(a)(2)

						LLC / CHRIS LEONE			
2/3/2023	New Issuance	322	Common	3.1	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
2/3/2023	New Issuance	322	Common	3.1	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
2/3/2023	New Issuance	322	Common	3.1	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
2/3/2023	New Issuance	322	Common	3.1	No	BRANT D. WATSON REVOCABLE LIVING TRUST / BRANT WATSON TRUSTEE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
2/8/2023	New Issuance	500,000	Common	1.63	No	M.W JENS REALTY INVESTMENT, LLC / MARK JENS	ISSUANCE OF COMMON STOCK TO REPURCHASE NON-CONTROLLING INTEREST IN SUBSIDIARY	RESTRICTED	RULE 4(a)(2)
2/28/2023	New Issuance	252,357	Common	3	No	OLYMPUS 3 ACQUISITIONS, LLC / CHRIS LEONE	CONVERSION FROM DEBT TO EQUITY	RESTRICTED	RULE 4(a)(2)
3/1/2023	New Issuance	19,000	Common	1.5	No	OLYMPUS 3 ACQUISITIONS, LLC / CHRIS LEONE	COMPENSATION FOR MARKETING SERVICES	RESTRICTED	RULE 4(a)(2)
3/1/2023	New Issuance	295	Common	3.39	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
3/1/2023	New Issuance	295	Common	3.39	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
3/1/2023	New Issuance	295	Common	3.39	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
3/1/2023	New Issuance	295	Common	3.39	No	BRANT D. WATSON REVOCABLE LIVING TRUST / BRANT WATSON TRUSTEE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
3/13/2023	New Issuance	6,667	Common	1.5	No	MARTEL PELLERIN	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
3/23/2023	New Issuance	20,000	Common	1.5	No	EMERY WALDON	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
3/23/2023	New Issuance	50,000	Common	1.5	No	EDWARD WALDRON & JULIE WALDRON	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)

						JTWRS / EDWARD AND JULIE WALDRON TRUSTEES			
3/28/2023	New Issuance	63,334	Common	1.5	No	EDWARD WALDRON JR.	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
4/3/2023	New Issuance	6,667	Common	1.5	No	CHARLES MILLER	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
4/13/2023	New Issuance	17,333	Common	1.5	No	EMPIRE VENTURES HOLDINGS, LLC / JOSEPH SIRIANNI	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
4/19/2023	New Issuance	19,000	Common	1.5	No	OLYMPUS 3 ACQUISITIONS, LLC / CHRIS LEONE	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
4/20/2023	New Issuance	16,667	Common	1.5	No	DONNY PITTMAN	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
4/24/2023	New Issuance	27,000	Common	1.5	No	PAUL SIHON	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
5/2/2023	New Issuance	25,000	Common	1.5	No	OLYMPUS 3 ACQUISITIONS, LLC / CHRIS LEONE	COMPENSATION FOR MARKETING SERVICES	RESTRICTED	RULE 4(a)(2)
5/5/2023	New Issuance	442	Common	2.26	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
5/5/2023	New Issuance	442	Common	2.26	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
5/5/2023	New Issuance	442	Common	2.26	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLEY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
5/5/2023	New Issuance	442	Common	2.26	No	BRANT D. WATSON REVOCABLE LIVING TRUST / BRANT WATSON TRUSTEE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
5/5/2023	New Issuance	19,000	Common	2.26	No	OLYMPUS 3 ACQUISITIONS, LLC / CHRIS LEONE	COMPENSATION FOR MARKETING SERVICES	RESTRICTED	RULE 4(a)(2)
6/2/2023	New Issuance	16,667	Common	1.5	No	DARYL EBER	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
6/6/2023	New Issuance	495	Common	2.02	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)

6/6/2023	New Issuance	495	Common	2.02	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
6/6/2023	New Issuance	495	Common	2.02	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
6/6/2023	New Issuance	495	Common	2.02	No	BRANT D. WATSON REVOCABLE LIVING TRUST / BRANT WATSON TRUSTEE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
6/6/2023	New Issuance	19,000	Common	1.5	No	OLYMPUS 3 ACQUISITIONS, LLC / CHRIS LEONE	COMPENSATION FOR MARKETING SERVICES	RESTRICTED	RULE 4(a)(2)
6/8/2023	New Issuance	200,000	Common	1.9	No	JOHN RADTKE	EMPLOYEE COMPENSATION	RESTRICTED	RULE 4(a)(2)
7/10/2023	New Issuance	513	Common	1.95	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
7/10/2023	New Issuance	513	Common	1.95	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
7/10/2023	New Issuance	513	Common	1.95	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
7/10/2023	New Issuance	513	Common	1.95	No	BRANT D. WATSON REVOCABLE LIVING TRUST / BRANT WATSON TRUSTEE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
8/1/2023	New Issuance	568	Common	1.76	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
8/1/2023	New Issuance	568	Common	1.76	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
8/1/2023	New Issuance	568	Common	1.76	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
8/1/2023	New Issuance	406	Common	1.83	No	BRANT D. WATSON REVOCABLE LIVING TRUST / BRANT WATSON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
9/1/2023	New Issuance	576	Common	1.74	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
9/1/2023	New Issuance	576	Common	1.74	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)

9/1/2023	New Issuance	576	Common	1.74	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
9/8/2023	New Issuance	17,024	Common	1.76	No	BRANDON POE	BOARD OF DIRECTORS COMPENSATION	RESTRICTED	RULE 4(a)(2)
9/13/2023	New Issuance	60,000	Common	2.15	No	PCG ADVISORY, INC. / JEFF RAMSON	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
9/13/2023	New Issuance	40,000	Common	1.5	No	PROACTIVE CAPITAL PARTNERS, LP / JEFF RAMSON	STOCK ISSUED FOR SERVICES	RESTRICTED	RULE 4(a)(2)
9/21/2023	New Issuance	7000	Common	1.5	No	GLENN & KIM FITZGERALD	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/1/2023	New Issuance	444	Common	2.25	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
10/1/2023	New Issuance	444	Common	2.25	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
10/1/2023	New Issuance	444	Common	2.25	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
10/6/2023	New Issuance	20,000	Common	1.5	No	LEWIS SPERBER	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/6/2023	New Issuance	10,000	Common	1.5	No	STEFAN ARNI AUDOLFSSON	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/6/2023	New Issuance	10,000	Common	1.5	No	HARALDUR TRYGGVASON KLEIN	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/12/2023	New Issuance	20,000	Common	1.5	No	YUPING LIU	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/13/2023	New Issuance	1,000,000	Common	1.5	No	MICHAEL R DIETZEN	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/16/2023	New Issuance	16,667	Common	1.5	No	BEAR CREEK CAPITAL LLC / RAY OLIVER	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/17/2023	New Issuance	20,000	Common	1.5	No	HARRIS SPERBER	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/18/2023	New Issuance	16,667	Common	1.5	No	STEVE SIMON	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/19/2023	New Issuance	95,000	Common	1.5	No	OLYMPUS 3 ACQUISITIONS, LLC / CHRIS LEONE	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/19/2023	New Issuance	20,000	Common	1.5	No	LEWIS SPERBER	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)

10/19/2023	New Issuance	16,667	Common	1.5	No	JILL RENEE ARBOLEDA	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/19/2023	New Issuance	13,334	Common	1.5	No	EMERY WALDRON	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/20/2023	New Issuance	20,000	Common	1.5	No	CHARITY BOYD	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/23/2023	New Issuance	33,333	Common	1.5	No	DARLENE GIMBLE	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/23/2023	New Issuance	20,000	Common	1.5	No	JACOB KRAWZE	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
10/30/2023	New Issuance	33,333	Common	1.5	No	HENRY W VAN VURST IV	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
11/1/2023	New Issuance	326	Common	3.07	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
11/1/2023	New Issuance	326	Common	3.07	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
11/1/2023	New Issuance	326	Common	3.07	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
11/1/2023	New Issuance	526,325	Common	0.70	No	VICTOR MATUSZEWSKI AND KAREN MATUSZEWSKI	CONVERSION OF DEBT TO EQUITY	RESTRICTED	RULE 4(a)(2)
11/1/2023	New Issuance	20,000	Common	1.50	No	EDWARD & JULIE WALDRON	SECURITY CONVERSION / EXERCISE OF WARRANT	RESTRICTED	RULE 4(a)(2)
11/10/2023	New Issuance	676,215	Common	0.70	No	JEFFREY ROBERT MEILANDER	CONVERSION OF DEBT TO EQUITY	RESTRICTED	RULE 4(a)(2)
12/1/2023	New Issuance	326	Common	3.07	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
12/1/2023	New Issuance	326	Common	3.07	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
12/1/2023	New Issuance	326	Common	3.07	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
12/8/2023	New Issuance	3,046	Common	3.28	No	BRANDON POE	BOARD OF DIRECTORS COMPENSATION	RESTRICTED	RULE 4(a)(2)
12/8/2023	New Issuance	12,392	Common	3.23	No	THOMAS J. DUGAN	BOARD OF DIRECTORS COMPENSATION	RESTRICTED	RULE 4(a)(2)
12/16/2023	New Issuance	7,989	Common	3.76	No	PATRICK DALY	BOARD OF DIRECTORS COMPENSATION	RESTRICTED	RULE 4(a)(2)
12/23/2023	New Issuance	37,500	Common	2.00	No	WES DE SOUZA	SECURITY CONVERSION / EXERCISE OF WARRANT	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)
7/1/2024	New Issuance	127	Common	7.88	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
7/1/2024	New Issuance	127	Common	7.88	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
7/1/2024	New Issuance	127	Common	7.88	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
7/1/2024	New Issuance	127	Common	7.88	No	OLYMPUS 3 ACQUISITIONS, LLC	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)
7/1/2024	New Issuance	20,000	Common	2.00	No	EDWARD WALDRON & JULIE WALDRON JTWS / EDWARD AND JULIE WALDRON TRUSTEES	SECURITY CONVERSION / EXERCISE OF WARRANT	RESTRICTED	RULE 4(a)(2)
7/1/2024	New Issuance	13,334	Common	2.00	No	EMERY WALDRON	SECURITY CONVERSION / EXERCISE OF WARRANT	RESTRICTED	RULE 4(a)(2)
8/1/2024	New Issuance	16,667	Common	2.00	No	BEAR CREEK CAPITAL LLC / RAY OLIVER	SECURITY CONVERSION / EXERCISE OF WARRANT	RESTRICTED	RULE 4(a)(2)
8/1/2024	New Issuance	106	Common	9.43	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
8/1/2024	New Issuance	106	Common	9.43	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
8/1/2024	New Issuance	106	Common	9.43	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
9/1/2024	New Issuance	89	Common	11.24	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
9/1/2024	New Issuance	89	Common	11.24	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
9/1/2024	New Issuance	89	Common	11.24	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>9/30/2024</u>	Common: 16,338,436
	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>\$270,143</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 additional manufacturing capacity is expected to be operational by within the second half of 2024.

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

The Company also leases office space in Fort Lauderdale Florida which is used primarily for administrative personnel. Monthly lease payments are \$10,159, \$10,329 and \$10,504 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.

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>1,233,259</u> <u>100</u>	<u>Common</u> <u>Preferred A-1</u>	<u>7.55%</u> <u>33.33%</u>	_____
<u>Andrew VanVurst</u>	<u>Officer, Director and 5% Stockholder</u>	<u>Lighthouse Point, FL</u>	<u>1,534,015</u> <u>100</u>	<u>Common</u> <u>Preferred A-1</u>	<u>9.39%</u> <u>33.33%</u>	_____
<u>Henry VanVurst</u>	<u>Owner of more than 5%</u>	<u>Fort Lauderdale, FL</u>	<u>1,251,321</u> <u>100</u>	<u>Common</u> <u>Preferred A-1</u>	<u>7.66%</u> <u>33.33%</u>	_____
<u>Michael Fortunato</u>	<u>Officer, Director and 5% Stockholder</u>	<u>Pittsburgh, PA</u>	<u>30,000</u>	<u>Common</u>	<u><1%</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>Kenneth Warrington</u>	<u>Director <5%</u>	<u>Gainesville, FL</u>	<u>7,462</u>	<u>Fully Vested Common Stock Options</u>	<u><1%</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>	
<u>Michael Dietzen</u>	<u>Owner >5%</u>	<u>Fort Lauderdale, FL</u>	<u>1,025,000</u>	<u>Common</u>	<u>6.27%</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: Flora Perez, Esq
Firm: Greenberg Traurig PA
Address 1: 401 East Las Olas Blvd, Suite 2000
Address 2: Fort Lauderdale, Florida 33301
Phone: (954) 765-0500
Email: perezf@gtlaw.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.

November 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.

November 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 Three and Nine Months Ended September 30, 2024 and 2023

(Unaudited)

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
	<u>(unaudited)</u>	
Current Assets		
Cash	\$ 14,613,488	\$ 239,406
Accounts receivable, net	81,072,073	11,371,730
Inventory	2,073,248	658,678
Short-term note receivable	1,250,000	-
Prepaid expenses and other assets	2,374,643	329,239
Total current assets	<u>101,383,452</u>	<u>12,599,053</u>
Long-Term Assets		
Property and equipment, net	1,420,506	1,154,856
Construction-in-process	166,257	202,700
Right-of-use asset, net	295,101	11,443
Intangible assets, net	255,003	347,604
Goodwill	244,635	244,635
Other assets	435,510	-
Total assets	<u>\$ 104,200,464</u>	<u>\$ 14,560,291</u>
Current Liabilities		
Accounts payable and accrued expenses	2,074,129	870,236
License fee payable (Note 5)	3,209,325	521,475
Bona fide services fee payable (Note 5)	62,993,743	7,787,211
Income tax payable	5,831,272	-
Accrued interest	1,896,258	1,697,787
Short-term finance lease	-	8,988
Operating lease liabilities	103,083	-
Notes payable, net of discount	4,018,373	4,445,782
Other current liabilities	884,732	289,409
Total current liabilities	<u>81,010,915</u>	<u>15,620,888</u>
Long-Term Liabilities		
Operating lease liabilities, less current portion	208,338	-
Finance lease liabilities, less current portion	-	3,294
Notes payable, less current portion	150,000	265,635
Other long-term liabilities, less current portion	-	14,850
Total long-term liabilities	<u>358,338</u>	<u>283,779</u>
Total liabilities	<u>81,369,253</u>	<u>15,904,667</u>
Commitments and Contingencies (Note 11)		
Stockholders' Equity (Deficit)		
Series A-1 convertible preferred stock, \$0.001 par value authorized, 300 shares; issued and outstanding, 300 shares as of September 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 September 30, 2024 and December 31, 2023.	-	-
Common stock, \$0.001 par value authorized, 975,000,000 shares issued and outstanding 16,338,436 and 16,214,390 shares as of September 30, 2024 and December 31, 2023.	16,339	16,215
Additional paid-in capital	52,118,512	44,306,872
Treasury stock, 18,000 shares at cost	(43,346)	(43,346)
Accumulated deficit	(29,260,294)	(45,624,117)
Total stockholders' equity (deficit)	<u>22,831,211</u>	<u>(1,344,376)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 104,200,464</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		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Revenue, net	\$ 82,556,740	\$ 3,499,756	\$ 198,952,949	\$ 5,144,259
Cost of goods sold	4,238,658	325,076	10,211,258	632,329
Gross profit	78,318,082	3,174,680	188,741,691	4,511,930
Operating Expenses:				
Sales and marketing expenses	65,187,066	2,307,209	154,736,499	3,402,582
General and administrative expenses	3,299,381	2,111,625	10,483,155	8,281,048
Research and development expenses	482,495	37,512	638,396	168,144
Depreciation and amortization expense	56,800	56,045	164,578	174,408
Total operating expenses	69,025,742	4,512,391	166,022,628	12,026,182
Income (loss) from operations	9,292,340	(1,337,711)	22,719,063	(7,514,252)
Other Income (Expense):				
Interest expense	(138,478)	(199,776)	(521,471)	(463,242)
Other (expense) income	(811)	(667)	(2,497)	4,226
Other expense, net	(139,289)	(200,443)	(523,968)	(459,016)
Income (loss) from operations before income taxes	9,153,051	(1,538,154)	22,195,095	(7,973,268)
Income tax expense	2,332,648	-	5,831,272	-
Net Income (loss)	\$ 6,820,403	\$ (1,538,154)	\$ 16,363,823	\$ (7,973,268)
Basic net income (loss) per share attributable to common stockholders	\$ 0.42	\$ (0.11)	\$ 1.00	\$ (0.61)
Diluted net income (loss) per share attributable to common stockholders	\$ 0.32	\$ (0.11)	\$ 0.79	\$ (0.61)
Basic weighted average common shares outstanding	16,324,482	13,497,502	16,312,517	13,112,918
Diluted weighted average common shares outstanding	21,129,197	13,497,502	20,771,288	13,112,918

See the Condensed Notes to the Unaudited Consolidated Financial Statements.

BioStem Technologies, Inc. and Subsidiaries
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
	Shares	Amount	Shares	Amount	Shares	Amount				
Three Months Ended September 30, 2024										
Balance as of June 30, 2024	300	\$ -	5	\$ -	16,287,139	\$ 16,288	\$ 51,445,401	\$ (43,346)	\$ (36,080,697)	\$ 15,337,646
Stock based compensation-stock options	-	-	-	-	-	-	528,000	-	-	528,000
Issuance of common stock for services	-	-	-	-	1,296	1	45,159	-	-	45,160
Issuance of common stock for warrant exercises	-	-	-	-	50,001	50	99,952	-	-	100,002
Net income	-	-	-	-	-	-	-	-	6,820,403	6,820,403
Balance as of September 30, 2024	300	\$ -	5	\$ -	16,338,436	\$ 16,339	\$ 52,118,512	\$ (43,346)	\$ (29,260,294)	\$ 22,831,211

	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				
Three Months Ended September 30, 2023										
Balance as of June 30, 2023	300	\$ -	5	\$ -	13,476,571	\$ 13,477	\$ 38,660,797	\$ (43,346)	\$ (43,576,247)	\$ (4,945,319)
Stock based compensation-stock options	-	-	-	-	-	-	1,185,800	-	-	1,185,800
Issuance of common stock for services	-	-	-	-	82,914	83	88,779	-	-	88,862
Issuance of common stock for cash	-	-	-	-	47,000	47	70,453	-	-	70,500
Net loss	-	-	-	-	-	-	-	-	(1,538,154)	(1,538,154)
Balance as of September 30, 2023	300	\$ -	5	\$ -	13,606,485	\$ 13,607	\$ 40,005,829	\$ (43,346)	\$ (45,114,401)	\$ (5,138,311)

See the Condensed Notes to the Unaudited Consolidated Financial Statements.

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

	Series A-1		Series B-1		Common Stock					
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity (Deficit)
<u>Nine Months Ended September 30, 2024</u>										
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	-	-	-	-	-	-	4,458,557	-	-	4,458,557
Issuance of common stock for services	-	-	-	-	3,462	3	184,088	-	-	184,091
Conversion of debt and accrued interest to common stock	-	-	-	-	2,942	3	15,207	-	-	15,210
Issuance of common stock for cash received on warrant exercises	-	-	-	-	175,001	175	349,832	-	-	350,007
Issuance of common stock and warrants for prepaid services	-	-	-	-	60,000	60	2,803,840	-	-	2,803,900
Common stock repurchased and retired	-	-	-	-	(117,359)	(117)	116	-	-	(1)
Net income	-	-	-	-	-	-	-	-	16,363,823	16,363,823
Balance as of September 30, 2024	300	\$ -	5	\$ -	16,338,436	\$ 16,339	\$ 52,118,512	\$ (43,346)	\$ (29,260,294)	\$ 22,831,211

	Series A-1		Series B-1		Common Stock		Additional Paid-In				Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Treasury Stock	Accumulated Deficit	Noncontrolling Interest	Deficit
Nine Months Ended September 30, 2023											
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	-	-	-	-	-	-	4,649,461	-	-	-	4,649,461
Issuance of common stock for services	-	-	-	-	196,748	197	493,584	-	-	-	493,781
Issuance of common stock for cash	-	-	-	-	296,333	296	444,204	-	-	-	444,500
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	-	-	-	-	-	-	-	-	(7,973,268)	-	(7,973,268)
Balance as of September 30, 2023	300	\$ -	5	\$ -	13,606,485	\$ 13,607	\$ 40,005,829	\$ (43,346)	\$ (45,114,401)	\$ -	\$ (5,138,311)

See the Condensed Notes to the Unaudited Consolidated Financial Statements.

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

	Nine Months Ended,	
	September 30, 2024	September 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 16,363,823	\$ (7,973,268)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	66,031	78,725
Amortization expense	92,601	89,100
Amortization of debt discount	211,049	50,884
Amortization of right-of-use asset	56,743	6,582
Stock-based compensation - stock options	4,458,557	4,649,461
Issuance of common stock for services	184,091	493,781
Stock and warrants issued for legal settlement	-	639,500
Amortization of prepaid services paid with common stock and warrants	825,065	-
Provision for credit losses	175,000	-
Changes in operating assets and liabilities:		
Accounts receivable	(69,875,343)	(2,776,455)
Inventory	(1,414,570)	(99,670)
Prepaid expenses and other assets	(502,078)	1,851
Accounts payable and accrued expenses	1,203,893	947,576
Accrued interest	198,471	221,215
License fee payable	2,687,850	117,000
Bona fide service fee payable	55,206,532	1,749,668
Income tax payable	5,831,272	-
Other current and long-term liabilities	577,179	(272,152)
Operating lease liabilities	(28,981)	-
Net cash provided by (used in) operating activities	16,317,185	(2,076,202)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Shorter-term advance provided	(1,250,000)	-
Purchases of property and equipment and construction -in-process	(295,238)	(105,316)
Purchases of intangible assets	-	(105,000)
Net cash used in investing activities	(1,545,238)	(210,316)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on notes payable	-	1,568,719
Repayments on notes payable	(738,883)	(377,418)
Repayments on finance leases	(8,988)	(11,555)
Issuance of common stock for cash	-	444,500
Issuance of common stock for warrant exercises	350,007	-
Common stock repurchased	(1)	-
Net cash provided by (used in) financing activities	(397,865)	1,624,246
Cash:		
Net change during the period	14,374,082	(662,272)
Balance, beginning of period	239,406	772,136
Balance, end of period	\$ 14,613,488	\$ 109,864
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 111,951	\$ 193,500
SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Conversion of debt and accrued interest to shares of common stock	\$ 15,210	\$ 252,357
Issuance of shares for repurchase of noncontrolling interest	\$ -	\$ 126,444
Issuance of common stock and warrants for prepaid services	\$ 2,803,900	\$ -
Right-of-use asset and liability	\$ 340,401	\$ -
Warrant issued with note payable	\$ -	\$ 305,310
Construction-in-process transferred to property and equipment	\$ 202,700	\$ -

See the Condensed Notes to the Unaudited Consolidated Financial Statements

BioStem Technologies, Inc. and Subsidiaries
Condensed Notes to the Consolidated Financial Statements
For the Three and Nine Months Ended September 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 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 three and nine months ended September 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 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 (Note 8).

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, and the valuation of deferred tax assets.

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.

BioStem Technologies, Inc. and Subsidiaries
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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 customer concentration in which our revenue and accounts receivable come from a limited number of customers. Accordingly, 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. In September 2023, the Company executed a distribution and services agreement with a large medical distributor located in the United States for the distribution of the Company's Amnio Wrap 2 products. During the three and nine months ended September 30, 2024, this customer accounted for approximately 99% of our total revenues (see Note 5). As of September 30, 2024, this customer accounted for approximately 99% of our total accounts receivable, net.

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.

Income Taxes

We account for income taxes according to the ASC 740, *Income Taxes* ("ASC 740") using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the consolidated financial statements or in our tax returns. Deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the year in which the differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes. We assess the likelihood that its deferred tax assets will be and, to the extent it believes, based upon the weight of available evidence, that it is more likely than not that our portion of the deferred tax assets will not be realized, a valuation allowance is established through a charge to income tax expense. In evaluating its ability to recover its deferred tax assets, we consider all available positive and negative evidence, including projected future taxable income, prudent and feasible tax planning strategies and recent financial operations.

We account for uncertainty in income taxes recognized in the financial statements by applying a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination by the taxing authorities. If the tax position, is deemed more-likely-than-not to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the consolidated financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. To the extent we determine that such tax provisions will not be sustained, the provision for income taxes would include the effects of any resulting income tax reserves, or unrecognized tax benefits, that are considered appropriate as well as the related net interest and penalties.

Reclassifications

The December 31, 2023 consolidated balance sheet was reclassified from its previous presentation to conform to the current period's presentation. This reclassification consisted of reclassifying license fee payable separately on the consolidated balance sheet which was previously included in accounts payable and accrued expenses. This reclassification had no effect on total current liabilities or net income.

Recently Issued and Adopted Accounting Pronouncements

In December 2023 FASB issued Accounting Standards Update (ASU) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (ASU 2023-09). The ASU focuses on income tax disclosures around effective tax rates and cash income taxes paid. ASU 2023-09 requires public business entities to disclose, on an annual basis, a rate reconciliation presented in both dollars and percentages. The guidance requires the rate reconciliation to include specific categories and provides further guidance on disaggregation of those categories based on a quantitative threshold equal to 5% or more of the amount determined by multiplying pretax income (loss) from continuing operations by the applicable statutory rate. For entities reconciling to the US statutory rate of 21%, this would generally

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require disclosing any reconciling items that impact the rate by 1.05% or more. ASU 2023-09 is effective for public business entities for annual periods beginning after December 15, 2024 (calendar year 2025) and effective for all other business entities one year later. Entities should adopt this guidance on a prospective basis, though retrospective application is permitted. The adoption of ASU 2023-09 is expected to have a financial statement disclosure impact only and is not expected to have a material impact on the Company's consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting – Improvements to Reportable Segment Disclosures. The ASU will now require public entities to disclose its significant segment expenses categories and amounts for each reportable segment. Under the ASU, a significant segment expense is an expense that is:

- significant to the segment,
- regularly provided to or easily computed from information regularly provided to the chief operating decision maker (CODM), and
- included in the reported measure of segment, profit or loss.

The ASU is effective for public entities for fiscal years beginning after December 15, 2023 and interim periods in fiscal years beginning after December 15, 2024 (a calendar year public entity will adopt the ASU in its 2024 Form 10 K). The ASU should be adopted retrospectively unless it's impracticable to do so. Early adoption of the ASU is permitted, including in an interim period. The adoption of ASU 2023-07 is expected to have a financial statement disclosure impact only and is not expected to have a material impact on the Company's consolidated financial statements.

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. 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 - Short-Term Note Receivable

On September 10, 2024, the Company entered into a note purchase and security agreement with an unrelated medical device company that provides technology advances in biomaterials for the affordable advanced wound care market. As of September 30, 2024, the Company had provided a short-term note receivable of \$1,250,000 which bears interest at 10% per annum and matures in 12 months. The note receivable is secured by membership interests of the medical device company. As of September 30, 2024, the balance on the short-term loan receivable was \$1,250,000 which has been presented as a current asset on the consolidated balance sheet.

BioStem Technologies, Inc. and Subsidiaries
Condensed Notes to the Consolidated Financial Statements
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Note 4 - 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 materials, 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 period in which the need for an allowance is first identified. Such impairment charges are recorded within cost of goods sold. During the three and nine months ended September 30, 2024 and 2023, the Company did not record any such impairments.

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

	September 30, 2024	December 31, 2023
Raw Materials	\$ 315,403	\$ 69,473
Finished Goods	1,757,845	589,205
Total, net realizable value	\$ 2,073,248	\$ 658,678

Note 5 - 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

In September 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”) products. 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 products 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”).

BioStem Technologies, Inc. and Subsidiaries
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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 on the unaudited consolidated statement of operations.

During the three and nine months ended September 30, 2024, revenues earned from the shipment of AW2 under the distribution and services agreement were \$82,253,800 and \$197,812,300, respectively, and BFSF was \$64,144,123 and \$151,936,249, respectively, which is included in sales and marketing expenses on the unaudited consolidated statement of operations. During the three and nine months ended September 30, 2024, we incurred license fees for the AW2 products sold by the Distributor of \$3,246,150 and \$7,997,350, respectively, which are included in cost of goods sold on the unaudited consolidated statements of operations.

During the three and nine months ended September 30, 2023, revenues earned from the shipment of AW2 under the distribution and services agreement were \$2,620,800 and BFSF was \$1,749,668 which is included in sales and marketing expenses on the unaudited consolidated statement of operations. During the three and nine months ended September 30, 2023, we incurred license fees for the AW2 products sold by the Distributor of \$117,150 which are included in cost of goods sold on the unaudited consolidated statements of operations.

As of September 30, 2024 and December 31, 2023, accounts receivable due under this arrangement were \$80,768,354 and \$11,126,598, respectively, and amounts due to the Distributor for BFSF were \$62,993,743 and \$7,787,211, respectively, which has been presented as Bona Fide Services Fee payable on the consolidated balance sheets. The BFSF is paid upon the receipt of outstanding accounts receivable. As of September 30, 2024 and December 31, 2023, accrued license fees were \$3,209,325 and \$521,475, respectively.

Disaggregation of Revenue

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Membrane product net revenue	\$ 82,556,740	\$ 3,025,510	\$ 198,265,543	\$ 3,370,858
Cord product net revenue	-	474,246	687,406	1,773,401
Total net revenue	\$ 82,556,740	\$ 3,499,756	\$ 198,952,949	\$ 5,144,259

Contract Balances

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

	September 30, 2024	December 31, 2023
Accounts receivable, net	\$ 81,072,073	\$ 11,371,730
Contract liabilities	\$ -	\$ 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

BioStem Technologies, Inc. and Subsidiaries
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included in other current liabilities in the Company's unaudited consolidated balance sheets. The Company generally recognizes revenue from contract liabilities within the following fiscal year.

Accounts receivable, net are carried at the original invoice amount less an allowance for credit losses which is based upon historical loss patterns, the number of days that billings are past due, an evaluation of the potential risk of loss associated with delinquent accounts and current market conditions and reasonable and supportable forecasts of future economic conditions to form adjustments to historical loss patterns. Accounts receivable, net are considered impaired and written-off when it is probable that all contractual payments due will not be collected in accordance with the terms of the agreement. As a result of this analysis, the Company has reserved for estimated credit losses of \$223,166 and \$48,166 as of September 30, 2024 and December 31, 2023, respectively.

The activity to our estimate for credit losses related to our accounts receivable was as follows:

	September 30, 2024	December 31, 2023
Beginning balance	\$ 48,166	\$ 115,149
Credit loss provision	175,000	26,547
Write-offs	-	(93,530)
Ending balance	<u>\$ 223,166</u>	<u>\$ 48,166</u>

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.

Note 6 - 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.

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net income (loss) available to common shareholders (numerator)	<u>\$ 6,820,403</u>	<u>\$ (1,538,154)</u>	<u>\$ 16,363,823</u>	<u>\$ (7,973,268)</u>
Basic weighted-average number of common shares (denominator)	<u>16,324,482</u>	<u>13,497,502</u>	<u>16,312,517</u>	<u>13,112,918</u>
Basic earnings (loss) per common share	<u>\$ 0.42</u>	<u>\$ (0.11)</u>	<u>\$ 1.00</u>	<u>\$ (0.61)</u>
Weighted-average number of common shares	16,324,482	13,497,502	16,312,517	13,112,918
Potential shares of common stock arising from stock options, warrants, and unvested RSU's	4,804,714	-	4,458,772	-
Total shares-diluted (denominator)	<u>21,129,197</u>	<u>13,497,502</u>	<u>20,771,288</u>	<u>13,112,918</u>
Diluted earnings (loss) per common share	<u>\$ 0.32</u>	<u>\$ (0.11)</u>	<u>\$ 0.79</u>	<u>\$ (0.61)</u>
Anti-dilutive weighted shares excluded from the calculation of diluted loss per common share	<u>-</u>	<u>6,802,926</u>	<u>-</u>	<u>6,802,926</u>

Note 7 - Property, Equipment and Construction in Process

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The following table presents property, equipment, and construction in process as of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Building	\$ 433,448	\$ 433,448
Building improvements	1,043,643	694,134
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
Total Property and equipment	2,594,051	2,265,684
Less: Accumulated depreciation	(1,173,545)	(1,110,828)
Total Property and equipment, net	\$ 1,420,506	\$ 1,154,856
Construction-in-process	\$ 166,257	\$ 202,700

Depreciation expense was \$19,987 and \$22,995 for the three months ended September 30, 2024 and 2023, respectively. Depreciation expense was \$66,031 and \$78,725 for the nine months ended September 30, 2024 and 2023, respectively.

Note 8 – 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	5 years
Customer relationships	7 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 nine months ended September 30, 2024 or 2023.

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

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As of September 30, 2024			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intellectual property	\$ 152,000	\$ 74,095	\$ 77,905
Website & software development costs	225,907	95,165	130,742
Customer relationships	354,000	307,644	46,356
Total	<u>\$ 731,907</u>	<u>\$ 476,904</u>	<u>\$ 255,003</u>

As of December 31, 2023			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intellectual property	\$ 152,000	\$ 53,307	\$ 98,693
Website & software development costs	225,907	61,279	164,628
Customer relationships	354,000	269,717	84,283
Total	<u>\$ 731,907</u>	<u>\$ 384,303</u>	<u>\$ 347,604</u>

During each of the three months ended September 30, 2024 and 2023, amortization expense was \$30,867 and \$30,855, respectively. During each of the nine months ended September 30, 2024 and 2023, amortization expense was \$92,601 and \$89,100, respectively.

Future expected amortization expense of intangible assets is as follows:

Year Ending December 31,		
2024 (remaining)	\$	30,865
2025		104,372
2026		66,181
2027		50,085
2028		3,500
Total	<u>\$</u>	<u>255,003</u>

Note 9 – Notes Payable

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

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	<u>September 30, 2024</u>	<u>December 31, 2023</u>
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).	\$ 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 (1).	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 with an approximate net book value of \$337,000.	850,000	850,000
On April 30, 2020, the Company obtained a \$263,400 Paycheck Protection Program ("PPP") Term Note from a financial institution. 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. This was paid in full as of September 30, 2024	-	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, began 30 months from the promissory note or November 18, 2022. Interest accrues at an annual rate of 3.75%. Payments made through September 30, 2024 and December 31, 2023 have not exceeded accrued interest amounts.	150,000	150,000
The Company obtained three separate loans from the same lender and aggregate principal of \$284,719. The loans bore interest at a rate of 23.0% per annum. The Company was required to make minimum monthly payments of \$18,831. The loans matured at various times through August 2024. The loans were secured by the Company's receivables, inventory and other tangible and intangible assets. These loans were paid in full as of September 30, 2024.	-	80,748
On June 1, 2023, the Company issued a promissory note in the amount of \$750,000 with an interest rate of 12.0% per annum. Between July 1, 2023 and the maturity date of May 25, 2025, the Company is required to make minimum monthly payments of principal and interest of \$35,305 monthly. The Note is an unsecured obligation (2).	270,143	549,427
On September 13, 2023, the Company entered an \$279,800 financing arrangement with a lender. The financing was collateralized by a portion of the Company's outstanding accounts receivable. The Company was required to make 36 weekly payments of \$7,772. This was paid in full as of September 30, 2024 (3).	-	155,444
On September 14, 2023, the Company entered an \$278,000 financing arrangement with a lender. The financing was collateralized by a portion of the Company's outstanding accounts receivable. The Company was required to make 36 weekly payments of \$7,723. This was paid in full as of September 30, 2024 (3).	-	162,155
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. During the six months ended June 30, 2024, \$15,000 of principal and \$210 of accrued interest were converted to shares of common stock and the remaining principal balance of \$35,000 was paid in full on January 4, 2024.	-	50,000
Total notes payable	\$ 4,270,143	\$ 5,024,236
Less: unamortized discounts	(101,770)	(312,819)
Total notes payable	4,168,373	4,711,417
Less : current portion of notes payable	(4,018,373)	(4,445,782)
Notes payable-long-term	\$ 150,000	\$ 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. During the three and nine months ended September 30, 2024 interest expense consisted of \$101,125 and \$407,790 respectively. During the three and nine months ended September 30, 2023, interest expense consisted of \$161,617 and \$408,687, respectively.

⁽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 \$2.00 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%. During the nine months ended September 30, 2024 and 2023, the Company recognized amortization expense for this debt discount of \$114,493 and \$50,884 which is reflected in interest expense on the unaudited consolidated statements of operations. During the three months ended September 30, 2024 and 2023, the Company recognized amortization expense for this debt discount of \$38,164 and \$38,163 which is reflected in interest expense on the unaudited consolidated statements of operations. As of September 30, 2024 and December 31, 2023, the unamortized discount balance was \$101,770 and \$312,819, respectively.

⁽³⁾ These financing arrangements included an aggregate of \$173,800 of original issue discount which was reflected as a debt discount and netted with the applicable note payable balance. The debt discount was amortized into interest expense over the term of the notes payable. During the nine months ended September 30, 2024 and 2023, the Company recognized amortization expense for this debt discount of \$96,556 and \$0, respectively, which is reflected in interest expense on the unaudited consolidated statements of operations. During the three months ended September 30, 2024 and 2023, the Company recognized amortization expense on this debt discount of \$0 and \$19,311, respectively, which is reflected in interest expense on the unaudited consolidated statements of operations. As of September 30, 2024 and December 31, 2023, the unamortized discount balance was \$0 and \$96,556, respectively.

Future maturities required on the notes payable are as follows:

Year Ending December 31,	
2024 (remaining)	\$ 3,097,814
2025	1,022,329
2026	3,918
2027	4,068
2028	4,223
Thereafter	137,791
Total	4,270,143
Less: unamortized discounts	(101,770)
Total notes payable	<u>\$ 4,168,373</u>

Note 10 – Stockholders’ Equity (Deficit)

Series A-1 Convertible Preferred Shares

The Company has designated 300 shares of preferred stock with a par value of \$0.001 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.

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

Series B-1 Convertible Preferred Shares

The Company has designated 500,000 shares of preferred stock with a par value of \$0.001 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 and was not significant as of September 30, 2024 and December 31, 2023.

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

Common Stock Issuances

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

Nine months ended September 30, 2024

During the nine months ended September 30, 2024, the Company issued 2,878 shares of common stock for services with a market value of \$184,091 based on the market price of the Company's stock on the grant date.

During the nine months ended September 30, 2024, the Company converted \$15,210 of outstanding debt into 2,942 shares of common stock.

During the nine months ended September 30, 2024, the Company issued 175,001 shares of common stock for warrant exercises for approximately \$350,007.

During the nine months ended September 30, 2024, the Company agreed to repurchase and retired 117,359 shares of common stock for \$1.00 that had been previously issued to a service provider.

Nine months ended September 30, 2023

During the nine months ended September 30, 2023, the Company issued 196,748 shares of common stock for services with a market value of \$431,918 based on the market price of the Company's stock on the grant date.

During the nine months ended September 30, 2023, the Company converted \$252,357 of outstanding debt into 252,357 shares of common stock.

During the nine months ended September 30, 2023, the Company issued 296,333 shares of common stock for cash proceeds of approximately \$444,500.

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During the nine months ended September 30, 2023, the Company settled a legal matter by issuing an individual \$81,000 in cash, 200,000 shares of common stock, and 150,000 five-year common stock warrants with an exercise price of \$1.50. The fair value of the shares of common stock and warrants were estimated at \$639,500 based on quoted market prices for the common stock and a Black-Scholes pricing model for the warrants with the following assumptions: expected term of 5 years, risk free interest rate of 3.72% and volatility of 121.00%. The aggregate settlement amount of \$720,500 has been reflected as a component of general and administrative expenses in the three and nine months ended September 30, 2023.

In January 2023, the Company entered into a share exchange agreement with the noncontrolling interest holder of 10% of the Company's other controlled subsidiary, BSLS whereby the Company exchanged 500,000 shares of common stock for 100 shares of BSLS shares held by the noncontrolling interest.

Common Stock and Warrants for Services

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 common stock with a fair value of \$860,400 based on the market price of the Company's common stock on the grant date.

Further, the Company issued the service provider 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 was \$1,943,500 and will be recognized into expense over the term of the service provider's agreement. The following inputs were utilized in the Black-Scholes option pricing model to estimate the Warrant fair value: common stock price \$10.78, exercise price of \$4 - \$6, volatility of \$124.34%, and risk-free rate of 4.43%.

The initial value of the common stock and warrants have been reflected as an increase to additional paid in capital and prepaid expenses in the aggregate amount of \$2,803,900. The fair value of these stock-based payments will be amortized into expense over the service term of the agreement through December 2025. During the three and nine months ended September 30, 2024, the Company amortized \$435,216 and \$825,065, respectively, into expense which is classified within general and administrative expense on the unaudited consolidated statements of operations. As of September 30, 2024, the remaining unrecognized prepaid amount related to the common stock and warrants issued for services was \$1,978,835 of which \$1,590,375 has been classified within prepaid expenses and other assets and \$388,460 is classified within long-term other assets on the consolidated balance sheets.

Note 11 – Commitments and Contingencies

Operating Leases

On March 15, 2024, the Company entered into a thirty-eight (38) month lease for office space commencing April 1, 2024. On April 1, 2024, the Company occupied its new expanded office space in Fort Lauderdale, Florida and received the months of April and May rent free. Monthly lease payments are \$10,159, \$10,329 and \$10,504 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. Further, the Company executed a lease for office equipment which commenced April 2024 and requires monthly lease payments of \$1,029 through July 2027.

Upon the leases commencing, the Company recognized an operating right-of-use asset and operating lease liabilities of approximately \$340,000 for the present value of the lease payments required over the term of the lease using a weighted average incremental borrowing rate of 12%.

Right-of-use asset is summarized below:

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	September 30, 2024	December 31, 2023
Right -of-use assets	\$ 340,401	\$ -
Accumulated amortization	(45,300)	-
Right -of-use assets, net	<u>\$ 295,101</u>	<u>\$ -</u>

Operating lease liabilities are summarized below:

	September 30, 2024	December 31, 2023
Operating lease liabilities, current	\$ 103,083	\$ -
Operating lease liabilities, less current portion	208,338	-
Total operating lease liabilities	<u>\$ 311,421</u>	<u>\$ -</u>

Future payments required on the operating lease liabilities, over a weighted average remaining lease term of approximately 2.7 years, are as follows:

Year Ending	
2024 (remaining)	\$ 33,563
2025	135,444
2026	137,522
2027	59,724
Total	366,253
Less present value discount	(54,832)
Total operating lease liabilities	<u>\$ 311,421</u>

The following table summarizes the supplemental cash flow information for the nine months ended September 30, 2024 and 2023:

	September 30, 2024	December 31, 2023
Operating cash flows from lease liabilities	<u>\$ 45,780</u>	<u>\$ -</u>

During the three and nine months ended September 30, 2024, we incurred rent expense of approximately \$29,000 and \$59,000 in connection with the operating leases, respectively, included within general and administrative expenses on the unaudited consolidated statement of operations. During the three and nine months ended September 30, 2023, we did not have any leases subject to ASC 842 or leases with a term of less than twelve months.

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.

On September 23, 2024, GMA submitted a Demand for Arbitration to the American Arbitration Association relating to the repayment of the Notes in the amount of \$3,000,000 plus interest (see Note 9).

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Note 12 - Income Taxes

The Company is principally subject to taxation in the United States. The Company is in the process of conducting a section 382 study to determine if there are any Federal or State limitations on the Company's net operating loss carryovers. The income tax expense for the three and nine months ended September 30, 2024 was \$2,332,648 and \$5,831,272, respectively. As of September 30, 2024 and December 31, 2023, we had an income tax payable of \$5,831,272 and \$0, as presented on the unaudited consolidated balance sheet.

The income tax rate for the three and nine months ended September 30, 2024 was 25.5% and 26.3%, an increase from the U.S. statutory rate of 21% primarily due to the tax adjustments related to state income taxes, executive compensation, and other nondeductible expenses for the three and nine months ended September 30, 2024

Note 13 - Subsequent Events

The Company has evaluated all transactions and events after the balance sheet date through November 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 except for the following:

On October 8, 2024, the Company executed an amendment to the distribution and services agreement with their larger medical distributor (see Note 5) to expand the product lines that the Distributor will distribute on behalf of the Company.

On October 31, 2024, the Company issued 280,000 shares of stock in exchange for \$280,000 cash resulting from the exercise of stock options held by one optionee.

On November 1, 2024, the fourth Sustained Market Capitalization Target was met for the CEO and COO market-based stock option awards resulting in the vesting of an additional 900,000 option awards.