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Zacks Small-Cap Research

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BioStem Technologies (OTCQB:BSEM)

BSEM: Taking steps to expand its business and aid more patients.

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.

The recent announcement of the acquisition of a solid tissue processing device company furthers the goal of expanding its business and improve efficiency.

Current Price (03/07/23)	$3.25
Valuation	**$6.35**

SUMMARY DATA

52-Week High	**$4.00**
52-Week Low	**$1.85**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**935**
Shares Outstanding (mil)	**13**
Market Capitalization ($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.

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.

But the company is not just resting on its current product line and standing still. Previously, the company had 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. We haven’t received those announcements yet, but the company recently made a significant step towards bolstering those possibilities, as well as improving upon the company’s existing business line.

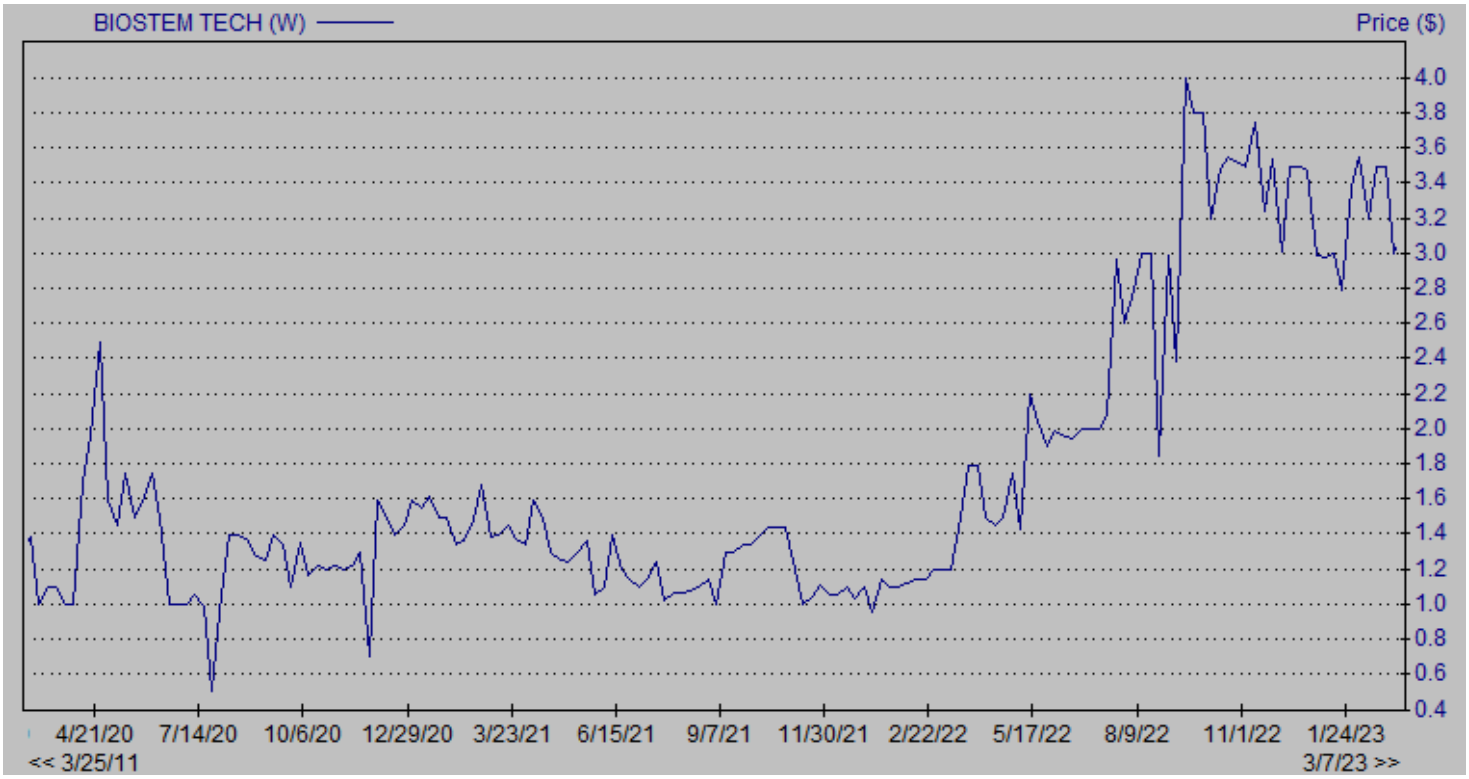
BioStem announced the acquisition of Auxocell Laboratories, which is described as a “leading solid tissue processing equipment manufacturer.” Auxocell was a private company and BioStem did not include the financial details in the announcement, but we believe this is a positive development that continues the momentum seen with BioStem. The Auxocell technology, known as AC:Px, can be used to produce a range of regenerative medicine products for various solid tissues. BioStem notes that AC:Px will allow for greater processing output and increased cell yield when producing native cellular products, minced tissue products and decellularized allografts. Jason Matuszewski, CEO of BioStem, had the following statement: “The acquisition will enable us to expand our intellectual property portfolio, both domestic and foreign, in the perinatal tissue space and provide additional value to our clients and shareholders. The core technology will allow us to secure the manufacturing process to isolate cells from solid tissues without the use of enzymatic digestion.”

We are waiting to see the financial details of the transaction, but on the surface this appears to be a very positive development for BioStem that will allow them to continue to expand their business and ultimately benefit shareholders and patients.

Summary

This development 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 recently installed 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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