

BioStem Technologies, Inc.

Amendment to Annual Report for 12/31/2024 originally published through the OTC Disclosure & News Service on [04/14/2025](#)

Explanatory Note:

Unaudited Financials missing from previous report

***This coversheet was automatically generated by OTC Markets Group based on the information provided by the Company. OTC Markets Group has not reviewed the contents of this amendment and disclaims all responsibility for the information contained herein.*

BioStem Technologies, Inc.

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info@biostemtech.com

SIC Code: 2836

Annual Report

For the period ending December 31, 2024 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

16,653,876 as of December 31, 2024. *(Current 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 Control⁴ of the company has occurred during this reporting period:

Yes: ☐ No: ☒

⁴ "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.

- 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.

Current State and Date of Incorporation or Registration: Florida, August 28, 2014

Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

None

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

None

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

None

Address of the issuer's principal executive office:

2836 Center Port Circle, Pompano Beach, FL 33064

Address of the issuer's principal place of business:

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

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

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

2) Security Information

Transfer Agent

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

Publicly Quoted or Traded Securities:

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

Trading symbol:	<u>BSEM</u>	
Exact title and class of securities outstanding:	<u>COMMON</u>	
CUSIP:	<u>090684200</u>	
Par or stated value:	<u>\$0.001</u>	
Total shares authorized:	<u>975,000</u>	<u>as of date: December 31, 2024</u>
Total shares outstanding:	<u>16,653,876</u>	<u>as of date: December 31, 2024</u>
Total number of shareholders of record:	<u>310</u>	<u>as of date: December 31, 2024</u>

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

N/A

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 that do not have a trading symbol). 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:	<u>Series A-1 Preferred Stock</u>	
Par or stated value:	<u>No Par Value</u>	
Total shares authorized:	<u>300</u>	<u>as of date: December 31, 2024</u>
Total shares outstanding:	<u>300</u>	<u>as of date: December 31, 2024</u>
Total number of shareholders of record:	<u>3</u>	<u>as of date: December 31, 2024</u>

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

Exact title and class of the security:	<u>Series B-1 Preferred Stock</u>	
CUSIP (if applicable):	<u>NA</u>	
Par or stated value:	<u>No Par Value</u>	
Total shares authorized:	<u>500,000</u>	<u>as of date: December 31, 2024</u>
Total shares outstanding (if applicable):	<u>5</u>	<u>as of date: December 31, 2024</u>
Total number of shareholders of record (if applicable):	<u>1</u>	<u>as of date: December 31, 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: <u>Opening Balance</u> 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>			*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. *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 / LAURA ANTHONY	COMPENSATION FOR LEGAL SERVICES	RESTRICTED	RULE 4(a)(2)
2/2/2023	New Issuance	19,000	Common	1.5	No	OLYMPUS 3 ACQUISITIONS, LLC / CHRIS LEONE	COMPENSATION FOR MARKETING SERVICES	RESTRICTED	RULE 4(a)(2)
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 JTWS / EDWARD AND JULIE	STOCK ISSUED FOR CASH	RESTRICTED	RULE 4(a)(2)

						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 SHELLY	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 / CHRIS LEONE	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)
10/1/2024	New Issuance	100	Common	9.99	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)

10/1/2024	New Issuance	100	Common	9.99	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
10/1/2024	New Issuance	100	Common	9.99	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
10/30/2024	New Issuance	280,000	Common	1.00	No	ZAHALSKY INVESTMENT HOLDINGS / MICHAEL ZAHALSKY	Security Conversion	RESTRICTED	RULE 4(a)(2)
11/1/2024	New Issuance	77	Common	13.04	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
11/1/2024	New Issuance	77	Common	13.04	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
11/1/2024	New Issuance	77	Common	13.04	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
11/27/2024	New Issuance	3,400	Common	3.38	No	INDRANEEL S . BHATTACHARYA	Security Conversion	RESTRICTED	RULE 4(a)(2)
12/1/2024	New Issuance	58	Common	17.35	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
12/1/2024	New Issuance	58	Common	17.35	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
12/1/2024	New Issuance	58	Common	17.35	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
12/15/2024	New Issuance	8,469	Common	9.84	No	JASON MATUSZEWSKI	Stock for Services	RESTRICTED	RULE 4(a)(2)
12/15/2024	New Issuance	1,694	Common	9.84	No	BRANDON POE	Stock for Services	RESTRICTED	RULE 4(a)(2)
12/15/2024	New Issuance	7,622	Common	9.84	No	ANDREW SMITH-VAN VURST	Stock for Services	RESTRICTED	RULE 4(a)(2)
12/15/2024	New Issuance	1,694	Common	9.84	No	THOMAS J. DUGAN	Stock for Services	RESTRICTED	RULE 4(a)(2)
12/15/2024	New Issuance	1,694	Common	9.84	No	PATRICK DALY	Stock for Services	RESTRICTED	RULE 4(a)(2)
12/15/2024	New Issuance	1,694	Common	9.84	No	Kenneth Warrington	Stock for Services	RESTRICTED	RULE 4(a)(2)
12/15/2024	New Issuance	4,234	Common	9.84	No	SHAWN MCCARREY	Stock for Services	RESTRICTED	RULE 4(a)(2)

12/15/2024	New Issuance	4,234	Common	9.84	No	MICHAEL A FORTUNATO	Stock for Services	RESTRICTED	RULE 4(a)(2)
Shares Outstanding on Date of This Report:									
<u>Ending Balance</u>									
<u>Ending Balance:</u>									
Date <u>12/31/2024</u> Common: 16,653,876									
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 2024, 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, 2023 through December 31, 2024 pursuant to the tabular format above.

Any additional material details, including footnotes to the table are below:

NA

B. Convertible Debt

The following is a complete list of the Company's Convertible Debt which includes all promissory notes, convertible notes, convertible debentures, or any other debt instruments convertible into a class of the issuer's equity securities. The table includes all issued or outstanding convertible debt at any time during the last complete fiscal year and any interim period between the last fiscal year end and the date of this Certification.

☒ Check this box to confirm the Company had no Convertible Debt issued or outstanding at any point during this period.

Date of Note Issuance	Principal Amount at Issuance (\$)	Outstanding Balance (\$) (include accrued interest)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	# Shares Converted to Date	# of Potential Shares to be Issued Upon Conversion ⁵	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Total Outstanding Balance: N/A

Total Shares: N/A

N/A

Any additional material details, including footnotes to the table are below:

N/A

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.

⁵ The total number of shares that can be issued upon full conversion of the Outstanding Balance. The number should not factor any "blockers" or limitations on the percentage of outstanding shares that can be owned by the Noteholder at a particular time. For purposes of this calculation, please use the current market pricing (e.g. most recent closing price, bid, etc.) of the security if conversion is based on a variable market rate.

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.

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.

On March 15, 2024, the Company entered into a thirty-eight month lease for office space commencing on April 1, 2024. The Company occupied its new expanded office space in Fort Lauderdale, Florida.

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.

Individual Name (First, Last) or Entity Name (Include names of control person(s) if a corporate entity)	Position/Company Affiliation (ex: CEO, 5% Control person)	City and State (Include Country if outside U.S.)	Number of Shares Owned (List common, preferred, warrants and options separately)	Class of Shares Owned	Percentage of Class of Shares Owned (undiluted)
<u>Jason Matuszewski</u>	<u>Officer, Director and Greater than 5% Stockholder</u>	<u>Boca Raton, FL</u>	<u>1,155,800</u> <u>100</u> <u>2,250,000</u>	<u>Common</u> <u>Preferred A-1</u> <u>Fully Vested Common Stock Options</u>	<u>6.92%</u> <u>33.33%</u>
<u>Andrew VanVurst</u>	<u>Officer, Director and Greater than 5% Stockholder</u>	<u>Lighthouse Point, FL</u>	<u>1,446,205</u> <u>100</u> <u>2,250,000</u>	<u>Common</u> <u>Preferred A-1</u> <u>Vested Common Stock Options</u>	<u>8.66%</u> <u>33.33%</u>
<u>Henry VanVurst</u>	<u>Greater than 5% Stockholder</u>	<u>Fort Lauderdale, FL</u>	<u>1,245,679</u> <u>100</u>	<u>Common</u> <u>Preferred A-1</u>	<u>7.46%</u> <u>33.33%</u>
<u>Michael Fortunato</u>	<u>Officer and Director</u>	<u>Pittsburgh, PA</u>	<u>38,468</u> <u>249,996</u>	<u>Common</u> <u>Fully Vested Common Stock Options</u>	<u><1%</u>
<u>Brandon Poe</u>	<u>Director <5%</u>	<u>San Diego, CA</u>	<u>37,266</u>	<u>Common</u>	<u><1%</u>
<u>Kenneth Warrington</u>	<u>Director <5%</u>	<u>Gainesville, FL</u>	<u>3,388</u>	<u>Fully Vested Common Stock Options</u>	<u><1%</u>
<u>Patrick Daly</u>	<u>Director <5%</u>	<u>Raleigh, NC</u>	<u>11,377</u>	<u>Common</u>	<u><1%</u>

<u>Thomas Dugan</u>	<u>Director <5%</u>	<u>Ponte Vedra Beach, FL</u>	<u>15,780</u>	<u>Common</u>	<u><1%</u>
<u>Michael Dietzen</u>	<u>Owner >5%</u>	<u>Fort Lauderdale, FL</u>	<u>1,000,000</u>	<u>Common</u>	<u>5.99%</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

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: N/A
LinkedIn: X [BSEM LinkedIn Page](#)
Facebook: N/A
[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: N/A
Firm: N/A
Nature of Services: N/A
Address 1: N/A
Address 2: N/A
Phone: N/A
Email: N/A

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 Fortunato, CPA
Title: CFO
Relationship to Issuer: Officer

Describe the qualifications of the person or persons who prepared the financial statements:⁶ : 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.

⁶ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

- 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.

April 14, 2025

/s/ Jason Matuszewski [CEO's Signature]

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.

April 14, 2025

/s/ Michael Fortunato [CFO's Signature]



BIOSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

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	December 31, 2024	December 31, 2023
Current Assets		
Cash and cash equivalents	\$ 22,832,706	\$ 239,406
Accounts receivable, net	104,980,085	11,371,730
Inventory	1,824,001	658,678
Short-term loan receivable	1,250,000	-
Prepaid expenses and other assets	2,874,317	329,239
Total current assets	133,761,109	12,599,053
Long-Term Assets		
Property and equipment, net	1,504,578	1,154,856
Construction-in-process	190,422	202,700
Right-of-use asset, net	271,214	11,443
Intangible assets, net	224,137	347,604
Goodwill	244,635	244,635
Deferred tax assets	4,179,632	-
Total assets	\$ 140,375,727	\$ 14,560,291
Current Liabilities		
Accounts payable and accrued expenses	\$ 5,289,787	\$ 870,236
License fees payable (Note 2)	2,359,575	521,475
Bona fide services fee payable (Note 2)	81,873,058	7,787,211
Income tax payable	2,908,730	-
Accrued interest	1,962,983	1,697,787
Short-term finance lease	-	8,988
Operating lease liabilities	106,722	-
Notes payable, net of discount	3,957,744	4,445,782
Other current liabilities	711,361	289,409
Total current liabilities	99,169,960	15,620,888
Long-Term Liabilities		
Operating lease liabilities, less current portion	180,235	-
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	330,235	283,779
Total liabilities	99,500,195	15,904,667
Commitments and contingencies (Note 8)		
Stockholders' Equity (Deficit)		
Series A-1 convertible preferred stock, \$0.001 par value authorized, 300 shares; issued and outstanding, 300 shares as of December 31, 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 December 31, 2024 and December 31, 2023.	-	-
Common stock, \$0.001 par value authorized, 975,000,000 shares issued and outstanding 16,661,482 and 16,214,390 shares as of December 31, 2024 and December 31, 2023, respectively.	16,662	16,215
Additional paid-in capital	54,642,012	44,306,872
Treasury stock, 18,000 shares at cost	(43,346)	(43,346)
Accumulated deficit	(13,739,796)	(45,624,117)
Total stockholders' equity (deficit)	40,875,532	(1,344,376)
Total liabilities and stockholders' equity	\$ 140,375,727	\$ 14,560,291

See the Notes to Consolidated Financial Statements.

BioStem Technologies, Inc. and Subsidiaries
Consolidated Statements of Operations

	Years Ended	
	December 31, 2024	December 31, 2023
Revenue, net	\$ 301,827,302	\$ 16,685,405
Cost of goods sold	13,745,825	1,260,558
Gross profit	288,081,477	15,424,847
Operating Expenses:		
Sales and marketing expenses	236,058,090	11,986,385
General and administrative expenses	18,690,414	10,646,421
Research and development expenses	1,911,031	341,996
Depreciation and amortization expense	221,301	229,014
Total operating expenses	256,880,836	23,203,816
Income (loss) from operations	31,200,641	(7,778,969)
Other income (expense):		
Interest expense, net	(587,222)	(700,326)
Other expense	-	(3,689)
Other income (expense), net	(587,222)	(704,015)
Total Income (loss) from operations before income taxes	30,613,419	(8,482,984)
Income tax benefit	1,270,902	-
Net Income (loss)	\$ 31,884,321	\$ (8,482,984)
Basic net income (loss) per share attributable to common stockholders	\$ 1.95	\$ (0.62)
Diluted net income (loss) per share attributable to common stockholders	\$ 1.47	\$ (0.62)
Basic weighted average common shares outstanding	16,368,429	13,748,035
Diluted weighted average common shares outstanding	21,698,384	13,748,035

See the Notes to Consolidated Financial Statements.

BioStem Technologies, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity (Deficit)
For the Years Ended December 31, 2024, and 2023

	Series A-1		Series B-1		Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Noncontrolling Interest	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount					
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	-	-	-	-	-	-	5,755,856	-	-	-	5,755,856
Issuance of common stock for services	-	-	-	-	312,112	312	913,948	-	-	-	914,260
Issuance of common stock for cash	-	-	-	-	1,586,333	1,586	2,377,914	-	-	-	2,379,500
Conversion of debt and accrued interest to common stock	-	-	-	-	1,454,898	1,455	1,092,679	-	-	-	1,094,134
Issuance of shares for repurchase 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	-	-	-	-	-	-	-	-	(8,482,984)	-	(8,482,984)
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	-	-	-	-	-	-	6,297,062	-	-	-	6,297,062
Stock based compensation-restricted common stock	-	-	-	-	31,335	31	366,591	-	-	-	366,622
Issuance of common stock for services	-	-	-	-	11,773	12	210,165	-	-	-	210,177
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 for cash received on option exercises	-	-	-	-	283,400	283	292,327	-	-	-	292,610
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	-	-	-	-	-	-	-	-	31,884,321	-	31,884,321
Balance as of December 31, 2024	300	\$ -	5	\$ -	16,661,482	\$ 16,662	\$ 54,642,012	\$ (43,346)	\$ (13,739,796)	\$ -	\$ 40,875,532

See the Notes to Consolidated Financial Statements.

BioStem Technologies, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 31,884,321	\$ (8,482,984)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation expense	89,125	100,668
Amortization expense	132,176	128,356
Amortization of debt discount	248,655	166,291
Amortization of right-of-use asset	71,921	-
Stock-based compensation expense - stock options and restricted stock	6,663,684	5,755,856
Issuance of common stock for services	210,177	914,260
Stock and warrants issued for legal settlement	-	639,500
Amortization of prepaid expenses paid with common stock and warrant	1,192,105	-
Provision for credit losses	175,000	-
Deferred tax benefit	(4,179,632)	-
Changes in operating assets and liabilities:		
Accounts receivable	(93,783,355)	(11,334,524)
Inventory	(1,165,323)	(263,450)
Prepaid expenses and other assets	(933,283)	(47,308)
Accounts payable and accrued expenses	4,419,551	300,095
License fees payable	1,838,100	521,475
Bona fide service fee payable	74,085,847	7,787,211
Income tax payable	2,908,730	-
Accrued interest	265,196	290,150
Other liabilities	407,102	25,444
Operating lease liabilities	(53,444)	-
Net cash provided by (used in) provided by operating activities	24,476,653	(3,498,960)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment and construction-in- process	(426,569)	(105,330)
Purchase of intangible assets (see Note 4)	-	(105,000)
Short-term advance provided	(1,250,000)	-
Net cash used in investing activities	(1,676,569)	(210,330)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on notes payable	-	1,568,719
Repayments on notes payable	(837,118)	(763,398)
Repayments on finance leases	(12,282)	(8,261)
Issuance of common stock for warrant and option exercises	642,617	2,379,500
Common stock repurchased	(1)	-
Net cash (used in) provided by financing activities	(206,784)	3,176,560
Cash and cash equivalents:		
Net change during the year	22,593,300	(532,730)
Balance, beginning of year	239,406	772,136
Balance, end of year	\$ 22,832,706	\$ 239,406
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for taxes	\$ -	\$ -
Cash paid for interest	\$ 136,922	\$ 480,960
SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Construction-in-process transferred to property and equipment	\$ 202,700	\$ -
Conversion of debt and accrued interest to shares of common stock	\$ 15,210	\$ 1,094,134
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

See the Notes to Consolidated Financial Statements.

BioStem Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

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

Going Concern

In the prior fiscal year ended December 31, 2023, the Company’s financial statements included a going concern uncertainty disclosure due to substantial doubt about its ability to continue as a going concern, as disclosed in Note 2 in the 2023 Audited Financial Statements.

During the current fiscal year, the Company improved operating performance due mainly from an increase in net revenue and have a working capital surplus of \$34,591,149, and generated net income of \$31,884,321, which led to changing from a new shareholders’ deficit to a positive net shareholders’ equity as of December 31, 2024.

As a result of these developments, management has concluded that the condition which gave rise to the substantial doubt about the Company’s ability to continue as a going concern within one year of the date the financial statements are issued no longer exists. Accordingly, the accompanying financial statements do not include a going concern uncertainty disclosure.

Additionally, the independent registered public accounting firm’s audit opinion for the fiscal year ended December 31, 2024 does not contain an explanatory paragraph related to the going concern uncertainty.

Basis of Presentation and Consolidation

The consolidated statements of the Company are presented in United States dollars and have been prepared in accordance with financial accounting principles generally accepted in the United States of America (“U.S. GAAP”), and include the accounts of BioStem Technologies, Inc. and its wholly-owned subsidiaries, BioStem Life Sciences, Inc. and Nesvik Pharmaceuticals, Inc., which is currently inactive. 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. 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.

Use of Estimates

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

BioStem Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

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 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 risks and uncertainties including financial, operational, regulatory, and other risks including the potential risk of business failure.

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

Cash and Cash Equivalents

The Company considers cash and cash equivalents to include all stable, highly liquid investments with maturities, when acquired, of three months or less.

Concentrations of Risks

Financial instruments that subject the Company to concentration of risk consist primarily of cash and cash equivalents. The Company maintains its cash balances with large, high-credit quality financial institutions and, at times, such deposits may be more than federally insured limits. The Company's cash and cash equivalents consist of highly liquid investment accounts invested in U.S. Government backed securities. The Company has not experienced any losses on its deposits.

For the years ended December 31, 2024 and 2023, the Company generated approximately 100% and 82%, respectively, of its consolidated revenue from one customer. This same customer accounted for approximately 100% and 98% of the accounts receivable as of December 31, 2024 and 2023, respectively.

Accounts Receivable, net

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 the analysis, the Company has reserved for estimated credit losses of \$223,166 and \$48,166 as of December 31, 2024 and 2023, respectively.

Activity related to the Company's allowance for credit losses during the years ended December 31, 2024 and 2023 was as follows:

BioStem Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

	2024	2023
Allowance for credit losses, beginning balance	\$ 48,166	\$ 115,149
Credit loss provision	176,307	26,547
Write-offs	(1,307)	(93,530)
Allowance for credit losses, ending balance	\$ 223,166	\$ 48,166

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. As of December 31, 2024 and 2023, no valuation allowance was recognized.

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

	2024	2023
Raw Materials	\$ 176,218	\$ 69,473
Finished Goods	1,647,783	589,205
Total-gross value	1,824,001	658,678

Property and Equipment and Construction-in-Process

Property and equipment (“PP&E”) consists of land, building and building improvements, machinery and equipment, computer and office equipment, furniture and fixtures. The Company separately presents construction-in-process (“CIP”) on the consolidated balance sheets. CIP is related to the construction or development of PP&E that has yet to be placed into service for its intended use. Land and assets held as CIP are not depreciated.

PP&E is stated at cost, less accumulated depreciation. Depreciation expense commences once a PP&E asset is ready for its intended use and is computed using the straight-line method based on the estimated useful lives of the related assets as follows:

Category	Estimated Useful Life
Land	Infinite (not depreciated)
Building and Building Improvements	3-39 years
Machinery and Equipment	3-7 years
Computer and Office Equipment	3 years
Furniture and Fixtures	5-7 years
Construction-in-Process	Not depreciated until placed into service

The useful lives of PP&E are determined when those assets are initially recognized. The useful lives in the table above represents the best estimate of the useful lives based on current facts and circumstances but may differ from the actual useful lives due to changes to business operations, changes in the planned use of assets, and technological advancements if and when management determines a change in the estimated useful life assumption for any asset, the remaining carrying amount of the asset is accounted for prospectively and depreciated or amortized over the revised estimated useful life.

Repair and maintenance costs are charged to expenses as incurred. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the consolidated financial statements.

BioStem Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

Goodwill, Acquired Intangible Assets, and Other Long-Lived Assets

Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the identifiable assets acquired and liabilities assumed. Goodwill is not amortized but is tested for impairment at least annually (as of December 31), or more frequently if events or circumstances indicate the carrying value may no longer be recoverable and that an impairment loss may have occurred. Circumstances that could trigger an impairment test include, but are not limited to, a significant adverse change in the business climate or legal factors, an adverse action or assessment by a regulator, or unanticipated competition. The Company operates as one segment, which is the sole reporting unit, and therefore goodwill is tested for impairment at the consolidated level.

If the fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is not impaired. If the carrying value of the reporting unit, including goodwill, exceeds its fair value, a goodwill impairment loss is recognized in an amount equal to that excess. As of December 31, 2024 and 2023, the results of management's goodwill impairment test did not result in any impairment charges as fair value of the one reporting unit exceeded carrying value.

Acquired Intangible Assets

The Company's intangible assets were acquired in business combinations and were 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.

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

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

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

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 years ended December 31, 2024 and 2023, respectively.

Long-Lived Assets

Long-lived assets consist primarily of PP&E, CIP and intangible assets with finite lives. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Factors that the Company considers in deciding when to perform an impairment review include, but not limited to, significant underperformance of the business in relation to expectations, significant negative industry or economic trends and significant changes or planned changes in the use of the assets. When such an event occurs, the Company determines whether there has been impairment by comparing the anticipated undiscounted future net cash flows to the related asset group's carrying value. If an asset is determined to be impaired, the asset is written down to fair value, which is determined based either on discounted cash flows or appraised value, depending on the nature of the asset. The Company did not record any impairment of other long-lived assets during the years ended December 31, 2024 and 2023.

BioStem Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

Advertising Expenses

The Company expenses advertising costs as incurred. The Company incurred \$491,596 and \$198,168 in advertising expenses for the years ended December 31, 2024 and 2023, respectively, which are included as part of general and administrative expenses within the statements of operations.

Research and Development Costs

Research and development costs include personnel costs for the Company's research and development personnel, expenses related to improvements to the manufacturing process, enhancements to the Company's currently available products, the costs of clinical trials and additional investments in the product and platform development pipeline. The Company expenses research and development costs as incurred. Research and development costs were \$1,911,031 and \$341,996 for the years ended December 31, 2024 and 2023, respectively, as presented on the consolidated statements of operations.

Leases

The Company accounts for leases by applying ASU No. 2016-02, *Leases* ("ASC 842"). The Company elected to not to apply ASC 842 to arrangements with lease terms of 12 months or less.

In accordance with ASC 842, the Company determines if an arrangement is or contains a lease at inception or modification of the arrangement. An arrangement is, or contains a lease, if there are identified assets and the right to control the use of the assets is conveyed to the Company over a period in exchange for consideration. Control over the use of the identified asset means the Company has both the right to obtain substantially all the economic benefits from the use of the asset and the right to direct the use of the asset.

Lease right-of-use (ROU) assets and operating 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. In the absence of a readily determinable interest implicitly stated interest rate, the Company discounts the expected future lease payments using an incremental borrowing rate at the lease commencement date.

Lease terms include optional renewal periods when it's reasonably certain on the commencement date that such option will be exercised. See Note 8, Commitments and Contingencies for further operating lease-related disclosures.

Stock Based Compensation – Employees and Non-Employees

The Company accounts for stock options with service-based conditions and market-based conditions and restricted stock units ("RSU's") to employees and directors, based on their estimated fair value on the date of grant. The fair value and derived service period of stock options with market based vesting conditions is estimated using the Monte Carlo valuation model. The fair value of each service-based stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company has limited public float and lacks Company-specific historical and implied volatility information for its stock. Therefore, the Company estimates its expected stock price volatility based on the historical volatility of publicly traded peer companies and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded stock price. The expected term of the Company's stock options has been determined utilizing the simplified method for awards that qualify as "plain-vanilla" options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. The expected dividend yield is zero since the Company has never paid cash dividends on its common stock and does not expect to pay any cash dividends in the foreseeable future.

Stock-based compensation expense associated with market-based stock options is recognized over the derived service period estimated using the Monte Carlo valuation method. In the event the market conditions are met, the expense is accelerated for any remaining, unvested expense. Stock-based compensation associated with service-based stock options is recognized on a straight-line basis over the vesting term.

BioStem Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

The fair value of RSUs is based on the trading price of the Company's stock on the date of grant. The Company recognizes stock-based compensation expense for RSUs on a straight-line basis over the vesting term.

The Company accounts for forfeitures as they occur.

Revenue Recognition

The Company records revenue from product sales in accordance with Accounting Standards Update ("ASU") 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 and 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") product. The Company licenses the rights to manufacture and commercialize AW2 from an unrelated party and in conjunction with the licensing arrangement, pays a per square centimeter license fee for all AW2 products sold by the Distributor. In October 2024, the Company executed an amendment to the D&S Agreement to expand the product lines that the Distributor will distribute on behalf of the Company and beginning in the fourth quarter of 2024, includes VendajeAC ("VAC"). No licensing fees are due on VAC as the Company owns the right to manufacture and commercialize VAC.

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

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

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

During the years ended December 31, 2024 and 2023, revenues earned from the shipment of AW2 under the distribution and services agreement were \$ 254,673,400 and \$13,625,947. During the year ended December 31, 2024, revenues earned from the shipment of VAC under the distribution and services agreement was \$46,001,250. There were no revenues earned from the shipment of VAC for the year ended December 31, 2023.

BioStem Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

During the years ended December 31, 2024 and 2023, we incurred BFSF of \$232,168,882 and \$9,536,800, respectively, which are included in selling and marketing expenses on the consolidated statement of operations. . License fees for the AW2 products sold by the Distributor of \$10,252,525 and \$638,625, respectively, which are included in cost of goods sold on the consolidated statements of operations.

As of December 31, 2024 and 2023, accounts receivable due under this arrangement were \$104,972,462 and \$11,126,598, respectively,

As of December 31, 2024 and 2023, amounts due to Distributor for BFSF were \$81,873,058 and \$7,787,211, respectively, which has been presented as Bona Fide Services Fee payable on the consolidated balance sheet. The BFSF is paid upon receipt of cash to settle the outstanding accounts receivable.

As of December 31, 2024 and 2023, license fees payable were \$2,359,575 and \$521,475, respectively, which has been presented as license fees payable on the consolidated balance sheet.

Disaggregation of Revenue

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

	2024	2023
Membrane product net revenue	\$ 301,105,233	\$ 14,542,269
Cord product net revenue	722,069	2,143,136
Total net revenue	<u>\$ 301,827,302</u>	<u>\$ 16,685,405</u>

Contract Balances

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

	2024	2023
Accounts receivable	<u>\$ 104,980,085</u>	<u>\$ 11,371,730</u>
Contract liabilities	<u>\$ -</u>	<u>\$ 8,731</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 which 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.

Cost of Goods Sold

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

BioStem Technologies, Inc. and Subsidiaries
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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 net income (loss) is computed by adjusting net income (loss) to reallocate undistributed earnings based on the potential impact of dilutive securities, including outstanding common stock options, restricted stock units, 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 common dilutive shares are not assumed to have been issued if their effect is anti-dilutive.

Basic and dilutive earnings per share is as follows:

	2024	2023
Net income (loss) available to common shareholders (numerator)	\$ 31,884,321	\$ (8,482,984)
Weighted-average number of common shares (denominator)	16,368,429	13,707,077
Basic earnings (loss) per common share	\$ 1.95	\$ (0.62)
Weighted-average number of common shares	16,368,429	13,707,077
Potential shares of common stock arising from stock options, warrants, and unvested RSU's	5,329,956	-
Total shares-diluted (denominator)	21,698,384	13,707,077
Diluted income (loss) per common share	\$ 1.47	\$ (0.62)
Anti-dilutive weighted shares excluded from the calculation of earnings per common share	-	6,802,926

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 related to income taxes recognized in our 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.

Fair Value Measurements

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The Company defines fair value as the exchange price that would be received from the sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance describes three levels of inputs that may be used to measure fair value:

- Level I—Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets;
- Level II—Observable inputs other than Level I prices, such as unadjusted quoted prices for similar assets or liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level III—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These inputs are based on the Company's own assumptions used to measure assets and liabilities at fair value and require significant management judgment or estimation.

The categorization of a financial instrument within the fair value hierarchy is based upon the lowest level of input that is significant to its fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the assets or liabilities.

The Company's financial instruments that are carried at fair value consist of only cash and cash equivalents, a Level I asset, as of December 31, 2024 and 2023.

Recently Issued Accounting Pronouncements Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, *Financial Instruments Credit Losses (Topic 326)*, which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. This standard was effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years with early adoption permitted. In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842): Effective Dates*, which defers the effective date of Topic 326. As a smaller reporting Company, Topic 326 will now be 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.

In May 2022, the FASB issued ASU No. 2022-04, *Earnings Per Share (Topic 260), Debt— Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging— Contracts in Entity's Own Equity (Subtopic 815-40)* (ASU 2022-04). ASU 2022-04 updates current accounting guidance for modifications or exchanges of freestanding equity-classified written call options that remain equity-classified after modification or exchange as an exchange of the original instrument for a new instrument. The ASU specifies that the effects of modifications or exchanges of freestanding equity-classified written call options that remain equity after modification or exchange should be recognized depending on the substance of the transaction, whether it be a financing transaction to raise equity (topic 340), to raise or modify debt (topic 470 and 835), or other modifications or exchanges. If the modification or exchange does not fall under topics 340, 470, or 835, an entity may be required to account for the effects of such modifications or exchanges as dividends which should adjust net income or (loss) in the basic EPS calculation. This guidance was effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is required to apply the amendments within this ASU prospectively to modifications or exchanges occurring on or after the effective date of the amendment. The Company adopted this

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ASU January 1, 2023 and it did not have a significant impact on its consolidated financial statements and related disclosures.

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 was effective for public entities for fiscal years beginning after December 15, 2024 and interim periods in fiscal years beginning after December 15, 2024 (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. Effective December 15, 2024, we adopted ASU 2023-07 and evaluated the application of ASU 2023-07 to these consolidated financial statements. We have included disclosures in Note 10 to provide further information regarding the measure of our one operating segment's gross profit and significant segment expenses as required by ASU 2023-07.

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, FASB issued 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 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 Dec. 15, 2024 (generally, 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 2024, the FASB issued ASU No. 2024-03, "Disaggregation of Income Statement Expenses (Subtopic 220-40)." The ASU requires public entities to disaggregate, in a tabular presentation, certain income statement expenses into different categories, such as purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The guidance is effective for fiscal years beginning after December 15, 2026, with early adoption permitted, and may be applied retrospectively. We are currently evaluating the impact of adopting the ASU 2024-03 on our consolidated financial statements and related disclosures.

We reviewed all other recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact to the consolidated financial statements.

Other pronouncements issued by the FASB or other authoritative accounting standards groups with future effective dates are either not applicable or are not expected to be significant to the Company's financial position, results of operations or cash flows.

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Note 3 - Property and Equipment, net

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

	2024		2023
Building	\$ 433,448	\$	433,448
Building Improvements	800,630		694,134
Land	75,000		75,000
Machinery and Equipment	1,259,372		930,334
Computer and Office Equipment	64,702		64,702
Furniture and Fixtures	68,066		68,066
Total property and equipment	2,701,218		2,265,684
Less: Accumulated Depreciation	(1,196,640)		(1,110,828)
Total property and equipment, net	<u>\$ 1,504,578</u>	\$	<u>1,154,856</u>
Construction-in-process	<u>\$ 190,422</u>	\$	<u>202,700</u>

Depreciation expense related to property and equipment, net was \$89,125 and \$100,668 for the years ended December 31, 2024 and 2023, respectively.

Note 4 - Intangible Assets Other Than Goodwill

The Company's intangible assets acquired in business combinations are recognized at fair value, at time acquired, using generally accepted valuation methods deemed appropriate for the type of intangible asset acquired and reported net of accumulated amortization, separately from goodwill. Intangible assets acquired as an asset purchase are recorded at cost.

On February 23, 2023, the Company entered into an agreement to acquire certain intangible assets of Auxocell. The purchase price for Auxocell was \$105,000 paid in cash which was allocated to the intangible assets acquired and 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.

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

	2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intellectual property	\$ 152,000	\$ 81,024	\$ 70,976
Website & software development costs	225,907	106,461	119,446
Customer relationships	354,000	320,285	33,715
Total	<u>\$ 731,907</u>	<u>\$ 507,770</u>	<u>\$ 224,137</u>

	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 years ended December 31, 2024 and 2023, amortization expense was \$123,467 and \$119,967, respectively.

Future expected amortization expense of intangible assets is as follows:

Year Ending December 31,	Amount
2025	\$ 104,372
2026	66,181
2027	50,084
2028	3,500
Total	<u>\$ 224,137</u>

Note 5 - Notes Payable

The following table presents notes payable as of December 31, 2024 and 2023:

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	December 31, 2024	December 31, 2023
On July 27, 2018, the Company entered into a Bridge Loan Agreement and Promissory Note, with an interest rate of 0.50% per month for the first six months and 0.75% per month through the Maturity Date of July 27, 2019. This agreement has not been repaid on the maturity date and is currently in default (1).	\$ 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, 2025. On May 1, 2024 the note was reviewed and extended with a new maturity date of May 25, 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 25, 2025. The loan is secured by the corporate headquarters building with a net book value of \$331,569 as of December 31, 2024.	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 December 31, 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 will accrue at an annual rate of 3.75%. Payments made through December 31, 2024 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 after various times through August 2024. The loan was secured by the Company's receivables, inventory and other tangible and intangible assets. These loans were paid in full as of December 31, 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).	171,352	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 financing arrangement was paid in full as of December 31, 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 financing arrangement was paid in full as of December 31, 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 year ended December 31, 2024, \$15,000 of principal and \$210 of accrued interest were converted to shares of common stock and the remaining balance of \$35,000 was paid in full on January 4, 2024.	-	50,000
Total notes payable	4,171,352	5,024,236
Less: unamortized discounts	(63,608)	(312,819)
Total notes payable	4,107,744	4,711,417
Less: current portion of notes payable, net of discount	(3,957,744)	(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 and is in discussion with the lender to renegotiate the terms of these notes.
- (2) In connection with the issuance of the \$750,000 promissory note, the lender received 373,134 common stock warrants with an exercise price of \$2.00 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 years ended December 31, 2024 and 2023, the Company recognized amortization expense for this debt discount of \$152,655 and \$89,059, respectively, which is reflected in interest expense on the consolidated statements of operations. As of December 31, 2024 and 2023, the unamortized discount balance was \$63,608 and \$312,819, respectively.
- (3) These financing arrangements included original issue discounts (OID) that were recorded as discounts against the outstanding debt obligations and were amortized into interest expense over the term of the related debt. During the year ended December 31, 2024 and 2023, respectively, the Company recognized amortization expense for these debt discounts of \$152,657 and \$77,232, respectively.

Future maturities required on the notes payable are as follows:

Year Ending December 31,	
2025	\$ 4,021,352
2026	-
2027	-
2028	-
2029	-
Thereafter	150,000
Total	4,171,352
Less: unamortized discounts	(63,608)
Total notes payable	\$ 4,107,744

Note 6 - 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.

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

Series B-1 Convertible Preferred Shares

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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 not in part, into 5 shares of common stock.

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

Common Stock

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

Common Stock Issuances

Year Ended December 31, 2024

During the year ended December 31, 2024, the Company issued 31,335 shares of restricted common stock as compensation to certain directors, executives and employees with an estimated fair value of \$366,622, based on the market price of the Company's stock on the grant date. See restricted stock unit disclosures in Note 7 below.

During the year ended December 31, 2024, the Company issued 11,773 shares of common stock for services with a market value of \$210,177, based on the market price of the Company's stock on the grant date.

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. See further disclosures related to this service agreement in Note 7.

During the year ended December 31, 2024, the Company converted 2,942 shares of common stock for \$15,210 of outstanding debt.

During the year ended December 31, 2024, the Company issued 175,001 shares of common stock for warrant exercises for approximately \$350,007.

During the year ended December 31, 2024, the Company issued 283,400 shares of common stock for warrant exercises for approximately \$292,610.

During the year ended December 31, 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.

Year Ended December 31, 2023

During the year ended December 31, 2023, the Company issued 312,112 shares of common stock for services with a market value of \$914,260, based on the market price of the Company's stock on the grant date.

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During the year ended December 31, 2023, the Company converted \$1,094,134 of outstanding debt and accrued interest into 1,454,898 shares of common stock.

During the year ended December 31, 2023 the Company completed private sales of 249,333 shares of common stock at \$1.50 and 1,337,000 common stock units at \$1.50 which consisted of 1 share of common stock and one (1) common stock warrant with an exercise price of \$2.00 and exercise period of five years for aggregate gross proceeds of \$2,379,500.

During the year ended December 31, 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 on the consolidated statements of operations.

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.

Note 7 - Stock Based Compensation

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 (the "Service Agreement") in exchange for 60,000 shares of restricted 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 year ended December 31, 2024, the Company amortized \$1,192,105 into expense which is classified within general and administrative expense on the consolidated statements of operations. As of December 31, 2024, the remaining unrecognized prepaid amount related to the common stock and warrants issued for services was \$1,611,795 which has been classified within prepaid expenses and other assets on the consolidated balance sheets.

During the year ended December 31, 2024, 200,000 warrants were issued pursuant to a Service Agreement and 175,001 common stock warrants were exercised resulting in cash proceeds of \$350,007.

During the year ended December 31, 2023, 373,135 warrants were issued with a note payable (see Note 5), 150,000 warrants were issued in connection with a legal settlement (see Note 8), and 1,337,000 warrants were issued in connection with a private placement of common stock and common stock warrant units for cash (see above – *common stock issuances*). As of December 31, 2023, warrants outstanding consist primarily of warrants to service providers, warrants issued with debt, warrants issued in a legal settlement and warrants issued with the sale of units in a private placement.

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The following table presents the Company's common stock warrant activity for the years ended December 31, 2024 and 2023:

	Number of Shares Underlying Warrants	Weighted Average Exercise Price	Weighted Average Remaining Term (Years)
Outstanding as of January 1, 2023	478,456	\$ 3.90	1.67
Granted	1,860,135	\$ 1.96	-
Forfeited	(303,456)	\$ 5.00	-
Outstanding as of December 31, 2023	2,035,135	\$ 1.96	4.28
Granted	200,000	\$ 5.25	-
Exercises	(175,001)	\$ 2.00	-
Outstanding and exercisable as of December 31, 2024	2,060,134	\$ 2.28	3.71

Stock Options

The fair value of service-based stock options granted to employees and non-employees was estimated on the grant date using the Black-Scholes valuation model with the following assumptions:

	2024	2023
Dividend yield	0%	0%
Expected term	6 years	6 years
Risk-free interest rates	3.54% - 4.66%	3.50% - 4.84%
Expected volatility	113.65% - 134.87%	109.96% - 123.95%

Dividend Yield – The dividend yield is assumed to be zero as the Company has never paid dividends and has no current plans to do so.

Expected Term – The expected term represents the period that the Company's stock-based awards are expected to be outstanding. The Company determines the expected term using the simplified method as the Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options.

Expected Volatility – Since the Company does not have a sufficient trading history of its common stock, the expected volatility is derived from the average historical stock volatilities of several unrelated public companies within the Company's industry that the Company considers to be comparable to its business over a period equivalent to the expected term of the stock option grants.

Fair Value of Common Stock– The fair value of common stock is based on the closing price of the Company's common stock, as reported on Over-the-Counter Market ("OTC") on the date of grant.

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The following table summarizes activity under the Company's stock options plans for service-based and market-based stock options:

	Number of Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Remaining Term (Years)	Intrinsic Value
Outstanding as of January 1, 2023	5,672,462	\$ 1.80	9.07	\$ 6,750,230
Granted	862,500	\$ 2.50	-	2,898,000
Forfeited	(417,500)	\$ -	-	-
Outstanding as of December 31, 2023	6,117,462	\$ 1.90	8.16	24,225,150
Granted	705,000	\$ 7.79	7.71	4,265,250
Forfeited	(465,000)	\$ 4.12	-	-
Exercised	(283,400)	\$ 1.03	-	3,630,354
Outstanding as of December 31, 2024	6,074,062	\$ 2.45	7.61	\$ 69,204,153
Vested and exercisable as of December 31, 2024	4,471,220	\$ 1.90	7.37	\$ 53,370,020

The weighted-average grant date fair value of options granted during the years ended December 31, 2024 and 2023, was \$6.75 and \$2.60, respectively. During the years ended December 31, 2024 and 2023, the Company recognized \$6,297,062 and \$5,755,856, respectively, of stock-based compensation in connection with service-based and market-based option grants which is included in general and administrative expenses on the consolidated statements of operations. As of December 31, 2024, total unrecognized stock-based compensation expense for service-based option grants was \$3,312,461, which is expected to be recognized over a straight-line basis over a weighted-average period of 2.97 years.

Intrinsic value is measured using the fair market value as of December 31, 2024 and 2023 less the applicable weighted average exercise price.

Market-Based Stock Option Grants

In July 2022, the Board of Directors approved and amended executive employment agreements for the Company's Chief Executive Officer ("CEO") and Chief Operating Officer ("COO"). Commencing July 15, 2022, the CEO and COO annual base salary is \$275,000 each. Additionally, in October 2022 the Board of Directors granted 2,250,000 options at an exercise price of \$2.00, to both the CEO and COO, for a total of 4,500,000 options, with vesting of options based on Sustained Market Capitalization targets as follows:

Vesting Trigger	Number of Options Vested
On the date Sustained Market Capitalization first equals or exceeds \$29,268,520	900,000
On the date Sustained Market Capitalization first equals or exceeds \$58,537,040	900,000
On the date Sustained Market Capitalization first equals or exceeds \$117,074,080	900,000
On the date Sustained Market Capitalization first equals or exceeds \$175,611,120	900,000
On the date Sustained Market Capitalization first equals or exceeds \$234,148,160	900,000

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.

The Company estimated the fair value of this market-based award using Monte Carlo simulation. The Company estimates the expected term based on a future exercise assumption. The weighted average derived service period for this award is 6.0 years. The optionee has up to 10 years to exercise any vested options. The risk-free interest rate is based on the United States Treasury yield curve in effect at the time of grant for zero-coupon U.S. Treasury notes. The expected volatility is derived from the average historical stock volatilities of several public companies within the Company's industry that the Company considers to be comparable to its business over a period equivalent to the derived term of the stock option grant award. The following assumptions were used to estimate the fair value of this award:

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Stock price on date of grant	\$ 1.63
Exercise Price	\$ 2.00
Dividend Yield	-
Risk-free interest rate	4.25%
Expected volatility	80.01%

The total grant date fair value of these market-based awards is estimated at \$14,829,290. For the years ended December 31, 2024 and 2023, the Company recognized \$5,343,630 and \$5,403,254 of stock-based compensation as a component of general and administrative expense for these awards, respectively. Unrecognized stock-based compensation for these market-based awards as of December 31, 2024 was \$1,438,538. As of December 31, 2024, four of the market capitalization targets had been met and 3,600,000 options were exercisable. The fifth and final market capitalization target was met on January 21, 2025 (see Note 11).

Restricted Stock Units (“RSUs”)

On September 14, 2024, the Compensation Committee of the Board of Directors authorized the grant of 376,016 RSU’s to the CEO, COO, CFO, CCO, and independent members of the Board of Directors. The RSUs have an aggregate grant date fair value of \$3.7 million and will vest quarterly over three (3) years through September 2027 commencing on the date of grant.

In November and December 2024, two employees were granted an aggregate of 14,670 shares of common stock with a grant date fair value of \$205,000. The shares vest quarterly over four (4) years through December 2028 commencing on the date of grant.

The fair value of restricted stock is based on the closing price of the Company’s common stock on the OTC market.

The following table summarizes the restricted stock unit activity during the years ended December 31, 2024:

	Shares Outstanding	Weighted Average Grant Date Fair Value
Unvested balance-December 31, 2023	-	\$ -
Granted	390,686	10.00
Vested	(31,335)	9.84
Unvested balance-December 31, 2024	359,351	\$ 10.01

As of December 31, 2024, 359,351 of the restricted stock units remain unvested, respectively, and \$3,596,667 of unrecognized compensation expense which will be recognized through December 2028 over a weighted average period of 2.77 years.

Restricted Common Stock Issuances

During the year ended December 31, 2024, the Company issued an aggregate of 11,773 shares of the company’s unregistered, restricted common stock to various service providers with an estimated fair value of \$947,651, including the 60,000 shares issued pursuant to the Service Agreement disclosed above. The shares vest immediately except for the 60,000 shares which vest over the related service period through December 2025.

The fair value of restricted stock is based on the closing price of the Company’s common stock on the OTC market.

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The following table summarizes the restricted stock activity during the years ended December 31, 2024 and 2023:

	Shares Outstanding	Weighted Average Grant Date Fair Value
Unvested balance-January 1, 2023	42,277	\$ 4.27
Granted	312,112	2.49
Vested	(307,008)	2.18
Unvested balance-December 31, 2023	47,381	2.32
Granted	71,772	13.20
Vested	(84,663)	6.65
Unvested balance-December 31, 2024	34,490	\$ 14.34

As of December 31, 2024 and 2023, 34,490 and 47,381 of the restricted common shares granted remain unvested, respectively, and \$494,592 of unrecognized compensation expense which will be recognized through December 2025 over a weighted average period of 1.00 years.

Total stock-based compensation expense for all stock-based awards, including service-based stock options, market-based stock options, restricted stock units, restricted stock awards, and common stock warrants was \$6,873,861 and \$6,670,116, respectively for the years ended December 31, 2024 and 2023, respectively, and is included in general and administrative expenses within the consolidated statements of operations.

Note 8 - 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 assets are summarized below:

	December 31, 2024	December 31, 2023
Right -of-use assets	\$ 340,401	\$ -
Accumulated amortization	(69,187)	-
Right -of-use assets, net	\$ 271,214	\$ -

Operating lease liabilities are summarized below:

	December 31, 2024	December 31, 2023
Operating lease liabilities, current	\$ 106,722	\$ -
Operating lease liabilities, less current portion	180,235	-
Total operating lease liabilities	\$ 286,957	\$ -

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Future payments required on the operating lease liabilities, over a weighted average remaining lease term of approximately 2.4 years, are as follows:

Year Ending December 31,	
2025	\$ 138,432
2026	140,561
2027	60,999
Total	339,992
Less present value discount	(53,035)
Total operating lease liabilities	\$ 286,957

The following table summarizes the supplemental cash flow information for the years ended December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Operating cash outflows from lease liabilities	\$ 81,069	\$ -

During the year ended December 31, 2024, we incurred rent expense of approximately \$128,000 connection with the operating leases, respectively, included within general and administrative expenses on the consolidated statement of operations. During the year ended December 31, 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 5).

The Company is a party to an action filed by a former employee in June 2024 alleging a breach of contract to the termination agreement of this employee. Management, in consultation with its attorneys, cannot reasonably estimate a loss associated with this claim, if any, at this time, as the matter is early in the process.

During the year ended December 31, 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 and 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.

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Note 9 - Income Taxes

The reconciliation of the statutory federal income tax rate to the Company's effective tax rate for the years ended December 31, 2024 and 2023, were as follows:

	2024	2023
Tax at federal statutory rate	21.00%	21.00%
State tax	4.33%	-1.73%
Change in tax rates	0.00%	0.78%
Change in valuation allowance	-31.65%	-20.01%
Other permanent differences	2.16%	-0.04%
Effective tax rate	<u>-4.16%</u>	<u>0.00%</u>

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due. Deferred taxes relate to differences between the basis of assets and liabilities for financial and income tax reporting which will be either taxable or deductible when the assets or liabilities are recovered or settled.

The following table presents tax expenses by jurisdiction for the years ended December 31, 2024 and 2023:

	2024	2023
Current		
U.S. Federal	\$ 1,820,481	\$ -
U.S. State	1,088,249	-
Total current provision	<u>\$ 2,908,730</u>	<u>\$ -</u>
Deferred		
U.S. Federal	\$ (3,463,100)	\$ (1,143,089)
U.S. State	(716,532)	135,719
Total deferred provision	<u>(4,179,632)</u>	<u>(1,007,370)</u>
Change in valuation allowance	-	1,007,370
Total provision for income tax benefit	<u>\$ (1,270,902)</u>	<u>\$ -</u>

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The table below presents the effects of temporary differences that gave rise to significant portions of deferred tax assets and liabilities as of December 31, 2024 and 2023:

	2024	2023
Deferred tax assets:		
Net operating loss carryforward	\$ -	\$ 8,106,640
Accrued payroll taxes	237,539	-
Stock-based compensation	3,535,310	2,320,504
Research and development credits	-	30,240
Capitalized research and development expenses	348,592	62,244
Allowance for doubtful accounts	56,561	12,208
Nondeductible charitable contributions	-	1,364
Inventory reserve	36,989	-
Lease liability	65,807	
Intangible assets	73,102	55,588
Gross deferred tax assets	4,353,900	10,588,788
Less valuation allowance	-	(10,538,820)
Total deferred tax assets	4,353,900	49,968
Deferred tax liabilities:		
Fixed assets	\$ (112,763)	\$ (49,968)
ROU asset	(61,505)	-
Total deferred tax liabilities	(174,268)	(49,968)
Net deferred tax assets	\$ 4,179,632	\$ -

The Company had Federal and Florida net operating loss (“NOLs”) carryforwards of approximately \$34.4 million and \$20.3 million, respectively, as of December 31, 2023. During the year ended December 31, 2024, the Company utilized 100% of these NOLs to offset taxable income.

The utilization of the Company’s net operating loss carryforwards and research tax credit carryovers could be subject to annual limitations under Section 382 and 383 of the Internal Revenue Code of 1986, as amended (the “Code”), and similar state tax provisions, due to ownership change limitations that may have occurred previously or that could occur in the future. These ownership changes limit the amount of net operating loss carryforwards and other deferred tax assets that can be utilized to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382 and 383 of the Code, results from transactions increasing ownership of certain stockholders or public groups in the stock of the corporation by more than 50 percent points over a three-year period. The Company finalized its Section 382 analysis for the period August 28, 2014 through December 31, 2024 and concluded that no limitations existed.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on consideration of these items, the completion of the 382 study, the generation of taxable income and utilization of NOLs, management has determined that uncertainty does not exist relative to the realization of the deferred income tax asset balances. Therefore, as of December 31, 2024, no valuation allowance was deemed necessary. As of December 31, 2023, a fully valuation allowance was applied against outstanding deferred tax assets totaling \$10,538,820.

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Uncertain Tax Positions

As of December 31, 2024 and 2023, the Company does not have any unrecognized tax benefits or uncertain tax positions.

Note 10 – Segment Information

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly provided to the CODM in deciding how to allocate resources to an individual segment and in assessing performance. The Company's Chief Executive Officer comprises the Company's CODM. The CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. The CODM uses consolidated revenue, gross profit, net income(loss) and to assess performance, evaluate cost optimization, and allocate resources, including personnel-related and financial or capital resources, in the annual budget and forecasting process, as well as budget-to-actual variances on a monthly basis. As such, the Company has determined that it operates as one operating and reportable segment. Segment assets, liabilities and shareholders' equity(deficit) is presented the same as disclosed on the balance sheet (see F-2).

The following tables set forth significant expense categories and other specified amounts included in consolidated net income (loss) that are otherwise regularly provided to the CODM for the years ended December 31, 2024 and 2023:

	2024	2023
Revenue	\$ 301,827,302	\$ 16,685,405
Cost of goods sold	13,745,825	1,260,558
Segment profit	288,081,477	15,424,847
Research and development	1,105,205	341,996
Sales and marketing	907,535	2,449,585
Bona fide services fee	232,168,882	9,536,800
Professional fees	4,967,161	742,672
Compensation and related	14,654,217	8,694,288
Other segment expenses ⁽¹⁾	2,856,534	1,209,461
Depreciation and amortization	221,301	229,014
Interest expense, net	587,222	700,326
Other expense	-	3,689
Income tax (benefit)	(1,270,902)	-
Segment expense	256,197,155	23,907,831
Segment net income (loss)	\$ 31,884,322	\$ (8,482,984)

(1) Primarily consists of software, corporate and officer insurance, and office expenses

Note 11 - Subsequent Events

On January 21, 2025, the fifth and final 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 (see Note 7).

On February 1, 2025, the Company issued 40,866 incentive stock options to certain non-executive employees of the Company with a fair value of \$501,839 as part of the Company's long-term incentive plan. The options vest over three years with 33% vesting upon the first anniversary of the award with the remaining 67% vesting quarterly over the remaining two years.

On February 1, 2025, the Company issued 32,471 RSUs to certain non-executive employees of the Company with a fair value of \$483,500 as part of the Company's long-term incentive plan. The RSUs vest over three years with 33%

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vesting upon the first anniversary of the award with the remaining 67% vesting quarterly over the remaining two years.

On March 17, 2025, upon recommendation from the Company's compensation committee, the Board approved the following compensation to certain executives, effective immediately:

Officer	Base Salary	STI Cash Plan	LTI Equity Plan	
			RSUs	Non-Qualified Options
Jason Matuszewski	\$ 750,000	\$ 750,000	\$ 2,000,000	\$ 2,000,000
Andrew Smith-Van Vurst	\$ 525,000	\$ 475,000	\$ 1,150,000	\$ 1,150,000

The short-term incentive ("STI") cash plan will be remitted March 15 following the end of the calendar fiscal year. The number of common stock shares to be granted under the RSU awards will be based on the closing price of the Company's stock on the OTC market as of the date of the Board approval and will vest one-third on the first annual anniversary and two-thirds quarterly over the remaining 2 years. The total grant date fair value of RSU's was \$3,150,000. The Non-Qualified stock option awards will vest one-third on the first annual anniversary and two-thirds quarterly over the remaining 2 years. The total grant date fair value of Non-Qualified stock options was \$2,617,692.