

**BioStem Technologies, Inc.**  
2836 Center Port Circle, Pompano Beach, FL 33064

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[info@biostemtech.com](mailto:info@biostemtech.com)

## Annual Report

For the period ending December 31, 2025 (the "Reporting Period")

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

16,825,716 as of December 31, 2025 (Current Reporting Period Date or More Recent Date)

16,661,482 as of December 31, 2024 (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 Control<sup>5</sup> of the company has occurred during this reporting period:

Yes:  No:

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<sup>5</sup> "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 company name change, 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>975,000,000</u>	as of date: <u>December 31, 2025</u>
Total shares outstanding:	<u>16,825,716</u>	as of date: <u>December 31, 2025</u>
Total number of shareholders of record:	<u>289</u>	as of date: <u>December 31, 2025</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>\$0.001</u>	
Total shares authorized:	<u>300</u>	as of date: <u>December 31, 2025</u>
Total shares outstanding:	<u>300</u>	as of date: <u>December 31, 2025</u>
Total number of shareholders of record:	<u>3</u>	as of date: <u>December 31, 2025</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>\$0.001</u>	
Total shares authorized:	<u>500,000</u>	as of date: <u>December 31, 2025</u>
Total shares outstanding (if applicable):	<u>5</u>	as of date: <u>December 31, 2025</u>
Total number of shareholders of record (if applicable):	<u>1</u>	as of date: <u>December 31, 2025</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.

The 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 five (5) 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 Opening Balance:			*Right-click the rows below and select "Insert" to add rows as needed.						
Date <u>12/31/2023</u> Common: <u>16,251,892</u> Preferred Series A-1: <u>300</u> Preferred Series B-1: <u>5</u>									
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
1/1/2024	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	2.00	No	WES DE SOUZA	SECURITY CONVERSION	RESTRICTED	RULE 4(a)(2)
1/30/2024	New Issuance	50,000	Common	2.00	No	JOSEPH LOMBAS	SECURITY CONVERSION	RESTRICTED	RULE 4(a)(2)

2/1/2024	New Issuance	167	Common	6.00	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
2/1/2024	New Issuance	167	Common	6.00	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
2/1/2024	New Issuance	167	Common	6.00	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	2.00	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 AND JULIE WALDRON JTWRs / 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	RESTRICTED	RULE 4(a)(2)

							BOARD SERVICES		
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 / EXERCISE OF OPTION	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 / EXERCISE OF OPTION	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	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
12/15/2024	New Issuance	1,694	Common	9.84	No	BRANDON POE	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
12/15/2024	New Issuance	7,622	Common	9.84	No	ANDREW SMITH-VAN VURST	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
12/15/2024	New Issuance	1,694	Common	9.84	No	THOMAS J. DUGAN	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
12/15/2024	New Issuance	1,694	Common	9.84	No	PATRICK DALY	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)

12/15/2024	New Issuance	1,694	Common	9.84	No	KEN WARRINGTON	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
12/15/2024	New Issuance	4,234	Common	9.84	No	SHAWN MCCARREY	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
12/15/2024	New Issuance	4,234	Common	9.84	No	MICHAEL A FORTUNATO	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
01/01/2025	New Issuance	67	Common	14.83	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
01/01/2025	New Issuance	67	Common	14.83	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
01/01/2025	New Issuance	67	Common	14.83	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
02/01/2025	New Issuance	68	Common	14.80	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
02/01/2025	New Issuance	68	Common	14.80	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
02/01/2025	New Issuance	68	Common	14.80	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
02/06/2025	New Issuance	16,667	Common	2.00	No	STEVE SIMON	SECURITY CONVERSION / EXERCISE OF WARRANT	RESTRICTED	RULE 4(a)(2)
02/21/2025	New Issuance	417	Common	15.37	No	DAVID GRODIN	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
03/01/2025	New Issuance	69	Common	14.53	No	JEFFREY K HARRISON	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
03/01/2025	New Issuance	69	Common	14.53	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
03/01/2025	New Issuance	69	Common	14.53	No	PHYSIOMICS SYSTEMS, LLC / DAN SHELLY	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
03/07/2025	New Issuance	500	Common	12.17	No	BARRY HASSETT	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
03/17/2025	New Issuance	4,234	Common	10.75	No	MICHAEL A FORTUNATO	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
03/17/2025	New Issuance	1,694	Common	10.75	No	BRANDON POE	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)

03/17/2025	New Issuance	8,469	Common	10.75	No	JASON MATUSZEWSKI	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
03/17/2025	New Issuance	1,694	Common	10.75	No	KEN WARRINGTON	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
03/17/2025	New Issuance	1,694	Common	10.75	No	PATRICK DALY	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
03/17/2025	New Issuance	4,234	Common	10.75	No	SHAWN MCCARREY	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
03/17/2025	New Issuance	1,694	Common	10.75	No	THOMAS J. DUGAN	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
03/17/2025	New Issuance	7,622	Common	10.75	No	ANDREW SMITH-VAN VURST	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
04/01/2025	New Issuance	89	Common	11.29	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
05/01/2025	New Issuance	86	Common	11.65	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
05/21/2025	New Issuance	417	Common	12.20	No	DAVID GRODIN	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
06/01/2025	New Issuance	74	Common	13.46	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
06/09/2025	New Issuance	500	Common	14.16	No	BARRY HASSETT	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
06/16/2025	New Issuance	1,694	Common	13.65	No	BRANDON POE	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
06/16/2025	New Issuance	8,469	Common	13.65	No	JASON MATUSZEWSKI	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
06/16/2025	New Issuance	1,694	Common	13.65	No	KEN WARRINGTON	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
06/16/2025	New Issuance	1,694	Common	13.65	No	PATRICK DALY	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
06/16/2025	New Issuance	4,234	Common	13.65	No	SHAWN MCCARREY	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
06/16/2025	New Issuance	1,694	Common	13.65	No	THOMAS DUGAN	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
06/16/2025	New Issuance	7,622	Common	13.65	No	ANDREW SMITH-VAN VURST	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
06/16/2025	New Issuance	4,234	Common	13.65	No	MICHAEL FORTUNATO	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
7/01/2025	New Issuance	74	Common	13.45	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)

7/11/2025	New Issuance	10,000	Common	1.50	No	JOHN S. RADTKE	SECURITY CONVERSION / EXERCISE OF WARRANT	RESTRICTED	RULE 4(a)(2)
8/01/2025	New Issuance	86	Common	11.58	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
8/21/2025	New Issuance	417	Common	6.15	No	DAVID GRODIN	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
9/1/2025	New Issuance	119	Common	8.42	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
9/9/2025	New Issuance	500	Common	6.18	No	BARRY HASSETT	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
9/15/2025	New Issuance	1,694	Common	4.98	No	THOMAS J. DUGAN	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
9/15/2025	New Issuance	1,694	Common	4.98	No	PATRICK DALY	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
9/15/2025	New Issuance	1,694	Common	4.98	No	KEN WARRINGTON	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
9/15/2025	New Issuance	7,622	Common	4.98	No	ANDREW SMITH-VAN VURST	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
9/15/2025	New Issuance	8,469	Common	4.98	No	JASON MATUSZEWSKI	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
9/15/2025	New Issuance	4,234	Common	4.98	No	MICHAEL FORTUNATO	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
9/15/2025	New issuance	1,694	Common	4.98	No	BRANDON POE	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
10/1/2025	New Issuance	181	Common	5.53	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
11/1/2025	New Issuance	182	Common	5.50	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
11/27/2025	New issuance	5,094	Common	4.83	No	KEN WARRINGTON	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
11/27/2025	New issuance	5,094	Common	4.83	No	PATRICK DALY	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
11/27/2025	New issuance	417	Common	3.85	No	DAVID GRODIN	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
11/27/2025	New issuance	5,094	Common	4.83	No	THOMAS DUGAN	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
12/1/2025	New Issuance	242	Common	4.13	No	SHAUN OPIE	COMPENSATION FOR SCIENTIFIC ADVISORY BOARD SERVICES	RESTRICTED	RULE 4(a)(2)
12/09/2025	New issuance	500	Common	4.33	No	BARRY HASSETT	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)

12/15/2025	New issuance	7,622	Common	4.17	No	ANDREW VAN VURST	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
12/15/2025	New issuance	1,694	Common	4.17	No	BRANDON POE	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
12/15/2025	New issuance	8,469	Common	4.17	No	JASON MATUSZEWSKI	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
12/15/2025	New issuance	1,694	Common	4.17	No	KEN WARRINGTON	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
12/15/2025	New issuance	4,234	Common	4.17	No	MIKE FORTUNATO	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
12/15/2025	New issuance	1,694	Common	4.17	No	THOMAS DUGAN	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
12/15/2025	New issuance	1,694	Common	4.17	No	PATRICK DALY	SERVICES RENDERED	RESTRICTED	RULE 4(a)(2)
Shares Outstanding on Date of This Report: Date: <u>12/31/2025</u>			<u>Ending Balance:</u> Common: <u>16,825,716</u> Preferred Series A-1: <u>300</u> Preferred Series B-1: <u>5</u>						

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, 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:

N/A

## 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 <sup>6</sup>	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)
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<sup>6</sup> 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.

<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. Ensure that these descriptions are updated on the Company's Profile on [www.OTCMarkets.com](http://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.

On May 1, 2025, the Company filed Articles of Organization with the State of Florida and incorporated BioStem Properties, LLC, a new subsidiary 100% owned by BioStem Technologies, Inc.

In June 2024, the Company created Auxocell Operations Inc ("Auxocell"), a new subsidiary 100% owned by BioStem Technologies, Inc. Auxocell is domiciled in Nevada and holds all of the assets acquired in the Auxocell asset acquisition.

The Company also has a wholly owned subsidiary, Blue Tech Industries, Inc. (d/b/a BioStem Life Sciences, Inc.)

- 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.

On April 14, 2025, the Company entered into a twenty-four month lease for office space commencing on May 15, 2025. The Company expanded its new office space in Fort Lauderdale, Florida.

#### **6) All Officers, Directors, and 5% Beneficial Owners 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% beneficial owner)	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)
Jason Matuszewski	<u>Officer, Director and Greater than 5% Stockholder</u>	Boca Raton, FL	<u>1,170,869</u>	Common	6.96%
			<u>100</u>	<u>Preferred A-1</u>	<u>33.33%</u>
			<u>2,250,000</u>	<u>Fully Vested Common Stock Options</u>	
Andrew Van Vurst	<u>Officer, Director and Greater than 5% Stockholder</u>	Lighthouse Point, FL	<u>1,460,071</u>	Common	8.68%
			<u>100</u>	<u>Preferred A-1</u>	<u>33.33%</u>
			<u>2,250,000</u>	<u>Fully Vested Common Stock Options</u>	
Henry Van Vurst	<u>Greater than 5% Stockholder</u>	Fort Lauderdale, FL	<u>1,211,479</u>	Common	7.20%
			<u>100</u>	<u>Preferred A-1</u>	<u>33.33%</u>
Michael Fortunato	<u>Officer and Director</u>	Fort Lauderdale, FL	<u>51,170</u>	Common	<1%
			<u>274,949</u>	<u>Fully Vested Common Stock Options</u>	
Brandon Poe	<u>Director &lt;5%</u>	San Diego, CA	<u>42,348</u>	Common	<1%
Kenneth Warrington	<u>Director &lt;5%</u>	Gainesville, FL	<u>13,564</u>	Common	<1%
			<u>7,462</u>	<u>Fully Vested Common Stock Options</u>	
Patrick Daly	<u>Director &lt;5%</u>	Raleigh, NC	<u>21,533</u>	Common	<1%
Thomas Dugan	<u>Director &lt;5%</u>	Ponte Vedra Beach, FL	<u>25,956</u>	Common	<1%

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, log in to [www.OTCIQ.com](http://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](http://www.OTCMarkets.com). If any updates are needed to your public company profile, update your company profile.

#### Securities Counsel

Name: Flora Perez, Esq  
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: Jonathan Ridgeway  
Firm: KPMG, LLP  
Address 1: 620 S. Tryon Avenue, Suite 1000  
Address 2: Charlotte, North Carolina 28202  
Phone: (704) 453-0679  
Email: jridgeway@kpmg.com

#### Investor Relations

Name: Philip Taylor  
Firm: Gilmartin Group  
Address 1: 60 E Sir Francis Drake Blvd.  
Address 2: Larkspur, CA 94939  
Phone: (415) 937-5406  
Email: philip@gilmartinir.com

#### *All other means of Investor Communication:*

X (Twitter): X BSEM Twitter ([https://twitter.com/BSEM\\_Tech](https://twitter.com/BSEM_Tech))  
Discord: N/A  
LinkedIn: [BSEM LinkedIn Page](#)  
Facebook: N/A  
[Other ] [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: **CAO**  
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: **CAO**  
Relationship to Issuer: **Officer**

Describe the qualifications of the person or persons who prepared the financial statements:<sup>7</sup> **The CAO is a licensed CPA and has over 30 years of experience in accounting and financial reporting.**

Provide the following qualifying financial statements:

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

### **Financial Statement Requirements:**

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

## 10) Issuer Certification

*Principal Executive Officer:*

\_\_\_\_\_

<sup>7</sup> 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.

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.

March 27, 2026

/s/ Jason Matuszewski

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

*Principal Financial Officer:*

I, Michael A. Fortunato certify that:

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

March 27, 2026

/s/ Michael Fortunato

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



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

**Years Ended December 31, 2025 and 2024**

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KPMG LLP  
Suite 1000  
620 S. Tryon Street  
Charlotte, North Carolina 28202-1842

## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors  
Biostem Technologies, Inc.:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Biostem Technologies, Inc. and subsidiaries (the Company) as of December 31, 2025 and 2024, the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2025, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

### *Going Concern*

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has a net accumulated deficit and expects to incur losses and negative cash flows from operations, due to recent changes to product pricing determined by CMS and contractual obligations over the next 12 months related to the BioTissue acquisition and an existing loan. These factors raise substantial doubt about its ability to continue as a going concern.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.



*Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Sufficiency of audit evidence over net revenue*

As discussed in Note 2 to the consolidated financial statements, the Company recognizes revenue from product sales at a point in time when control of the Company's product has transferred to the customer in an amount that reflects the consideration that the Company expects to receive in exchange for the product. The Company generated the majority of net revenue from one customer, a large medical distributor (the Distributor), through a distribution and services agreement and related amendments (D&S Agreement). Pursuant to contractual terms of the D&S Agreement, the Distributor purchases products from the Company at fixed fee and is responsible for sales, marketing, and distribution of products. For the year ended December 31, 2025, the Company recorded \$47,482,015 in net revenue, of which 99% was generated through the D&S Agreement.

We identified the assessment of the sufficiency of audit evidence over net revenue as a critical audit matter. Subjective auditor judgment was required because of the concentration of net revenue to a single customer and any error in interpreting or applying the contractual terms pursuant to the D&S Agreement could have a material effect on the amount of net revenue recognized.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over net revenue. We read the contract terms of the D&S Agreement and compared key terms affecting the timing, measurement, and adjustments to net revenue, including delivery and acceptance provisions, pricing, and rebate arrangements, and the Company's revenue recognition policies to the applicable accounting framework. We confirmed net revenue recorded associated with the D&S Agreement with the Distributor. For a sample of revenue transactions, we agreed revenue recognized to underlying support, including shipping documentation and invoices. We evaluated the sufficiency of audit evidence obtained by assessing the results of procedures performed, including the appropriateness of the nature and extent of audit evidence.

*KPMG LLP*

We have served as the Company's auditor since 2025.

Charlotte, North Carolina  
March 27, 2026

**BioStem Technologies, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**

	December 31, 2025	December 31, 2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 29,549,018	\$ 22,832,706
Accounts receivable, net	9,874,468	23,107,027
Inventory	2,877,160	1,824,001
Short-term loan receivable	-	1,250,000
Prepaid expenses and other assets	2,102,803	2,874,317
Total current assets	<u>44,403,449</u>	<u>51,888,051</u>
<b>Long-Term Assets</b>		
Property and equipment, net	3,970,513	1,504,577
Construction-in-process	961,032	190,422
Right-of-use asset, net	327,267	271,214
Intangible assets, net	119,765	224,137
Goodwill	244,635	244,635
Deferred tax assets	-	3,994,890
Total assets	<u>\$ 50,026,661</u>	<u>\$ 58,317,926</u>
<b>LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 4,441,419	\$ 5,936,553
License fees payable	729,975	2,359,575
Income tax payable	31,512	3,498,045
Accrued interest	2,227,500	1,962,983
Operating lease liabilities	225,768	106,723
Notes payable, net of discount	3,000,000	3,957,744
Other current liabilities	127,406	144,144
Total current liabilities	<u>10,783,580</u>	<u>17,965,767</u>
<b>Long-Term Liabilities</b>		
Operating lease liabilities, less current portion	105,262	180,235
Notes payable, less current portion	-	150,000
Total long-term liabilities	<u>105,262</u>	<u>330,235</u>
Total liabilities	<u>10,888,842</u>	<u>18,296,002</u>
<b>Commitments and contingencies (Note 9)</b>		
<b>Stockholders' Equity</b>		
Series A-1 convertible preferred stock, \$0.001 par value authorized, 300 shares; issued and outstanding, 300 shares as of December 31, 2025 and December 31, 2024.	-	-
Series B-1 convertible preferred stock, \$0.001 par value authorized, 500,000 shares; issued and outstanding 5 shares as of December 31, 2025 and December 31, 2024.	-	-
Common stock, \$0.001 par value authorized, 975,000,000 shares issued and outstanding 16,825,716 and 16,661,482 shares as of December 31, 2025 and December 31, 2024, respectively.	16,827	16,662
Additional paid-in capital	60,338,654	54,642,012
Treasury stock, 18,000 shares at cost	(43,346)	(43,346)
Accumulated deficit	(21,174,316)	(14,593,404)
Total stockholders' equity	<u>39,137,819</u>	<u>40,021,924</u>
Total liabilities and stockholders' equity	<u>\$ 50,026,661</u>	<u>\$ 58,317,926</u>

**BioStem Technologies, Inc. and Subsidiaries**  
**Consolidated Statements of Operations**

	Years Ended	
	December 31, 2025	December 31, 2024
Revenue, net	\$ 47,482,015	\$ 69,658,420
Cost of goods sold	3,043,090	13,743,284
Gross profit	<u>44,438,925</u>	<u>55,915,136</u>
Operating Expenses:		
Sales and marketing expenses	14,028,352	3,868,704
General and administrative expenses	23,794,216	18,799,039
Research and development expenses	7,086,087	1,911,031
Depreciation and amortization expense	219,417	212,732
Total operating expenses	<u>45,128,072</u>	<u>24,791,506</u>
(Loss) income from operations	<u>(689,147)</u>	<u>31,123,630</u>
Other income (expense):		
Interest income (expense), net	413,849	(622,458)
Other income (expense)	(114,348)	32,696
Other income (expense), net	299,501	(589,762)
Total (loss) income before income taxes	<u>(389,646)</u>	<u>30,533,868</u>
Income tax (expense) benefit	(6,191,266)	496,845
Net (loss) income	<u>\$ (6,580,912)</u>	<u>\$ 31,030,713</u>
Basic (loss) net income per share attributable to common stockholders	<u>\$ (0.39)</u>	<u>\$ 1.90</u>
Diluted net income per share attributable to common stockholders	<u>\$ (0.39)</u>	<u>\$ 1.43</u>
Basic weighted average common shares outstanding	<u>16,728,783</u>	<u>16,368,429</u>
Diluted weighted average common shares outstanding	<u>16,728,783</u>	<u>21,698,384</u>

**BioStem Technologies, Inc. and Subsidiaries**  
**Consolidated Statements of Changes in Stockholders' Equity**  
**For the Years Ended December 31, 2025 and 2024**

	<u>Series A-1</u>		<u>Series B-1</u>		<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Treasury Stock</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
<b>Balance as of December 31, 2023</b>	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	-	-	-	-	-	-	-	-	31,030,713	31,030,713
<b>Balance as of December 31, 2024</b>	<u>300</u>	<u>\$ -</u>	<u>5</u>	<u>\$ -</u>	<u>16,661,482</u>	<u>\$ 16,662</u>	<u>\$ 54,642,012</u>	<u>\$ (43,346)</u>	<u>\$ (14,593,404)</u>	<u>\$ 40,021,924</u>
Stock based compensation-stock options	-	-	-	-	-	-	3,225,105	-	-	3,225,105
Stock based compensation-restricted common stock	-	-	-	-	135,822	136	2,405,231	-	-	2,405,367
Issuance of common stock for services	-	-	-	-	1,745	2	17,998	-	-	18,000
Issuance of common stock for cash received on warrant exercises	-	-	-	-	26,667	27	48,307	-	-	48,334
Net loss	-	-	-	-	-	-	-	-	(6,580,912)	(6,580,912)
<b>Balance as of December 31, 2025</b>	<u>300</u>	<u>\$ -</u>	<u>5</u>	<u>\$ -</u>	<u>16,825,716</u>	<u>\$ 16,827</u>	<u>\$ 60,338,654</u>	<u>\$ (43,346)</u>	<u>\$ (21,174,316)</u>	<u>\$ 39,137,819</u>

**BioStem Technologies, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2025 and 2024**

	Years Ended December 31,	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss) income	\$ (6,580,912)	\$ 31,030,713
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation expense	115,046	89,125
Amortization expense	104,372	123,467
Amortization of debt discount	63,607	249,211
Amortization of right-of-use asset	161,602	56,540
Stock-based compensation expense - stock options and restricted stock	5,630,473	6,663,684
Non-cash expense for services paid in common stock	18,000	210,177
Amortization of prepaid expenses paid with common stock and warrant	1,611,796	1,192,105
Provision for credit loss	8,800,602	175,000
Deferred tax provision (benefit)	3,994,890	(3,994,890)
Changes in operating assets and liabilities:		
Accounts receivable	4,431,957	(19,697,508)
Inventory	(1,053,159)	(1,165,323)
Prepaid expenses and other assets	(840,282)	(933,283)
Accounts payable and accrued expenses	(1,495,134)	5,011,200
License fees payable	(1,629,600)	1,838,100
Income tax payable	(3,466,533)	3,498,045
Accrued interest	264,517	265,196
Other current and long-term liabilities	(190,321)	(146,633)
Net cash provided by operating activities	9,940,920	24,464,926
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment and construction-in- process	(3,351,592)	(426,568)
Short-term loan receivable	1,250,000	(1,250,000)
Net cash used in investing activities	(2,101,592)	(1,676,568)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayments on notes payable	(1,171,351)	(837,674)
Proceeds from the issuance of stock for warrant and option exercises	48,334	642,617
Other	-	(1)
Net cash (used in) provided by financing activities	(1,123,017)	(195,058)
Cash and cash equivalents:		
Net change during the year	6,716,312	22,593,300
Balance, beginning of year	22,832,706	239,406
Balance, end of year	\$ 29,549,018	\$ 22,832,706
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for taxes	\$ 6,500,000	\$ -
Cash paid for interest	\$ 19,942	\$ 72,815
<b>SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Construction-in-process transferred to property and equipment	\$ 257,217	\$ 202,700
Conversion of debt and accrued interest to shares of common stock	\$ -	\$ 15,210
Issuance of common stock and warrants for prepaid services	\$ -	\$ 2,803,900
Right-of-use asset obtained in exchange for lease liabilities	\$ 217,655	\$ 316,311

**BioStem Technologies, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended December 31, 2025 and 2024**

**Note 1 - Organization, Description of Business and Liquidity**

**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.

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.

**Liquidity**

As of December 31, 2025, the Company has cash and cash equivalents of \$ 29,549,018. The Company had a net loss of \$6,580,912 and net income of \$31,030,713 for the years ended December 31, 2025, and 2024, respectively, and has an accumulated deficit of \$21,174,316 as of December 31, 2025. The Company expects to incur net losses and negative cash flows from operations for at least the next twelve months due to recent changes to product pricing determined by CMS, and has contractual obligations over the next twelve months related to the BioTissue acquisition and an existing loan. The Company will require additional liquidity to continue its operations and meet its obligations over the next 12 months.

The Company plans to finance its operations and development needs with its existing cash and cash equivalents, additional equity and/or debt financing arrangements, and revenue primarily anticipated from the sale of our products. There can be no assurance that the Company will be able to obtain additional financing on terms acceptable to the Company, on a timely basis, or at all. Accordingly, substantial doubt exists about the Company’s ability to continue as a going concern for at least one year from the issuance of these financial statements.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability of assets or the amounts and classifications of liabilities that may be necessary if the Company were unable to continue as a going concern.

**Note 2 - Summary of Significant Accounting Policies**

**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., Auxocell Operations Inc., and BioStem Properties, LLC. All intercompany transactions between and among consolidation subsidiaries have been eliminated

**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.

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 awards, 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.

**BioStem Technologies, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended December 31, 2025 and 2024**

**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 related to product pricing determined and approved by the Centers for Medicare & Medicaid Services ("CMS").

**Cash and Cash Equivalents**

The Company considers 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 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, 2025 and 2024, the Company generated approximately 99% and 98%, respectively, of its consolidated net revenue from one customer. This same customer accounted for approximately 100% of the accounts receivable as of December 31, 2025 and 2024, respectively.

**Accounts Receivable, net**

Accounts receivable represent the Company's unconditional rights to consideration for product shipped. 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 \$9,023,768 and \$223,166 as of December 31, 2025 and 2024, respectively.

Activity related to the Company's allowance for credit losses during the years ended December 31, 2025 and 2024 was as follows:

	<b>2025</b>	<b>2024</b>
Allowance for credit losses, beginning balance	\$ 223,166	\$ 48,166
Credit loss provision	8,800,602	176,307
Write-offs	-	(1,307)
Allowance for credit losses, ending balance	<u>\$ 9,023,768</u>	<u>\$ 223,166</u>

**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 writes-down the cost 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, 2025 and 2024, no impairment charges were recorded.

The table below presents the Company's inventory values, by category, as of December 31, 2025 and 2024:

**BioStem Technologies, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended December 31, 2025 and 2024**

	2025	2024
Raw materials	\$ 251,911	\$ 176,218
Finished goods	2,625,249	1,647,784
Total net realizable value	<u>\$ 2,877,160</u>	<u>\$ 1,824,001</u>

**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, which do not extend the useful life of the asset, 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.

**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, 2025 and 2024, management performed a qualitative evaluation, and 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***

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:

**BioStem Technologies, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended December 31, 2025 and 2024**

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

Acquired intangible assets with finite useful lives are reviewed for impairment when events or changes in circumstances suggest that the carrying value of these assets may not be recoverable. No impairment losses were recognized by the Company for the years ended December 31, 2025 and 2024, 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, 2025 and 2024.

### **Advertising Expenses**

The Company expenses advertising costs as incurred. The Company incurred \$1,349,794 and \$491,596 in advertising expenses for the years ended December 31, 2025 and 2024, respectively, which are included as part of sales and marketing expenses within the consolidated 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 \$7,086,087 and \$1,911,031 for the years ended December 31, 2025 and 2024, respectively, as presented on the consolidated statements of operations.

### **Leases**

The Company accounts for leases by applying Accounting Standards Codification No. 842, *Leases* ("ASC 842"). The Company elected to not 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 9, 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, 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

**BioStem Technologies, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended December 31, 2025 and 2024**

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.

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 Codification No. 606, *Revenue from Contracts with Customers* ("ASC 606"),

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. 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. Our ordinary contracts do not provide for discounts, rebates or other price concessions. Returns from customers are not accepted. Shipping and handling costs that are billed to the customer are included as a component of revenue and are passed through to customers with an equal offsetting amount included in cost of goods sold. We consider costs related to shipping and handling after control over a product has transferred to a customer to be a cost of fulfilling the promise to transfer the product to the customer.

### ***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. Licensing fees due on the sale of AW2 are recorded as a component of cost of goods sold.

The Distributor purchases AW2 and VAC from the Company at a fixed fee per square centimeter ("Sales Price") with no right of return. The Distributor is responsible for sales, marketing, and distribution of product it purchases from us and bears full risk of loss from the point at which it takes title to product purchased from us. The termination of the D&S Agreement could have an adverse impact on our financial position and results of operations.

As of December 31, 2025 and 2024, accounts receivable from the Distributor under this arrangement were \$18,642,078 and \$23,099,404, respectively. The Company is currently in a dispute related to certain receivables and has recorded a reserve for credit loss.

### ***Disaggregation of Revenue***

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

**BioStem Technologies, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended December 31, 2025 and 2024**

	For the years ended December 31,	
	2025	2024
VendajeAC	\$ 44,045,014	\$ 10,617,897
Amnio Wrap 2	3,348,726	58,783,096
Other	88,275	257,427
Revenue, net	\$ 47,482,015	\$ 69,658,420

**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 license fees and costs directly related to the production of the Company's products including tissue, direct labor, lab supplies, as well as overhead and depreciation of production equipment. 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.

**Net (Loss) Earnings Per Share**

Basic net (loss) earnings per share is computed by dividing the net earnings by the weighted-average number of common shares outstanding for the period. Diluted net earnings per share is computed 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 negative net earnings, diluted net earnings per share is the same as basic net earnings 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:

	2025	2024
Net (loss) income available to common shareholders (numerator)	\$ (6,580,912)	\$ 31,030,713
Weighted-average number of common shares (denominator)	16,728,783	16,368,429
Basic (loss) earnings per common share	\$ (0.39)	\$ 1.90
Weighted-average number of common shares	16,728,783	16,368,429
Potential shares of common stock arising from stock options, warrants, and unvested RSU's	-	5,329,956
Total shares-diluted (denominator)	16,728,783	21,698,384
Diluted (loss) earnings per common share	\$ (0.39)	\$ 1.43
Anti-dilutive weighted shares excluded from the calculation of earnings per common share	6,672,524	-

**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.

**BioStem Technologies, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended December 31, 2025 and 2024**

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**

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 cash equivalents, a Level I asset, as of December 31, 2025 and 2024. Additionally, as of December 31, 2025, the carrying value of the Company’s current notes payable including accrued interest approximates fair market value as a level III liability.

### **Recently Issued Accounting Pronouncements Adopted**

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 11 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.

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

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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 December 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 Company adopted this standard in the current fiscal year on a retrospective basis. See Note 10 for further information.

**Recently Issued Accounting Pronouncements Not Yet Adopted**

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.

**Note 3 - Property and Equipment, net**

The following table presents property and equipment as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Building	\$ 433,448	\$ 433,448
Building improvements	827,843	800,629
Land	2,367,443	75,000
Machinery and equipment	1,361,960	1,259,372
Computer and office equipment	64,702	64,702
Furniture and fixtures	226,802	68,066
Total property and equipment	5,282,198	2,701,217
Less: Accumulated depreciation	(1,311,685)	(1,196,640)
Total property and equipment, net	<u>\$ 3,970,513</u>	<u>\$ 1,504,577</u>
Construction-in-process	<u>\$ 961,032</u>	<u>\$ 190,422</u>

Depreciation expense related to property and equipment, net was \$115,046 and \$89,125 for the years ended December 31, 2025 and 2024, respectively.

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**Note 4 - Intangible Assets Other Than Goodwill**

The following table presents intangible assets other than goodwill as of December 31, 2025 and 2024:

	<b>2025</b>		
	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Intellectual property	\$ 152,000	\$ 106,500	\$ 45,500
Website & software development costs	225,907	151,642	74,265
Customer relationships	354,000	354,000	-
<b>Total</b>	<b>\$ 731,907</b>	<b>\$ 612,142</b>	<b>\$ 119,765</b>

  

	<b>2024</b>		
	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Intellectual property	\$ 152,000	\$ 81,024	\$ 70,976
Website & software development costs	225,907	106,461	119,446
Customer relationships	354,000	320,286	33,714
<b>Total</b>	<b>\$ 731,907</b>	<b>\$ 507,770</b>	<b>\$ 224,137</b>

During each of the years ended December 31, 2025 and 2024, amortization expense was \$104,372 and \$123,467, respectively.

Future expected amortization expense of intangible assets is as follows:

**Year Ending December 31,**

2026	66,181
2027	50,083
2028	3,500
<b>Total</b>	<b>\$ 119,765</b>

**Note 5 - Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses consisted of the following as of December 31, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Accounts payable	\$ 1,399,998	\$ 2,155,842
Accrued liabilities	933,811	584,172
Accrued payroll and payroll tax	2,107,610	3,196,538
<b>Total accounts payable and accrued expenses</b>	<b>\$ 4,441,419</b>	<b>\$ 5,936,553</b>

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**Note 6 - Notes Payable**

The following table presents notes payable as of December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
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. Beginning June 1, 2022, the Company was required to make monthly interest only payments of \$6,021 with a balloon payment of \$850,000 due May 1, 2025, the date of maturity. The loan was secured by the corporate headquarters building.	-	850,000
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 and matures five years from this date. Interest will accrue at an annual rate of 3.75%.	-	150,000
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 was required to make minimum monthly payments of principal and interest of \$35,305 monthly. The note was an unsecured obligation.	-	171,352
Total notes payable	3,000,000	4,171,350
Less: unamortized discounts	-	(63,607)
Total notes payable	3,000,000	4,107,744
Less: current portion of notes payable, net of discount	(3,000,000)	(3,957,744)
Notes payable-long-term	<u>\$ -</u>	<u>\$ 150,000</u>

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

**Note 7 - Stockholders' Equity**

***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 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 was 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 as quoted on the OTC market of \$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 was being amortized into expense as services were provided by the vendor. During the year ended December 31, 2025, the Service Agreement was terminated, and the Company recognized the remaining prepaid expense balance as expense. During the years ended December 31, 2025 and 2024, the Company amortized \$1,611,796 and \$1,192,104, respectively, within general and administrative expense on the consolidated statements of operations.

The following table presents the Company's common stock warrant activity for the years ended December 31, 2025 and 2024:

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	<b>Number of Shares Underlying Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Term (Years)</b>
Outstanding and exercisable as of January 1, 2024	2,035,135	\$ 1.96	4.28
Granted	200,000	2.28	-
Exercises	(175,001)	2.00	-
Outstanding and exercisable as of December 31, 2024	2,060,134	\$ 2.28	3.71
Exercises	(26,667)	\$ 1.81	-
Outstanding and exercisable as of December 31, 2025	<u>2,033,467</u>	<u>\$ 2.27</u>	<u>2.72</u>

***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.

The 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, 2025 and 2024, there are 300 shares of Series A-1 Convertible Preferred Shares outstanding.

***Series B-1 Convertible Preferred Shares***

The Company has designated 500,000 shares of preferred stock with a par value of \$0.001 as “Series B-1 Convertible Preferred Shares”.

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

The 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 is cumulative.

As of December 31, 2025 and 2024, there are 5 shares of Series B-1 Convertible Preferred Shares outstanding.

***Common Stock***

Subject to the rights of holders of Series B-1 preferred shares, common stock shall be entitled to receive such cash dividends may be declared thereon by the Board from time to time out of assets of finds of the Corporation legally available.

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, 2025 and 2024.

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***Common Stock Issuances***

***Year Ended December 31, 2025***

During the year ended December 31, 2025, the Company issued 135,822 shares of restricted common stock as compensation to certain directors, executives and employees with an estimated fair value of \$2,405,367, based on the market price of the Company's stock on the grant date. See restricted stock unit disclosures in Note 8 below.

During the year ended December 31, 2025, the Company issued 1,745 shares of common stock for services with a market value of \$18,000, based on the market price of the Company's stock on the grant date.

During the year ended December 31, 2025, the Company issued 26,667 shares of common stock for warrant exercises for approximately \$48,334.

***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 8.

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.

**Note 8- Stock Based Compensation**

***Share-based Compensation Plan***

The Board of Directors and stockholders approved the BioStem Technologies, Inc. 2022 Equity Incentive Plan (2022 EIP), effective as of January 3, 2023, which serves as the successor to the BioStem Technologies, Inc. 2021 Equity Incentive Plan (2021 EIP) and permits the grant of incentive and nonstatutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, and cash-based awards and other stock-based awards to qualified employees, directors, and consultants. No new awards will be issued under the 2021 EIP as of the effective date of the 2022 EIP. Outstanding awards under the 2021 EIP continue to be subject to the terms and conditions of the 2021 EIP. If shares issued under the 2021 EIP and 2022 EIP pursuant to awards of restricted stock, restricted stock units, performance shares or performance units are repurchased by the Company or are forfeited to the Company due to the failure to vest, such shares are added back to the reserves of the 2022 EIP. Shares used to pay the exercise price of an award or to satisfy the tax withholdings related to an award will also become available for future grant or sale under the current EIP. The maximum aggregate number of shares that may be subject to awards and sold under the 2022 EIP is 1,752,693 shares. The shares may be authorized but unissued, or reacquired common stock. As of December 31, 2025, there were 448,776 shares reserved for future issuance under the current EIP. The term of each Option will be stated in the Award Agreement. In the case of an incentive stock option, the term will be no more than ten (10) years from the date of grant thereof. In the case of an incentive stock option granted to a Participant who, at the time the incentive stock option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

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**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:

	<u>2025</u>	<u>2024</u>
Dividend yield	0%	0%
Expected term	6 years	6 years
Risk-free interest rates	3.93% - 4.42%	3.54% - 4.66%
Expected volatility	104.47% - 106.98%	113.65% - 134.87%

*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.

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

	<u>Number of Shares Underlying Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Term (Years)</u>	<u>Intrinsic Value</u>
Outstanding as of January 1, 2024	6,117,462	\$ 1.90	8.16	\$ 24,225,150
Granted	705,000	\$ 7.79	7.71	1,360,650
Forfeited	(465,000)	\$ 4.12	-	-
Exercised	(283,400)	\$ 1.03		
Outstanding as of December 31, 2024	6,074,062	\$ 2.45	7.61	69,204,153
Granted	520,751	\$ 10.54	-	-
Forfeited	(314,529)	\$ 6.35	-	-
Outstanding as of December 31, 2025	6,280,284	\$ 2.92	6.67	\$ 5,576,041
Vested and exercisable as of December 31, 2025	5,569,238	\$ 2.10	6.39	\$ 9,507,796

The weighted-average grant date fair value of options granted during the years ended December 31, 2025 and 2024, was \$8.75 and \$6.75, respectively. During the years ended December 31, 2025 and 2024, the Company recognized \$3,225,105 and \$6,297,062, 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, 2025, total unrecognized stock-based compensation expense for service-based option grants was \$4,623,531, which is expected to be recognized over a straight-line basis over a weighted-average period of 2.26 years. The total fair value of shares vested during the years ended December 31, 2025 and 2024 was \$2,248,787 and \$1,054,137, respectively.

Intrinsic value is measured using the fair market value as of December 31, 2025 and 2024 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”). 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:

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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:

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, 2025 and 2024, the Company recognized \$1,438,538 and \$5,343,630 of stock-based compensation as a component of general and administrative expense for these awards, respectively. As of December 31, 2025, all of the market capitalization targets had been met and 4,500,000 options were exercisable and no unrecognized compensation expense remains.

***Restricted Stock Units ("RSUs")***

During the year ended 2025, the Company issued 75,504 RSUs to certain non-executive employees of the Company with a fair value of \$978,500 as part of the Company's long-term incentive plan. The RSUs 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 March 17, 2025, the Company issued 356,928 RSUs to certain executive employees as part of the Company's long-term incentive plan with a fair value of \$3,533,8000. The RSUs vest one-third on the first annual anniversary and two-thirds quarterly over the remaining two years.

On March 17, 2025, the Company issued 61,128 RSUs to certain board members as part of the Company's long-term incentive plan with a fair value of \$390,000. The RSUs vest quarterly over one year.

On September 15, 2024, the Compensation Committee of the Board of Directors authorized the grant of 376,015 RSU's to certain executives 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 on the date of the grant.

The following table summarizes the restricted stock unit activity during the years ended December 31, 2025 and 2024:

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	Shares Outstanding	Weighted Average Grant Date Fair Value
Unvested balance-January 1, 2024	-	\$ -
Granted	390,686	10.00
Vested	(31,335)	9.84
Unvested balance-December 31, 2024	359,351	10.01
Granted	493,560	9.93
Vested	(135,822)	12.02
Forfeited or canceled	(55,207)	11.38
Unvested balance-December 31, 2025	<u>661,882</u>	<u>\$ 9.93</u>

As of December 31, 2025 and 2024, 661,882 and 359,351 of the restricted stock units remain unvested, respectively, and \$5,406,798 of unrecognized compensation expense will be recognized through December 2028 over a weighted average period of 1.93 years.

**Note 9 - Commitments and Contingencies**

**Operating Leases**

On April 14, 2025, the Company entered into a twenty-four (24) month and sixteen (16) day lease for additional office space in Fort Lauderdale, Florida commencing May 1, 2025. Monthly lease payments are \$4,857, \$9,713, and \$9,872 for the periods May 15, 2025, 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 in May 2025 and requires monthly lease payments of \$339 through July 2027.

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, \$10,250, \$10,420, \$10,117, and \$10,198 for the periods June 1, 2024, through December 31, 2024, January 1, 2025, through May 31, 2025, June 1, 2025, through September 30, 2025, October 1, 2025, through May 1, 2025, and June 1, 2026, through May 1, 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 \$217,655 and \$340,401 for the years ended December 31, 2025, and 2024, respectively, 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, 2025	December 31, 2024
Right -of-use assets	\$ 558,056	\$ 340,401
Accumulated amortization	(230,789)	(69,187)
Right -of-use assets, net	<u>\$ 327,267</u>	<u>\$ 271,214</u>

Operating lease liabilities are summarized below:

	December 31, 2025	December 31, 2024
Operating lease liabilities, current	\$ 225,768	\$ 106,723
Operating lease liabilities, less current portion	105,262	180,235
Total operating lease liabilities	<u>\$ 331,030</u>	<u>\$ 286,958</u>

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Future payments required on the operating lease liabilities, over a weighted average remaining lease term of approximately 1.43 are as follows:

Year Ending	
2026	252,632
2027	108,491
Total	361,123
Less present value discount	(30,093)
Total operating lease liabilities	<u>\$ 331,030</u>

The following table summarizes the supplemental cash flow information for the years ended December 31, 2025 and 2024:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Operating cash outflows from lease liabilities	<u>\$ 210,005</u>	<u>\$ 79,345</u>

During the year ended December 31, 2025 and 2024, we incurred lease expense of approximately \$193,171 and \$88,082 connection with the operating leases, respectively, included within general and administrative expenses on the consolidated statement of operations.

***Legal Matters***

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

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 6).

**Note 10 - Income Taxes**

For the years ended December 31, 2025 and 2024, the total income/(loss) from operations before income taxes was (\$389,646) and \$30,533,868, respectively. The Company had an effective tax rate of (1,588.95%) and (1.62%) for the years ended December 31, 2025 and 2024, respectively. The reconciliation of the statutory federal income tax rate to the Company's effective tax rate for the years ended December 31, 2025 and 2024, were as follows:

	<u>2025</u>		<u>2024</u>	
Expected income tax benefit at the U.S. federal statutory tax rate	\$ (81,826)	21.00%	\$ 6,409,528	21.00%
State and local taxes, net of federal benefit (1)	(263,804)	67.70%	1,321,662	4.33%
Changes in valuation allowance	5,845,289	(1,500.15)%	(9,662,685)	(31.65)%
Nontaxable or Nondeductible Items				
Equity Compensation	644,474	(165.40)%	562,345	1.84%
Transaction costs	197,291	(50.63)%	-	0.00%
Nondeductible Contribution	35,315	(9.06)%	-	-
Other nontaxable or nondeductible Items	688	(0.18)%	282,991	0.93%
Changes in unrecognized tax benefits	(186,161)	47.78%	589,314	1.93%
Effective tax rate	<u>\$ 6,191,266</u>	<u>(1,588.95)%</u>	<u>\$ (496,845)</u>	<u>(1.62)%</u>

(1) During the year ended December 31, 2025, state taxes in Florida made up the majority (greater than 50%) of the tax effect in this category

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The following table presents tax expenses by jurisdiction for the years ended December 31, 2025 and 2024:

	2025	2024
<b>Current</b>		
U.S. Federal	\$ 2,678,244	\$ 2,409,796
U.S. State	(481,841)	1,088,249
Total current expense	<u>\$ 2,196,403</u>	<u>\$ 3,498,045</u>
<b>Deferred</b>		
U.S. Federal	\$ 3,831,640	\$ (3,310,028)
U.S. State	163,224	(684,861)
Total deferred provision (benefit)	<u>3,994,864</u>	<u>(3,994,890)</u>
Change in valuation allowance	-	-
Total provision for income tax expense (benefit), net	<u>\$ 6,191,266</u>	<u>\$ (496,845)</u>

Net cash paid for income taxes consisted of the following for the year ended December 31, 2025:

	2025	2024
Federal taxes paid	\$ 5,300,000	\$ -
State and city taxes paid:		-
Florida	1,175,000	-
Georgia	25,000	-
Total state and city taxes paid	<u>1,200,000</u>	<u>-</u>
Total income taxes paid	<u>\$ 6,500,000</u>	<u>\$ -</u>

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, 2025 and 2024:

	2025	2024
<b>Deferred tax assets:</b>		
Net operating loss carryforward	\$ -	\$ -
Accrued payroll taxes	48,034	52,797
Stock-based compensation	3,745,791	3,535,310
Research and development credits	-	-
Capitalized research and development expenses	-	348,592
Allowance for doubtful accounts	2,080,670	56,561
Nondeductible charitable contributions	-	-
Inventory reserve	49,225	36,989
Lease liability	36,495	65,807
Intangible assets	<u>54,165</u>	<u>73,102</u>
Gross deferred tax assts	6,014,382	4,169,158
Less valuation allowance	<u>(5,845,289)</u>	<u>-</u>
Total deferred tax assets	169,093	4,169,158
<b>Deferred tax liabilities:</b>		
Fixed assets	\$ (147,557)	\$ (112,763)
ROU asset	(21,536)	(61,505)
Total deferred tax liabilities	<u>(169,093)</u>	<u>(174,268)</u>
Net deferred tax assets	<u>\$ -</u>	<u>\$ 3,994,890</u>

The utilization of the Company's net operating loss carryforwards ("NOLs") 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

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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. The Company experienced one relevant Ownership Change under Section 382 on May 23, 2016. The Company's cumulative net operating loss as of that date are approximately \$4.2 million. The cumulative Section 382 limitation as of December 31, 2024 with respect to that Ownership Change is approximately \$9.4 million and the NOLs generated for that period of \$4.2 million. The computation of the increases in percentage ownership change on each other testing date in the analysis was less than 50% with the highest ownership shift being approximately 25% after the 2016 Ownership Change. The NOLs were fully utilized during year end December 31, 2024, and no NOLs remain as of December 31, 2025.

***Valuation Allowance***

In assessing the need for a valuation allowance, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. We evaluate our ability to realize the tax benefits associated with deferred tax assets by analyzing the relative impact of all the available positive and negative evidence regarding our forecasted taxable income using both historical and projected future operating results, the reversal of existing taxable temporary differences, taxable income in prior carry-back years (if permitted) and the availability of tax planning strategies. The ultimate realization of deferred tax assets is dependent upon the generation of certain types of future taxable income during the periods in which those temporary differences become deductible. In making this assessment, we consider the scheduled reversal of deferred tax liabilities, our ability to carry back the deferred tax asset, projected future taxable income, and tax planning strategies. A valuation allowance will be recorded in each jurisdiction in which a deferred income tax asset is recorded when it is more likely than not that the deferred income tax asset will not be realized. Changes in deferred tax asset valuation allowances typically impact income tax expense.

The Company released its valuation allowance for the year ended December 31, 2024 due to significant book net income and foreseeable profits. Towards the end of 2025 a significant change in CMS pricing arose, which changed the Company's forecasts in the ensuing years to net losses. As a result, the Company took a full valuation allowance of \$5,845,289 as of December 31, 2025. The Company will continue to evaluate the need for a valuation allowance in future years.

***Uncertain Tax Positions***

Accounting for uncertain income tax positions is determined by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. This minimum threshold is that a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than a fifty percent likelihood of being realized upon ultimate settlement. For the years ended December 31, 2025 and 2024, gross unrecognized tax benefits was \$343,780 and \$513,000, respectively.

	2025	2024
Gross unrecognized tax benefits, beginning of period	\$ 513,000	\$ -
Additions based on tax positions related to the current year	3,780	513,000
Reductions based on lapse of statute of limitations	(173,000)	-
Gross unrecognized tax benefits, end of period	<u>\$ 343,780</u>	<u>\$ 513,000</u>

**Note 11– 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 net (loss) income as the primary metric to assess performance and the allocation of resources. As such, the Company has determined that it operates as one operating and reportable segment. Segment assets, liabilities and stockholders' equity is presented the same as disclosed on the consolidated balance sheets.

The following tables set forth significant expense categories and other specified amounts included in consolidated net income that are otherwise regularly provided to the CODM for the years ended December 31, 2025 and 2024:

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	2025	2024
Revenue	\$ 47,482,015	\$ 69,658,420
Cost of goods sold	3,043,090	13,743,284
Gross profit	44,438,925	55,915,136
Research and development	110,594	43,607
Sales and marketing	636,258	536,605
Professional fees	26,141,136	8,868,332
Compensation and related	15,471,937	14,733,768
General and administrative	2,548,730	396,463
Depreciation and amortization	219,417	212,732
Interest expense (income), net	(413,849)	587,222
Other expense	114,348	2,541
Income tax expense (benefit)	6,191,266	(496,845)
Segment expense	51,019,837	24,884,423
Net (loss) income	\$ (6,580,912)	\$ 31,030,713

\*Note that the amounts presented above for research and development, sales and marketing, and general and administrative are exclusive of share-based compensation, payroll, and professional fee expenses.

#### **Note 12 - Subsequent Events**

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

#### Changes to CMS Reimbursement Rates

As also described in Note 1, *Liquidity*, effective January 1, 2026, CMS changed its reimbursement method for the Company's products from an average selling price per square centimeter methodology to a national flat rate of approximately flat \$127 per square centimeter.

#### Acquisition

On January 21, 2026, BioStem Technologies, Inc. (the "Company") completed the acquisition of certain assets comprising the surgical and wound care business of BioTissue Holdings, Inc. ("BioTissue") pursuant to a definitive asset purchase agreement approved by the boards of directors of both companies.

The acquired assets include BioTissue's surgical and wound care product portfolio, including the Neox® and Clarix® product lines, as well as related commercial infrastructure. The transaction also includes a nationwide network of direct sales representatives and independent sales agents and the assignment of certain group purchasing organization ("GPO") contracts.

The aggregate purchase consideration consisted of an upfront cash payment of approximately \$15.0 million. In addition, the Company may be required to make a contingent regulatory milestone payment of up to \$10.0 million upon the achievement of specified regulatory approval (510(k) clearance) for a new product. These contingent payments will be evaluated and recognized in accordance with applicable accounting guidance.

The Company intends to integrate the acquired operations into its existing business to expand its product offerings and commercial presence within both chronic and acute wound care markets, including hospital-based settings.

#### Equity Awards

On February 11, 2026, the Compensation Committee of the Board of Directors approved equity awards under the Company's Long-Term Incentive Plan. The awards consist of 50% restricted stock units ("RSUs") and 50% stock options and vest over three years, with one-third vesting on the first anniversary of the grant date and the remainder vesting in equal quarterly installments over the following eight quarters.

An aggregate of 759,636 RSUs were granted with a total grant-date fair value of approximately \$4.2 million, based on the closing price of the Company's common stock on the OTC Market on the grant date. In addition, stock options to purchase 759,636 shares of

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common stock were granted with an aggregate grant-date fair value of approximately \$3,448,749, as determined using the Black-Scholes option pricing model.

The Company has evaluated subsequent events through the date the financial statements were issued and determined that no additional events require disclosure.