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Zacks Small-Cap Research

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BioStem Technologies (OTCQB:BSEM)

BSEM: Hitting on all cylinders as reach expands and more patients are helped.

BSEM is changing the skin graft market by using the natural properties of perinatal tissue. Growth is accelerating as management makes smart and aggressive moves.

OUTLOOK

BioStem Technologies is a leading innovator focused on harnessing the natural properties of perinatal tissue in the development, manufacture, and commercialization of allografts for regenerative therapies.

An expansion of Medicare reimbursement, a focus on marketing and sales, and the development of further products to help even more patients continue to demonstrate BSEM is on an aggressive growth path.

Current Price (01/30/23)	$3.25
Valuation	**$6.30**

SUMMARY DATA

52-Week High	**$4.00**
52-Week Low	**$1.85**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**910**
Shares Outstanding (mil)	**12**
Market Capitalization ($mil)	**$40**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2022 Estimate	**N/A**
P/E using 2023 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Medium**
Type of Stock	**Growth**
Industry	**Health Care**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	2.7 A	2.2 A	1.1 A	1.2 E	7.2 E
2023	2.0 E	2.2E	2.4 E	2.8 E	9.4 E
2024	3.0 E	3.0 E	3.1 E	3.1 E	12.2 E
2025	3.3 E	3.7 E	4.0 E	4.9 E	15.9 E

Earnings

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	-0.09 A	0.02 A	-0.14 A	0.02 E	-0.19 E
2023	-0.05 E	-0.02 E	0.00 E	0.01 E	-0.06 E
2024	0.01 E	0.01 E	0.02 E	0.03 E	0.07 E
2025	0.05 E	0.06 E	0.07 E	0.07 E	0.25 E

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Updates

BioStem Technologies, Inc. (OTCQB: BSEM) is a leading innovator focused on harnessing the natural properties of perinatal tissue in the development, manufacture, and commercialization of allografts for regenerative therapies. The company states its mission is “to discover, develop and produce the most effective regenerative medicine products in the world,” and we believe that the company is well on its way to achieving that goal—providing to investors what we believe is an opportunity to invest in a company that is both providing a vital service to the human population and providing economic value to shareholders when doing so.

The company recently announced that the Center for Medicare Services (CMS) has established national pricing of Vendaje in all Medicare Administrative Contractors (MAC) regions, which became effective as of January 1, 2023. Prior to this nationwide approval, BioStem was restricted to certain MAC regions for Medicare reimbursement. This decision, in our view, will aid in the already good momentum the company has seen is sales of its revolutionary Vendaje product.

Vendaje is BioStem’s primary product and comes in several different forms and sizes and is a human connective tissue matrix comprised of amniotic tissue. This amniotic tissue is processed using the company’s proprietary BioRetain process, which creates a dehydrated human amniotic membrane allograft. Placentally-derived human amniotic membrane (AM) is a source of pro-healing growth factors and anti-inflammatory cytokines and has successfully been used in regenerative medicine for over a century. Vendaje is the result of the modernization of this science. According to the company, early users of AM for wounds and post-surgical applications noted how the membrane seemed to disappear and integrate with the patient’s own tissue without a host reaction. This apparent immune neutrality is a result of mechanisms that suppress and modulate the immune system.

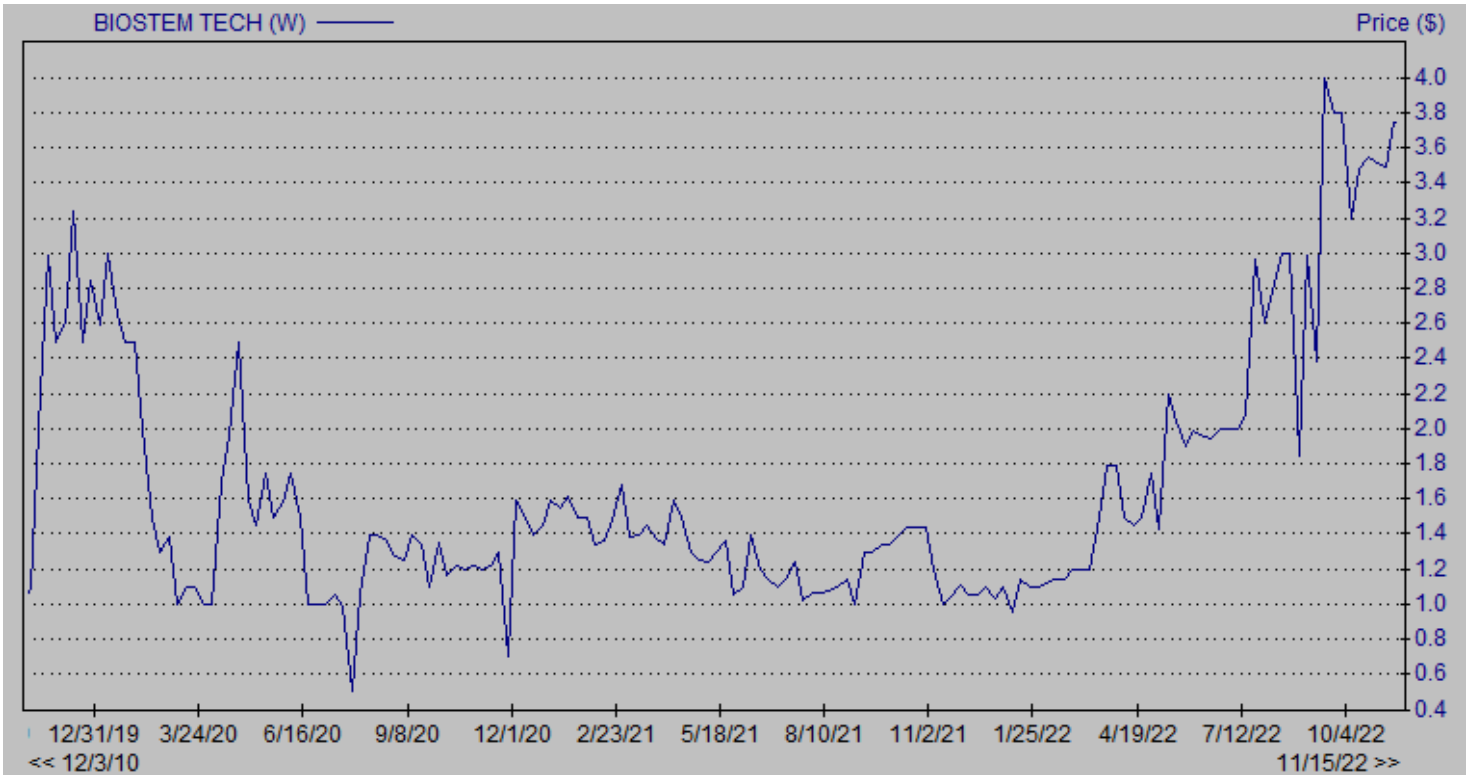
We believe this product is a game changer the wound healing arena and will grow market share as it continues to be adopted in the medical community. The company’s CEO and co-founder, Jason Matuszewski, recently noted that the company is going to be “engaging with several market development focus groups…to accelerate the adoption of our product offerings.” Another positive development that we believed was coming was the announcement that the company is going to expand its team of direct sales representatives and build out its marketing and consumer support capabilities.

And the company is not just resting on its current product line. The company also announced it is looking to launch four new products in 2023 and 2024—two in the advanced wound care space and two in the surgical recovery space.

Summary

These developments further demonstrate that Biostem continues to grow its market size through aggressive and smart actions. The vision management has for the company’s product and the focus they are using to deliver results are impressive. With a technology such as Vendaje we believe the specially trained sales people are much more effective in explaining the benefits available from using the company’s product—and will enable sales to grow at a rapid rate going forward. As such, we suggest investors with a modestly higher risk tolerance take a look at BSEM.

HISTORICAL STOCK PRICE



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