

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

BioStem Technologies, Inc.

2836 Center Port Circle, Pompano Beach, FL 33064

(954)-380-8342

www.biostemtech.com

info@biostemtech.com

SIC Code: 2836

Quarterly Report

For the Period Ending: September 30, 2022
(the "Reporting Period")

As of September 30, 2022, the number of shares outstanding of our Common Stock was:

12,124,169

As of June 30, 2022, the number of shares outstanding of our Common Stock was:

11,697,509

As of December 31, 2021, the number of shares outstanding of our Common Stock was:

9,744,180

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 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: ☒

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

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.

Yes: ☐ No: ☒

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

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

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

NA

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

NA

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

2836 Center Port Circle, Pompano Beach, FL 33064

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

Check box 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?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

NA

2) Security Information

Trading symbol: BSEM

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:	<u>975,000,000</u>	as of date: <u>September 30, 2022</u>
Total shares outstanding:	<u>12,124,169</u>	as of date: <u>September 30, 2022</u>
Number of shares in the Public Float ² :	<u>4,691,042</u>	as of date: <u>September 30, 2022</u>
Total number of shareholders of record:	<u>435</u>	as of date: <u>September 30, 2022</u>

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

Trading symbol:	<u>N/A</u>	
Exact title and class of securities outstanding:	<u>Preferred*</u>	
CUSIP:	<u>N/A</u>	
Par or stated value:	<u>.001</u>	
Preferred Stock Series A-1 Authorized:	<u>300</u>	as of date: <u>September 30, 2022</u>
Preferred Stock Series A-1 Outstanding:	<u>300</u>	as of date: <u>September 30, 2022</u>
Preferred Stock Series B-1 Authorized:	<u>500,000</u>	as of date: <u>September 30, 2022</u>
Preferred Stock Series B-1 Outstanding:	<u>5</u>	as of date: <u>September 30, 2022</u>

* The preferred stock is not publicly traded.

Transfer Agent

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

Is the Transfer Agent registered under the Exchange Act?³ Yes: ☒ No: ☐

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct 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

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

³ To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

Shares Outstanding as of Second Most Recent Fiscal Year End: <div>Opening Balance</div> <div>Date 12/31/20Common <u>9,083,929</u> Preferred A-1: <u>300</u> Preferred B-1: <u>5</u></div>			*Right-click the rows below and select "Insert" to add rows as needed.						
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 (entities must have individual with voting / investment control disclosed).	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.
1/11/21	New Issuance	10,000	Common	1.40	No	Mirtha Fonte	Compensation	Restricted	Rule 506c
3/15/21	New Issuance	22,223	Common	1.35	No	James Wurm	Compensation	Restricted	Rule 506c
3/18/21	New Issuance	191	Common	1.22	No	Brant Watson	Services	Restricted	Rule 506c
3/18/21	New Issuance	645	Common	1.49	No	Brant Watson	Services	Restricted	Rule 506c
3/18/21	New Issuance	671	Common	1.49	No	Brant Watson	Services	Restricted	Rule 506c
3/18/21	New Issuance	2,280	Common	1.40	No	Brant Watson	Services	Restricted	Rule 506c
3/18/21	New Issuance	645	Common	1.55	No	Brant Watson	Services	Restricted	Rule 506c
4/5/2021	New Issuance	1,049	Common	1.31	No	Finance and Strategic Consultants / Susan Weisman	Services Valued at \$1,049	Restricted	Rule 144
5/25/2021	New Issuance	50,000	Common	1.00	No	Otakima, LLC / Joseph Lombas	Stock Purchase 01	Restricted	506B
6/1/2021	New Issuance	50,000	Common	1.00	No	Wes De Souza	Stock Purchase 01	Restricted	506B
6/15/2021	New Issuance	5,357	Common	1.40	No	Imre Borsanyi CPA / Imre Borsanyi	Services Valued at \$7,500	Restricted	Rule 144
7/16/2021	New Issuance	780	Common	1.28	No	Shaun Opie	Services	Restricted	Rule 144
7/22/2021	New Issuance	780	Common	1.28	No	Physiomics Systems, LLC / Dan Shelly	Services	Restricted	Rule 144

7/22/2021	New Issuance	780	Common	1.28	No	Jefferey K Harrison	Services	Restricted	Rule 144
7/22/2021	New Issuance	682	Common	1.47	No	Shaun Opie	Services	Restricted	Rule 144
7/22/2021	New Issuance	682	Common	1.47	No	Physiomics Systems, LLC / Dan Shelly	Services	Restricted	Rule 144
7/22/2021	New Issuance	682	Common	1.47	No	Jeffrey K Harrison	Services	Restricted	Rule 144
7/20/2021	New Issuance	780	Common	1.28	No	Brant D. Watson Revocable Living Trust	Services	Restricted	Rule 144
7/23/2021	New Issuance	682	Common	1.47	No	Brant D. Watson Revocable Living Trust	Services	Restricted	Rule 144
7/23/2021	New Issuance	694	Common	1.44	No	Brant D. Watson Revocable Living Trust	Services	Restricted	Rule 144
7/23/2021	New Issuance	666	Common	1.50	No	Brant D. Watson Revocable Living Trust	Services	Restricted	Rule 144
7/23/2021	New Issuance	762	Common	1.31	No	Brant D. Watson Revocable Living Trust	Compensation	Restricted	Rule 144
09/01/2021	New Issuance	8,333	Common	1.14	No	Howard Gostfrand	Compensation	Restricted	Rule 144
9/15/2021	New Issuance	25,000	Common	1.00	No	Joushua J. Gooden	Purchased	Restricted	Rule 506B
10/1/2021	New Issuance	15,000	Common	1.00	No	James Wurm	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	10,000	Common	1.00	No	Shantil Hurkes	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	15,000	Common	1.00	No	Taylor Sabol	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	15,000	Common	1.00	No	Alexander Ruggieri	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	30,000	Common	1.00	No	Andrew Smith Van Vurst	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	30,000	Common	1.00	No	Christian Smith Van Vurst	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	10,000	Common	1.00	No	David Padgett	Compensation	Restricted	Rule 144

10/1/2021	New Issuance	10,000	Common	1.00	No	Grace Tran	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	30,000	Common	1.00	No	Jason Matuszewski	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	5,000	Common	1.00	No	Jennifer Delpiu	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	5,000	Common	1.00	No	Jennifer Rouse	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	15,000	Common	1.00	No	John Radtke	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	5,000	Common	1.00	No	Michael Fortunato	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	5,000	Common	1.00	No	Kaira Saunders	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	10,000	Common	1.00	No	Kevin White	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	15,000	Common	1.00	No	Thomas Sutera	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	10,000	Common	1.00	No	Zejun Luo Abrantes	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	8,333	Common	1.33	No	Howard Gostfrand	Compensation	Restricted	Rule 144
10/1/2021	New Issuance	5,000	Common	1.00	No	Wendy Weston	Compensation	Restricted	Rule 144
11/1/2021	New Issuance	8,333	Common	1.44	No	Howard Gostfrand	Compensation	Restricted	Rule 144
11/9/2021	New Issuance	24,324	Common	1.15	No	Alexander A. Ruggieri	Compensation	Restricted	Rule 144
12/1/2021	New Issuance	8,333	Common	1.06	No	Howard Gostfrand	Compensation	Restricted	Rule 144
12/20/2021	New Issuance	2,500	Common	1.05	No	Marie Joseph	Compensation	Restricted	Rule 144
12/21/2021	New Issuance	6,464	Common	1.08	No	Physiomics, Inc./ Dan Shelly	Services	Restricted	Rule 144
12/21/2021	New Issuance	6,464	Common	1.08	No	Jeffrey K. Harrison	Services	Restricted	Rule 144
12/21/2021	New Issuance	6,464	Common	1.08	No	Shaun Opie	Services	Restricted	Rule 144
12/21/2021	New Issuance	4,617	Common	1.08	No	Brant D. Watson Revocable Living Trust	Services	Restricted	Rule 144

12/23/2021	New Issuance	130,440	Common	2.00	No	Brent Young	Conversion	Restricted	Rule 144
01/01/2022	New Issuance	8,333	Common	1.04	No	Howard Gostfrand	Compensation	Restricted	Rule 144
01/20/2022	New Issuance	9,615	Common	1.04	No	Matt Wurm	Services	Restricted	Rule 144
1/27/2022	New Issuance	20,000	Common	1.04	No	Wendy Weston	Services	Restricted	Rule 144
2/1/2022	New Issuance	8,333	Common	1.10	No	Howard Gostfrand	Compensation	Restricted	Rule 144
3/1/2022	New Issuance	8,333	Common	1.20	No	Howard Gostfrand	Compensation	Restricted	Rule 144
03/22/2022	New Issuance	1,689	Common	1.18	No	Jeffrey Harrison	Services	Restricted	Rule 144
03/22/2022	New Issuance	1,689	Common	1.18	No	Shaun Opie	Services	Restricted	Rule 144
03/22/2022	New Issuance	1,689	Common	1.18	No	Physiomics, Inc. / Dan Shelly	Services	Restricted	Rule 144
03/22/2022	New Issuance	2,534	Common	1.18	No	Brant D. Watson Revocable Living Trust	Services	Restricted	Rule 144
03/29/2022	New Issuance	141,090	Common	.70	Yes	Ronald Stein	Conversion	Restricted	Rule 144
3/31/2022	New Issuance	550,631	Common	.70	Yes	Jason Matuszewski	Conversion	Restricted	Rule 144
3/31/2022	New Issuance	298,621	Common	.70	Yes	Henry Van Vurst	Conversion	Restricted	Rule 144
03/31/2022	New Issuance	339,286	Common	.70	Yes	John Radtke	Conversion	Restricted	Rule 144
3/31/2022	New Issuance	550,631	Common	.70	Yes	Andrew Van Vurst	Conversion	Restricted	Rule 144
4/1/2022	New Issuance	8,333	Common	1.70	No	Howard Gostfrand	Compensation	Restricted	Rule 144
4/4/2022	New Issuance	740	Common	1.35	No	Shaun Opie	Services	Restricted	Rule 144
4/4/2022	New Issuance	740	Common	1.35	No	Jeffrey K. Harrison	Services	Restricted	Rule 144
4/4/2022	New Issuance	740	Common	1.35	No	Physiomics, Inc. / Dan Shelly	Services	Restricted	Rule 144
4/4/2022	New Issuance	740	Common	1.35	No	Brant D. Watson Revocable Living Trust	Services	Restricted	Rule 144

4/6/2022	New Issuance	7,960	Common	1.25	No	ANTHONY L.G., PLLC (Laura Anthony, Esq.)	Services	Restricted	Rule 144
5/1/2022	New Issuance	8,333	Common	1.68	No	Howard Gostfrand	Compensation	Restricted	Rule 144
5/16/2022	New Issuance	633	Common	1.58	No	Shaun Opie	Services	Restricted	Rule 144
5/16/2022	New Issuance	633	Common	1.58	No	Physiomics, Inc. / Dan Shelly	Services	Restricted	Rule 144
5/16/2022	New Issuance	633	Common	1.58	No	Jeffrey Harrison	Services	Restricted	Rule 144
5/16/2022	New Issuance	633	Common	1.58	No	Brant D. Watson Revocable Living Trust	Services	Restricted	Rule 144
6/1/2022	New Issuance	8,333	Common	2.00	No	Howard Gostfrand	Compensation	Restricted	Rule 144
6/13/2022	New Issuance	505	Common	1.98	No	Jeffrey Harrison	Services	Restricted	Rule 144
6/13/2022	New Issuance	505	Common	1.98	No	Shaun Opie	Services	Restricted	Rule 144
6/13/2022	New Issuance	505	Common	1.98	No	Physiomics, Inc. / Dan Shelly	Services	Restricted	Rule 144
6/13/2022	New Issuance	505	Common	1.98	No	Brant D. Watson Revocable Living Trust	Services	Restricted	Rule 144
7/1/2022	New Issuance	522	Common	2.30	No	JEFFREY K HARRISON	Services	Restricted	Rule 144
7/1/2022	New Issuance	522	Common	2.30	No	SHAUN OPIE	Services	Restricted	Rule 144
7/1/2022	New Issuance	8,333	Common	2.30	No	HOWARD GOSTFRAND	Compensation	Restricted	Rule 144
7/1/2022	New Issuance	522	Common	2.30	No	BRANT D. WATSON REVOCABLE LIVING TRUST	Services	Restricted	Rule 144
7/1/2022	New Issuance	522	Common	2.30	No	PHYSIOMICS SYSTEMS, LLC	Services	Restricted	Rule 144
7/1/2022	New Issuance	8337	Common	2.30	No	HOWARD GOSTFRAND	Compensation	Restricted	Rule 144
7/29/2022	New Issuance	343,877	Common	2.30	No	HENRY W VAN VURST IV	Conversion	Restricted	Rule 144

8/1/2022	New Issuance	436	Common	2.80	No	JEFFREY K HARRISON	Services	Restricted	Rule 144
8/1/2022	New Issuance	436	Common	2.80	No	SHAUN OPIE	Services	Restricted	Rule 144
8/1/2022	New Issuance	436	Common	2.80	No	PHYSIOMICS SYSTEMS, LLC	Services	Restricted	Rule 144
8/1/2022	New Issuance	436	Common	2.80	No	BRANT D. WATSON REVOCABLE LIVING TRUST	Services	Restricted	Rule 144
8/10/2022	New Issuance	50.000	Common	2.80	No	MIRTHA FONTE-OKUNSKI	Purchased	Restricted	506B
9/1/2022	New Issuance	357	Common	3.20	No	JEFFREY K HARRISON	Services	Restricted	Rule 144
9/1/2022	New Issuance	357	Common	3.20	No	SHAUN OPIE	Services	Restricted	Rule 144
9/1/2022	New Issuance	357	Common	3.20	No	PHYSIOMICS SYSTEMS, LLC	Services	Restricted	Rule 144
9/1/2022	New Issuance	357	Common	3.20	No	BRANT D. WATSON REVOCABLE LIVING TRUST	Services	Restricted	Rule 144
9/7/2022	New Issuance	10853	Common	3.20	No	BRANDON POE	Compensation	Restricted	Rule 144
Shares Outstanding on Date of This Report:									
<u>Ending Balance:</u>									
Date <u>9/30/22</u>									
Common: <u>12,124,169</u>									
Preferred A-1: <u>300</u>									
Preferred B-1: 5									

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended June 30, 2021, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2019, through June 30, 2021, pursuant to the tabular format above.

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

NONE

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☐

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 (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
09/30/22		\$300,000	\$42,427	3/31/24	Converts at \$0.70 per share	Victor Matuszewski	Loan

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

4) Financial Statements

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

- ☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)⁴:

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

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance Sheet;
D. Statement of Income;
E. Statement of Cash Flows;
F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
G. Financial notes; and
H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

⁴ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

Financial statements for the period ended September 30, 2022 are incorporated by reference

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

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

BioStem Technologies is a leading innovator focused on harnessing the natural properties of perinatal tissue in the development, manufacture, and commercialization of allografts for regenerative therapies. The Company is focused on manufacturing products that change lives, leveraging its proprietary BioRetain® processing method. BioRetain® has been developed by applying the latest research in regenerative medicine, focused on maintaining growth factors and preserving tissue structure. BioStem Technologies' quality management system and standard operating procedures have been reviewed and accredited by the American Association of Tissue Banks ("AATB"). These systems and procedures are established per current Good Tissue Practices ("cGTP") and current Good Manufacturing Processes ("cGMP"). Our portfolio of quality brands includes VENDAJE®, VENDAJE AC, and VENDAJE OPTIC. Each BioStem Technologies placental allograft is processed at the Company's FDA registered and AATB accredited site in Pompano Beach, Florida.

B. Please list any subsidiaries, parents, or affiliated companies.

Blue Tech Industries Inc., dba BioStem Life Science, a Delaware corporation ("Life Sciences"), is focused on the development and manufacturing of high quality placental-based amniotic tissue products. The Company owns 90.0% interest of the subsidiary as of September 30, 2022, and December 31, 2021.

BioStem Wellness, Inc., a Florida corporation ("Wellness"). Wellness was owned 100% by the Company. Wellness was sold in the first quarter of 2021.

Nesvik Pharmaceuticals, Inc., a Delaware corporation ("Nesvik"), Nesvik is 100% owned by the Company. This subsidiary is inactive.

C. Describe the issuers' principal products or services.

The Company offers a comprehensive portfolio of high-quality brands that are trademarked and include, VENDAJE™, VENDAJE™ AC and VENDAJE™ OPTIC.

6) Issuer's Facilities

The goal of this section is to provide a potential investor 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, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have

complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The issuer owns its manufacturing and development Lab ("HQ") at 2836 Center Port Circle, Pompano Beach, FL 33064. On April 28, 2022, the Company refinanced the loan on HQ with an 8.5% *per annum* interest only note with a maturity date of May 1, 2024. Interest payments on the note are \$6,020.84 monthly which commenced June 1, 2022. Principal of \$850,000 is due on May 1, 2024.

The Company also leases various lab and office equipment with termination dates ranging from December 2022 through July 2025. Monthly payments on lab and office equipment range from \$250 to \$9,000

7) Company Insiders (Officers, Directors, and Control Persons)

The goal of this section is to provide an investor 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 shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% of more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own. **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 in the note section.**

Name of Officer/Director or Control Person	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	Note
<u>Jason Matuszewski</u>	<u>Officer, Director and 5% Stockholder</u>	<u>Boca Raton, FL</u>	<u>1,401,092</u> <u>100</u>	<u>Common</u> <u>Preferred A-1</u>	<u>11.56%</u> <u>33.33%</u>	
<u>Andrew VanVurst</u>	<u>Officer, Director and 5% Stockholder</u>	<u>Lighthouse Point, FL</u>	<u>1,709,648</u> <u>100</u>	<u>Common</u> <u>Preferred A-1</u>	<u>14.10%</u> <u>33.33%</u>	
<u>Henry VanVurst</u>	<u>Owner of more than 5%</u>	<u>Fort Lauderdale, FL</u>	<u>1,252,250</u> <u>100</u>	<u>Common</u> <u>Preferred A-1</u>	<u>10.33%</u> <u>33.33%</u>	
<u>GMA Bridge Holdings, LLC / Fred Schaner</u>	<u>Owner of more than 5%</u>	<u>Miami Lakes, FL</u>	<u>700,000</u>	<u>Common</u>	<u>5.77%</u>	

<u>Brandon Poe</u>	<u>Director <5%</u>	<u>San Diego, CA</u>	<u>10,853</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>	

8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. 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, or banking activities;

None

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

None

4. The entry 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

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 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

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: Laura Anthony, Esq

Firm: Anthony L.G., PLLC
Address 1: 625 Flagler Dr #600
Address 2: West Palm Beach, FL 33401
Phone: (800)341-2684
Email: lanthony@anthonypllc.com

Accountant or Auditor

Name: David Brooks
Firm: D. Brooks & Associates CPA
Address 1: 4440 PGA Boulevard, Suite 104
Address 2: Palm Beach Gardens, FL 33410
Phone: (561) 426-6225
Email: _____

Investor Relations

Name: Maxim Jacobs
Firm: Russo Partners, LLC
Address 1: 12 West 27th Street
Address 2: NY, NY 10001
Phone: (212) 845-4200
Email: _____

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) or consultant(s) or provided assistance or services to the issuer during the reporting period.

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

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 Matuszewski certify that:

1. I have reviewed this Quarterly Disclosure Statement of 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 15, 2022 [Date]

/s/ Jason 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 Quarterly Disclosure Statement of 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 15, 2022 [Date]

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

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

BioStem Technologies, Inc. and Subsidiaries

Consolidated Financial Statements

(Unaudited)

For the Nine Months Ended September 30, 2022

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BIOSTEM TECHNOLOGIES INC.
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2022 AND DECEMBER 31, 2021
(UNAUDITED)

	September 30, 2022	December 31, 2021
Current Assets		
Cash	\$ 1,041,453	\$ 340,333
Accounts receivable	216,855	300,137
Inventory, net	519,817	260,048
Prepaid expenses and other assets	154,872	38,083
Total current assets	<u>1,932,997</u>	<u>938,601</u>
Property, plant and equipment, net	1,338,704	1,245,363
Right-of-use asset, net	22,220	32,868
Intangible assets, net	358,109	210,048
Goodwill	244,635	244,635
Total assets	<u>3,896,665</u>	<u>2,671,515</u>
Current Liabilities		
Accounts payable and accrued expenses	\$ 361,593	\$ 647,258
Salaries payable	-	1,167,418
Accrued interest	1,404,865	1,301,670
Short-term finance lease	9,238	33,421
Notes payable-current	3,000,000	3,000,000
Other convertible notes payable	473,350	-
Other current liabilities	228,103	397,884
Total current liabilities	<u>5,477,149</u>	<u>6,547,651</u>
Long Term Liabilities		
Long-term finance lease	13,639	-
Related party notes payable	300,000	507,861
Notes payable-long-term	1,049,810	1,289,905
Other long-term liabilities	69,136	120,207
Total long term liabilities	<u>1,432,585</u>	<u>1,917,973</u>
Total liabilities	<u>6,909,734</u>	<u>8,465,624</u>
Comittments and contingencies (Note 14)		
Stockholders' Deficit		
Series A-1 convertible preferred stock, \$0.001 par value authorized, 300 shares; issued and outstanding, 300 shares as of September 30, 2022 and December 31, 2021.	-	-
Series B-1 convertible preferred stock, \$0.001 par value Authorized, 500,000 shares; issued and outstanding 5 shares as of September 30, 2022 and December 31, 2021.	-	-
Common stock, \$0.001 par value Authorized, 975,000,000 shares; issued and outstanding 12,124,169 shares and 9,744,180 shares as of September 30, 2022 and December 31, 2021.	12,087	9,744
Additional paid-in capital	29,121,237	24,022,487
Treasury stock	(43,346)	(43,346)
Accumulated deficit	(32,278,187)	(29,948,285)
Noncontrolling interest	175,140	165,291
Total Stockholders' deficit	<u>(3,013,069)</u>	<u>(5,794,109)</u>
Total liabilities and stockholders' deficit	<u>\$ 3,896,665</u>	<u>\$ 2,671,515</u>

See notes to the unaudited consolidated financial statements.

BIOSTEM TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three-months ended, September 30, 2022	Three-months ended, September 30, 2021	Nine-months ended, September 30, 2022	Nine-months ended, September 30, 2021
Net Revenue	\$ 1,145,755	\$ 1,313,103	\$ 6,082,116	\$ 3,121,787
Cost of goods sold	303,015	539,400	1,010,413	1,184,172
Gross profit	842,740	773,703	5,071,703	1,937,615
Operating Expenses:				
Compensation expense	1,782,715	1,245,995	5,539,342	2,119,556
Professional fees	276,815	130,677	623,844	341,647
General and administrative expenses	355,019	178,815	681,984	334,146
Depreciation and amortization expense	61,978	62,350	185,595	213,854
Total operating expenses	2,476,527	1,617,837	7,030,765	3,009,203
Loss from operations	(1,633,787)	(844,134)	(1,959,062)	(1,071,588)
Other Income (Expense):				
Gain on sale of subsidiary	-	32,035	-	33,925
Interest expense	(110,569)	(135,537)	(358,203)	(401,407)
Gain on forgiveness of loans	-	295,500	-	437,952
Other income, net	2,809	30,553	(2,888)	29,762
Total other income (expense), net	(107,760)	222,551	(361,091)	100,232
Net loss from operations before income taxes	(1,741,547)	(621,583)	(2,320,155)	(971,356)
Income taxes			-	-
Net loss	(1,741,547)	(621,583)	(2,320,155)	(971,356)
Less: Net (loss) income attributable to noncontrolling interest	(90,566)	41,078	9,849	36,015
Net loss attributable to BioStem Technologies, Inc.	\$ (1,650,981)	\$ (662,661)	\$ (2,330,004)	\$ (1,007,371)
Basic and diluted net loss per share attributable to common stockholders of BioStem Technologies, Inc.	\$ (0.14)	\$ (0.07)	\$ (0.21)	\$ (0.11)
Basic and diluted weighted average common shares outstanding	11,985,331	9,194,939	11,123,017	9,253,082

See notes to the unaudited consolidated financial statements.

BIOSTEM TECHNOLOGIES, INC. CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
NINE MONTHS ENDING SEPTEMBER 30, 2022
(UNAUDITED)

	Series A		Series B		Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Noncontrolling Interest	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2021	300	\$ -	5	\$ -	9,744,180	\$ 9,744	\$ 24,022,487	\$ (43,346)	\$ (29,948,285)	\$ 165,291	\$ (5,794,109)
Stock Based Compensation	-	-	-	-	-	-	315,702	-	-	-	315,702
Issuance of common stock for services	-	-	-	-	68,580	69	394,440	-	-	-	394,509
Issuance of common stock for cash	-	-	-	-	50,000	50	49,950	-	-	-	50,000
Conversion of debt and accrued interest to common stock	-	-	-	-	2,261,409	2,224	4,338,655	-	-	-	4,340,879
Net loss	-	-	-	-	-	-	-	-	(2,330,004)	9,849	(2,320,155)
Balance at September 30, 2022	300	\$ -	5	\$ -	12,124,169	\$ 12,087	\$ 29,121,237	\$ (43,346)	\$ (32,278,187)	\$ 175,140	\$ (3,013,069)

See notes to the unaudited consolidated financial statements.

BIOSTEM TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Nine Month Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (2,320,155)	\$ (971,356)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	106,146	133,695
Amortization expense	79,449	80,158
Stock-based compensation expense	2,693,685	410,134
Gain on sale of subsidiary	-	(33,925)
Issuance of common stock for services	710,212	355,362
Gain on forgiveness of loans	-	(469,394)
Change in operating assets and liabilities:		
Accounts receivable	83,282	(286,614)
Inventory	(259,769)	70,448
Prepaid expenses and other assets	(116,789)	(24,734)
Accounts payable and accrued liabilities	(285,663)	118,543
Accrued interest	242,084	246,472
Salaries payable	50,001	200,000
Other current liabilities	(220,852)	40,231
Net cash provided by (used in) operating activities	<u>761,632</u>	<u>(130,980)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of subsidiary	-	35,000
Purchases of property, plant and equipment	(199,487)	(36,195)
Purchases of internal-use software	(195,910)	-
Net cash used in investing activities	<u>(395,397)</u>	<u>(1,195)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PPP loan	-	295,500
Repayments on PPP loan	(14,009)	-
Borrowings on notes payable	850,000	-
Repayments on notes payable	(519,613)	(11,225)
Borrowings on finance leases	13,639	-
Repayments on finance leases	(45,135)	(30,523)
Issuance of common stock for cash	50,000	125,000
Net cash provided by financing activities	<u>334,882</u>	<u>378,752</u>
Cash, cash equivalents, and restricted cash:		
Net change during the year	701,120	246,577
Balance, beginning of year	340,333	100,199
Balance, end of year	<u>\$ 1,041,453</u>	<u>\$ 346,776</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for taxes	\$ -	\$ -
Cash paid for interest	<u>\$ 242,084</u>	<u>\$ 246,472</u>
SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Conversion of debt and accrued interest to shares of common stock	<u>\$ 429,290</u>	<u>\$ -</u>
Conversion of officers unpaid salary to common stock	<u>\$ 1,215,680</u>	<u>\$ -</u>

See notes to the unaudited consolidated financial statements.

BioStem Technologies, Inc.
Notes to the Consolidated Financial Statements
(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 to Florida on March 2, 2009. Caribbean Casino & Gaming Corporation further changed its name to Caribbean International Holdings, Inc. on January 7, 2013. On August 28, 2014, the Company changed its name to BioStem Technologies, Inc.

The Company’s fiscal year end is December 31.

COVID-19 pandemic

The coronavirus (COVID-19) pandemic around the world, and particularly in the United States, continues to present risks to the Company. While the COVID-19 pandemic has not materially adversely affected the Company’s financial results and business operations through September 30, 2022, the Company is unable to predict the impact that COVID-19 will have on its financial position and operating results because of the numerous uncertainties created by the unprecedented nature of the pandemic.

The Company is closely monitoring the evolving impact of the pandemic on all aspects of its business. The Company has implemented several measures designed to protect the health and safety of its employees, support its customers, and promote business continuity.

Note—2 Going Concern and Summary of Significant Accounting Policies

Going Concern

As reflected in the accompanying consolidated financial statements, the Company incurred net losses of (\$2,320,155) and (\$971,356) for the nine months ended September 2022, and 2021, respectively, and has an accumulated deficit and working capital deficit of (\$32,278,187) and (\$3,544,152) as of September 30, 2022, respectively. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

The ability of the Company to continue its operations is dependent on management’s plans, which includes the raising of capital through debt and/or equity markets, restructuring outstanding debt and additional funding from other traditional financing sources, including convertible debt and/or other term notes, until such time that funds provided by operations are sufficient to fund working capital requirements. The Company may need to incur liabilities with certain related parties to sustain the Company’s operations.

The Company will require additional funding to finance the growth of its current and expected future operations as well as to achieve its strategic objectives. The Company’s cash currently available, along with anticipated revenues, may not be sufficient to meet its cash needs for the near future. There can be no assurance that financing will be available in amounts or terms acceptable to the Company, if at all.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

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

Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The Company has two wholly owned, non-operating subsidiaries, Nesvik Pharmaceuticals, Inc., and BioStem Wellness, Inc. (sold in February 2021). The Company owns 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. The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”) and include the accounts of BioStem Technologies, Inc. and all its wholly owned and majority-owned entities. All intercompany transactions have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States, which is referred to as U.S. GAAP, and applicable rules and regulations of the Over-the-Counter Market (“OTC”) Market regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. As such, the information included in this quarterly report should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s audited financial statements for the year ended December 31, 2021, filed with the OTC on October 10, 2022.

The consolidated balance sheet as of December 31, 2021, included herein was derived from the audited financial statements as of that date but does not include all disclosures including notes required by U.S. GAAP.

The accompanying consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, changes in stockholders’ deficit and cash flows for the interim periods, but do not purport to be indicative of the results of operations or financial condition to be anticipated for the full year ending December 31, 2022. Prior period amounts have been reclassified to conform with the current period presentation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 net realizable value of accounts receivable and inventory, estimated useful lives and impairment of long-lived assets, the valuation of intangible assets, estimated fair value of share-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.

Notes to the Consolidated Financial Statements

(Unaudited)

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.

Summary of Significant Accounting Policies

The significant accounting policies applied in the Company's audited consolidated financial statements, as disclosed in its financial report filed with the OTC on October 10, 2022, are applied consistently in these unaudited interim consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

The Company has reviewed the accounting pronouncements issued during the nine months ended September 30, 2022, and concluded they were either not applicable or not expected to have a material impact on the Company's unaudited consolidated financial statements.

Note 3—Inventory

Inventory is stated at the lower of cost or estimated net realizable value. Inventory cost is determined by the first-in, first-out (FIFO) basis. Inventory costs include raw material, labor, operating overhead, 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 a valuation 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.

The table below presents the Company's inventory values, by category, as of:

	September 30, 2022	December 31, 2021
Raw Materials	\$ 120,489	\$ 28,576
Finish Goods	424,328	257,989
Total-gross value	544,817	285,048
Less: valuation allowance	(25,000)	(25,000)
Total-net realizable value	<u>\$ 519,817</u>	<u>\$ 260,048</u>

Note 4—Revenue Recognition

The Company records revenue from product sales in accordance with 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 cost are included as a component of revenue and are passed through to customers with an equal offsetting amount included in cost of goods sold.

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

This is when the Company has satisfied its performance obligations. 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.

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,	
	2022	2021	2022	2021
Pain management	\$ 850,022	\$ 529,557	\$ 2,430,584	\$ 1,718,866
Advanced wound care	295,733	783,546	3,651,532	1,402,921
Total net revenue	<u>\$ 1,145,755</u>	<u>\$ 1,313,103</u>	<u>\$ 6,082,116</u>	<u>\$ 3,121,787</u>

Contract Balances

The following table provides information about the Company's accounts receivables and contract liabilities from contracts with customers as of September 30, 2022, and December 31, 2021:

	September 30, 2022	December 31, 2021
Accounts receivable, net	<u>\$ 216,855</u>	<u>\$ 300,137</u>
Contract liabilities	<u>\$ 13,465</u>	<u>\$ 69,974</u>

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 and is included in other current liabilities in the Company's balance sheets. The Company generally recognizes revenue from contract liabilities within the following fiscal year.

Contract Costs

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

Note 5—Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of common shares outstanding for the period. Diluted net loss is computed by adjusting net loss to reallocate undistributed earnings based on the potential impact of dilutive securities, including 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.

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

The following potentially dilutive shares were excluded from the computation of diluted loss per share as including them would have been anti-dilutive:

	As of September 30,	
	2022	2021
Stock options	5,709,962	1,040,000
Stock warrants	590,956	540,956
Preferred stock	330	330
Total	6,303,270	1,583,307

Note 6—Property, Plant and Equipment, net

The following table presents property, plant, and equipment as of September 30, 2022, and December 31, 2021:

	September 30, 2022	December 31, 2021
Building	\$ 433,448	\$ 433,448
Building Improvements	688,394	676,239
Construction-in-Process	59,020	—
Land	75,000	75,000
Machinery and Equipment	930,334	809,032
Computer and Office Equipment	64,702	57,692
Furniture and Fixtures	68,066	68,066
Total property, plant, and equipment	2,318,964	2,119,477
Less: Accumulated Depreciation	(980,260)	(874,114)
Property, Plant and Equipment - Net	\$ 1,338,704	\$ 1,245,363

Depreciation expense was to \$106,146 and \$133,695 for the nine months ended September 30, 2022, and 2021, respectively.

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

Note 7—Intangible Assets Other Than Goodwill

The following table presents intangible assets other than goodwill as of September 30, 2022, and December 31, 2021:

	Gross Carrying Amount	As of September 30, 2022 Accumulated Amortization	Net Carrying Amount
Intellectual property	\$ 47,000	\$ 27,417	\$ 19,583
Customer base	354,000	206,500	147,500
Internal-use software development costs	195,911	4,885	191,026
Total	<u>\$ 596,911</u>	<u>\$ 238,802</u>	<u>\$ 358,109</u>

	Gross Carrying Amount	As of December 31, 2021 Accumulated Amortization	Net Carrying Amount
Intellectual Property	\$ 47,000	\$ 22,381	\$ 24,619
Customer Base	354,000	168,571	185,429
Total	<u>\$ 401,000</u>	<u>\$ 190,952</u>	<u>\$ 210,048</u>

The Company capitalized \$195,911 and \$0 of internal-use development costs during the nine months ended September 30, 2022, and 2021, respectively. Website development costs are amortized over an estimated useful life of five years.

During each of the nine months ended September 30, 2022, and 2021, amortization expense related to intangible assets was \$47,849 and \$42,964, respectively.

Note— 8 Notes Payable

The following table presents the carrying value of the Company's notes payable as of September 30, 2022, and December 31, 2021:

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

	As of September 30, 2022	As of December 31, 2021
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 February 2, 2018, the Company issued a Promissory Note and Mortgage to refinance an original mortgage that had matured in April 2017. Under the refinanced mortgage terms, the loan bore interest at 12 percent per annum, matured February 28, 2019, and required monthly payments of interest and real estate taxes. This loan was extended several times through April 2022 and was eventually refinanced on a long-term basis with the mortgage note entered on April 29, 2022 (see next line) ⁽²⁾	—	500,000
On April 29, 2022, the Company entered an \$850,000 mortgage note at 8.25 percent 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. The loan is secured by the corporate headquarters building.	850,000	—
On December 5, 2018, the Company issued a \$250,000 Promissory Note, which originally bore interest at a rate of 18 percent per annum and matured on August 30, 2019. In March 2020, the Promissory Note was amended, and the interest rate was reduced to 8 percent and the maturity date extended to March 5, 2022. The loan was extended again on March 24, 2022, and converted into shares of common stock on March 29, 2022 ⁽³⁾ .	—	102,735
On April 30, 2020, the Company obtained a \$263,400 Paycheck Protection Program (PPP) Term Note with PNC Bank. Loan was subject to forgiveness if certain criteria were met, if not, due in five years with 1% of interest. Payments were deferred for the first seven months of the loan. In 2021, \$193,354 of the note was forgiven and the remaining balance will be repaid.	49,810	63,820
On May 18, 2020, the Company obtained a \$150,000 Economic Injury Disaster Loan. Installment payments, including principal and interest, of \$731 monthly, will begin 30 months from the promissory note or November 18, 2022. Interest will accrue at an annual rate of 3.75%.	150,000	150,000
On May 17, 2019, a convertible note with original principal of \$400,000, was amended and restated to include in the principal unpaid interest to date of \$73,450 and require interest only payments of \$4,733.50 per month at a rate of 12 percent per annum with a maturity of June 1, 2022. The conversion option in the original promissory note was also eliminated.	—	473,350

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On March 31, 2022, the note was modified to extend the maturity date of the note to December 31, 2023, and to provide for the noteholder to convert this note into shares of the Company's common stock at a \$0.70 conversion price. See Note 10

Total	4,049,810	4,289,905
Less: current portion of notes payable	(3,000,000)	(3,000,000)
Notes payable-long-term	<u>\$ 1,049,810</u>	<u>\$ 1,289,905</u>

⁽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 totaling \$3.0 million and is in discussion with the lender to renegotiate the terms of these notes.

⁽²⁾ In March 2022, this mortgage was refinanced on a long-term basis with principal now due in 2024. Therefore, the principal outstanding has been reflected as a long-term liability as of September 30, 2022, and December 31, 2021.

⁽³⁾ These notes were amended in March 2022, to extend the maturity date to December 31, 2023. Therefore, the principal outstanding has been reflected as a long-term liability as of September 30, 2022, and December 31, 2021.

In addition to the above PPP loan, the Company received an additional \$295,500 under the PPP loan program in February 2021. The PPP loan proceeds were forgiven in their entirety in July 2021.

During the nine months ended September 30, 2022, and 2021, the Company recognized a total gain from PPP related loan forgiveness of \$0 and \$437,952, respectively, which is included in gain on forgiveness of loans in the accompanying unaudited consolidated statement of operations.

Note— 9 Related Party Notes Payable—Long-Term

The following table presents the carrying value of related party notes payable as of September 30, 2022, and December 31, 2021:

	As of September 30, 2022	As of December 31, 2021
On October 4, 2018, the Company issued a Promissory, to a shareholder and father of the Company's CEO, at an interest rate of 8 percent per annum and a maturity date of December 31, 2021. The note was amended on March 25, 2022 ⁽⁴⁾ .	\$ 250,000	\$ 250,000
On February 5, 2018, the Company issued a Promissory, to a shareholder and father of the Company's CEO at an interest rate of 8 percent per annum, with a maturity date of December 31, 2021. The note was amended on March 25, 2022 ⁽⁴⁾ .	50,000	50,000
Between September 2017 and July 2018, the Company issued various Promissory Notes to the Company's former CEO, at an interest rate of 8 percent per annum all with a maturity date of December 31, 2021. The note was amended on March 25, 2022 ⁽⁴⁾ . In July 2022, the former CEO of the Company converted his outstanding principal and interest due of \$240,714 under his convertible note into 343,877 shares of the Company's common stock at \$0.70 per share.	—	191,000
On July 12, 2018, the Company issued a promissory note to the Company's CEO for \$20,030, accruing interest at a rate of 8 percent per annum with maturity date of December 31, 2021. The note was extended on March 25, 2022 ⁽⁴⁾ . In May 2022, the Company repaid the note in full.	—	16,861
Total Related Party Notes Payable—Long-term	<u>\$ 300,000</u>	<u>\$ 507,861</u>

⁽⁴⁾ This note was amended on March 25, 2022, to extend the maturity date to December 31, 2023. Therefore, the principal outstanding has been reflected as a long-term liability as of September 30, 2022, and December 31, 2021.

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Note— 10 Convertible Notes Payable—Long-Term

The table below presents convertible notes payable as of September 30, 2022, and December 31, 2021:

	As of September 30, 2022	As of December 31, 2021
On May 17, 2019, a convertible note with original principal of \$400,000, was amended and restated to include in the principal unpaid interest to date of \$73,450 and require interest only payments of \$4,733.50 per month at a rate of 12 percent per annum with a maturity of June 1, 2022. The conversion option in the original promissory note was also eliminated.		
On March 31, 2022, the note was modified to extend the maturity date of the note to December 31, 2023, and to provide for the noteholder to convert this note into shares of the Company's common stock at a \$0.70 conversion price. ⁽⁵⁾	\$ 473,350	\$ —
Total Convertible Notes Payable	\$ 473,350	\$ —

⁽⁵⁾ This note was amended on March 25, 2022, to extend the maturity date to December 31, 2023. Therefore, the principal outstanding has been reflected as a long-term liability as of September 30, 2022, and December 31, 2021.

Total interest expense related to the various notes disclosed in Notes 8, 9, and 10 for the nine months ended September 30, 2022, and 2021 was \$351,809 and \$392,356, respectively.

Interest expense incurred on the related party notes payable for the nine months ended September 30, 2022, and 2021 was \$42,427 and \$135,468, respectively.

As of September 30, 2022, and December 31, 2021, accrued interest related to the notes is \$1,404,865 and \$1,301,670, respectively, of which, \$42,427 and \$145,625 of accrued interest relates to related party notes payable.

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Note—11 Other Long-Term Liabilities

Other current and long-term liabilities consist of settlements related to finance arrangements for equipment abandoned by the Company but for which there is an ongoing obligation. The table below presents the Company's other long-term liabilities as of September 30, 2022, and December 31, 2021:

	As of September 30, 2022	As of December 31, 2021
Equipment finance lease #1: The original agreement was dated September 12, 2018, for a total amount due of \$142,345. The Company was in default for non-payment as of December 31, 2020. The Company settled with the lender on July 15, 2021, for a total of \$105,000 to be paid as follows: (1) \$1,800 per month beginning July 16, 2021, through June 16, 2022; (2) payments of \$2,000 per month beginning July 16, 2022, through June 16, 2023; and (3) payments of \$2,475 per month from July 16, 2023, through June 16, 2025. As a result of the settlement, the Company recognized a gain on forgiveness of debt in the amount of \$24,130 because of the settlement	\$ 77,400	\$ 94,200
Equipment finance lease #2: The original agreement with one finance company dated September 2018 for a total amount due of \$130,621; stated interest rate of 11.9% to be repaid with 60 monthly payments of \$2,886.	45,134	65,982
Equipment finance lease #3: The original agreement with one finance company dated December 2018 for a total amount of \$43,837; stated interest rate of 12.26% to be repaid with 60 monthly payments of \$983.	13,605	20,825
Total	\$ 136,139	\$ 181,007
Less: current portion (included in other current liabilities)	(67,003)	(60,800)
Total-Other long-term liabilities	\$ 69,136	\$ 120,207

Note— 12 Finance Leases and Related Obligations

The Company leases certain specialized equipment under leases classified as finance leases. The equipment leases were entered into between April 2017 and April 2022 maturing between January 2022 and July 2025 and include bargain purchases options at the end of the leases. The Company's significant judgments include determining whether an arrangement is or contains a lease, the determination of the discount rate used to calculate the lease liability, and whether lease incentives are reasonably certain to occur in the initial measurement of the lease liability. Finance lease assets and lease liabilities are recognized at commencement date and initially measured based on the present value of lease payments over the defined lease term. Interest and amortization expense are recognized over the lease term using the effective interest method.

A contract is or contains an embedded lease if the contract meets all the below criteria:

- There is an identified asset
- The Company has the right to obtain substantially all the economic benefit of the asset; and
- The Company has the right to direct the use of the asset.

For initial measurement of the present value of lease payments and for subsequent measurement of lease modifications, the Company is required to use the rate implicit in the lease. The Company uses its incremental borrowing rate, which is a collateralized rate, for leases without a rate implicit in the lease. The application of the incremental borrowing rate is performed on a lease-by-lease basis and approximates the rate at which the Company could borrow, on a secured basis for a similar term, an amount equal to its lease payments in a similar economic environment. The weighted average interest rate for the Company's finance leases is 7.58%

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The following table summarizes the Company's finance lease assets and lease liabilities as of September 30, 2022, and December 31, 2021:

Balance Sheet Classification		As of September 30, 2022	As of December 31, 2021
Assets			
Finance-noncurrent	ROU asset, net	\$ 22,220	\$ 32,868
Liabilities			
Finance-current	Short-term finance lease	9,238	33,421
Finance-noncurrent	Long-term finance lease	13,639	—
Total lease liabilities		\$ 22,877	\$ 33,421

The following table shows the Company's future lease commitments due in each of the next five years and thereafter for finance leases:

Years Ended December 31,	Finance Lease Payments
2022	\$ 2,997
2023	10,238
2024	8,988
2025	4,494
2026	—
Total lease payments	26,717
Adjustment for discount to present value	(3,840)
Total	\$ 22,877

Note— 13 Stockholders' Deficit

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.

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As of September 30, 2022, and December 31, 2021, 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 as “Series B-1 Convertible Preferred Shares”.

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

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

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

As of September 30, 2022, and December 31, 2021, there are 5 shares of Series B-1 Convertible Preferred Shares outstanding.

Common Stock

The Company is authorized to issue 975,000,000 shares of common stock with a par value of \$0.001 per share as of September 30, 2022, and December 31, 2021.

During the nine months ended September 30, 2022, the Company completed private sales of 50,000 common stock units at \$1.00 per unit for gross proceeds of \$50,000. During the nine months ended September 30, 2021, the Company completed private sales of 125,000 common stock units at \$1.00 per unit for gross proceeds of \$125,000. Each unit consisted of one share of common stock and one common stock purchase warrant at an exercise price of \$2.00. The warrants have a five-year term.

Note— 14 Commitments and Contingencies

Legal Matters

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

Employment Agreements

The Company has employment contracts with its Chief Executive Officer and Chief Operating Officer are to receive a salary plus stock compensation and bonuses based on approval from the Board of Directors. Prior to March 2022, these executives had not received their full salaries. In March 2022, the Board of Directors approved that the Company convert unpaid salaries to 1,739,169 shares of the Company’s common stock. The unpaid portion is included in Salaries Payable on the consolidated balance sheets as of September 30, 2022, and December 31, 2021, totaling \$0,

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and \$1,167,418, respectively. Included in salaries payable is \$0 and \$243,995 owed to the Company's former CEO as of September 30, 2022, and December 31, 2021, respectively.

In July 2022, the Board of Directors approved and amended executive employment agreements for the Company's CEO and COO. Commencing July 15, 2022, the CEO and COO annual base salary is \$275,000 each. Additionally, the CEO and COO each are granted 2,250,000 options at an exercise price of \$2.00 with vesting of options based on Sustained Market Capitalization targets as follows:

Vesting Trigger	Number of Options Vested
On the date the Sustained Market Capitalization first equals or exceeds \$29,268,520	450,000
On the date the Sustained Market Capitalization first equals or exceeds \$58,537,040	450,000
On the date the Sustained Market Capitalization first equals or exceeds \$117,074,080	450,000
On the date the Sustained Market Capitalization first equals or exceeds \$175,611,120	450,000
On the date the Sustained Market Capitalization first equals or exceeds \$234,148,160	450,000

Sustained Market Capitalization is the average market capitalization for the 90 trading days immediately prior to the date of such determination. Upon vesting, the options may be exercised for up to 10 years after the date of grant.

401(k) Plan

In 2021, the Company began to offer the BioStem Inc. Employee 401(k), ("Retirement Plan"), a defined contribution plan. Under the Retirement Plan, eligible employees may defer a portion of their pretax salaries, but not more than the statutory limits. The Retirement Plan provides for a discretionary employer cash matching contribution. The Company plans to make matching cash contributions equal to 100% of employee contributions not exceeding 5%. The Company's total expense for planned matching contributions was immaterial for the nine months ended September 30, 2022, and 2021.

Note— 15 Subsequent Events

The Company has evaluated all transactions and events after the balance sheet date through November 15, 2022, the date on which these financials were available to be issued, and except as already included below, has determined that no additional disclosures are required.

On October 24, 2022, the Company's Board of Directors appointed the Controller of the Company as its Chief Financial Officer ("CFO"). Commencing October 24, 2022, the CFO's base salary is \$200,000 per year with increases, if any, to be approved by the Board of Directors. Additionally, on January 1, 2023, the Board of Directors approved a grant of 100,000 options to the CFO with a strike price set at the then quoted market price of the Company's common stock as quoted in the OTC. Lastly, upon consummation of an initial public offering ("IPO"), the Company's Board of Directors approved a grant of fully vested common stock, the number of shares equal to (i) \$75,000, divided by (ii) the offering price per share of the common stock in the IPO.