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Zacks Small-Cap Research

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Brad Sorensen
312-265-9574
bsorensen@zacks.com

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

BioStem Technologies (PINK:BSEM)

BSEM: Growth Continues to Impress

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 company announced its 1Q2025 preliminary financial results. The company continues to execute at a high level by posting record 1Q revenue and continued growth in earnings.

Current Price (05/12/25)	$15.19
Valuation	**$35.50**

SUMMARY DATA

52-Week High	**$24.98**
52-Week Low	**$7.00**
One-Year Return (%)	**55.08**
Beta	**-0.10**
Average Daily Volume (sh)	**83,385**
Shares Outstanding (mil)	**17**
Market Capitalization ($mil)	**$242**
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**

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)
2023	0.6 A	1.1 A	3.6 A	11.5 A	16.7 A
2024	41.9 A	74.5 A	82.6 A	102.8 A	301.8 A
2025	72.5 A	78.2 E	88.3 E	111.1 E	350.2 E
2026	74.2 E	81.5 E	90.5 E	107.1 E	353.3 E

Adjusted Earnings*

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	-0.10 A	0.07 A	0.12 A	-0.18 A	-0.09 A
2024	0.34 A	0.35 A	0.35 A	0.94 A	1.98 A
2025	0.27 A	0.32 E	0.28 E	0.30 E	1.17 E
2026	0.55 E	0.60 E	0.65 E	0.92 E	2.72 E

*Earning adjusted for noncash compensation—beginning in 2023.

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Update

BioStem Technologies, Inc. (PINK: 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 continues to show tremendous growth. Management released preliminary 1Q2025 financial results that showed revenue grew 73% over the year ago period to $72.5 million, while the gross profit margin increased to 99% due to the company focusing on Vendaje AC, which doesn’t have a licensing cost associated with it. The company also noted that sales and marketing costs increased, largely due to the Venture Medical bona-fide service fees, which we’ve written about and believe is a good investment in growing the business even further. Management also noted that full financial results should be available soon as the company is working through revenue recognition classification issues with the SEC as part of the uplisting process BSEM is going through with the NASDAQ.

Management also addressed the MACS LCD issue, noting that it likely delayed some purchases in 1Q due to the uncertainty but believes those issues should subside due to the confirmation that the LCD implementation is delayed until January 2026. Further delays or a decision that goes against BioStem would be headwinds for the company, but BioStem has proven it can continue to grow the business and profitability in such an environment. The company continues to work hard at making sure the process is fair, and their products are understood, and we continue to believe the company will ultimately be successful in getting Vendaje and Vendaje AC covered, and patients will continue to have access to the superior products that many patients have received.

The company also recently announced that its proprietary amnion chorion allograft, known as Vendaje AC trial to treat venous Leg Ulcers has been approved by a Institutional Review Board (IRB). This follows the announcement of the publication of a peer-reviewed study showing retrospective results regarding the application of this product for diabetic foot ulcers. BioStem continues to demonstrate that its products, including Vendaje and Vendaje AC, outperform existing products and are drawing increasing interest from doctors and patients, which is why we continue to have a very positive view on BSEM.

Given these developments and the continued robust revenue and earnings growth, and our belief that the company will be successful in its LCD coverage issue and continue to expand access to its superior wound care products, we belief the best for BSEM is still to come.

Summary

We reiterate our belief in the direction of BSEM and our strong appreciation for the way management has navigated challenges and grown the company in a smart fashion and urge investors to take a look at the stock and consider adding it to a portfolio.

PROJECTED INCOME STATEMENT & BALANCE SHEET

Biostem Technologies, Inc. Income Statement and Balance Sheet									
	1Q2024A	2Q2024A	3Q2024A	4Q2024A	1Q2025A	2Q2025E	3Q2025E	4Q2025E	2026E
Revenue	41,904,213	74,491,996	82,556,740	102,874,353	72,528,112	78,216,596	88,335,712	111,104,301	353,342,847
Cost of good sold	2,224,704	3,747,896	4,238,658	3,534,567	853,438	1,564,332	1,766,714	2,222,086	7,066,857
Gross profit	39,679,509	70,744,100	78,318,082	99,339,786	71,674,674	71,674,674	71,674,674	71,674,674	346,275,990
Operating Expenses:									
General and administration	4,399,262	2,786,106	3,299,381	3,464,350	6,994,004	2,925,411	2,981,133	3,741,498	13,197,524
Sales and marketing	30,547,721	59,003,833	65,187,066	68,446,419	57,684,468	61,954,025	63,134,101	61,601,777	260,748,264
Research and dev.	70,748	80,917	482,495	506,620	1,690,154	84,963	86,581	547,149	1,929,980
Depreciation and amort.	53,665	54,113	56,800	59,640	56,723	56,819	57,901	64,411	227,200
Total Operating Expenses	35,071,396	61,924,969	69,025,742	72,477,029	66,425,349	65,021,217	66,259,717	65,954,836	276,102,968
Income/(Loss) from operations	4,608,113	8,819,131	9,292,340	26,862,757	5,249,325	6,653,457	5,414,957	5,719,838	70,173,022
Other Income/(Expenses):									
Interest income/(expense)	(163,942)	(142,722)	(138,478)	(145,402)	31,617	32,249	32,894	33,552	0
Other	(1,571)	(115)	(811)	(852)	(409)	(417)	(426)	(434)	(429)
Total other inc./(exp.)	(165,513)	(142,837)	(139,289)	(146,253)	31,208	31,832	32,469	33,118	(429)
Net Inc./(Loss) from Operations Before Tax	4,442,600	8,676,294	9,153,051	26,716,503	5,280,533	6,685,289	5,447,426	5,752,956	70,172,593
Income Tax	-	(2,323,937)	(2,332,648)	(2,449,280)	(797,437)	(1,002,793)	(817,114)	(862,943)	(10,525,889)
Net loss attributable to noncon. Interest	-	-	-	-	-				-
Net Income/(Loss)	4,442,600	6,352,357	6,820,403	24,267,223	4,483,096	5,682,495	4,630,312	4,890,013	59,646,704
Net Income/(Loss) per share	$ 0.20	$ 0.30	$ 0.32	$ 1.14	$ 0.17	$ 0.22	$ 0.18	$ 0.19	$ 2.27
Adustment for non-cash compensation	3,279,098	1,088,391	673,162	706,820	2,536,933	2,663,780	2,796,969	2,936,817	11,747,268
Adjusted Earnings Per Share	$ 0.34	$ 0.35	$ 0.35	$ 1.17	$ 0.27	$ 0.32	$ 0.28	$ 0.30	$ 2.72
Diluted Common Shares Outstanding	22,383,275	21,350,511	21,129,197	21,340,489	26,257,562	26,257,563	26,257,564	26,257,565	26,257,566
Current Assets									
Cash	643,241	6,572,126	14,613,488	14,905,758	26,673,455	25,339,782	24,072,793	22,869,153	21,725,696
Accounts receivable	41,622,643	78,190,570	81,072,073	85,125,677	109,657,309	115,140,174	120,897,183	126,942,042	133,289,144
Inventory	882,763	1,370,749	2,073,248	2,176,910	1,972,637	1,874,005	1,780,305	1,691,290	1,606,725
Other	585,489	1,939,187	3,624,643	3,805,875	3,729,457	3,542,984	3,365,835	3,197,543	3,037,666
Total Current Assets	43,734,136	88,072,632	101,383,452	106,014,220	142,032,858	145,896,946	150,116,116	154,700,029	159,659,231
Property, Plant and Equip.	1,133,865	1,443,677	1,420,506	1,392,096	1,488,128	1,503,009	1,518,039	1,533,220	1,548,552
Right-of-use asset	9,636	318,334	295,101	265,591	247,104	249,575	252,071	254,591	257,137
Construction-in-process	215,081	43,423	166,257	182,883	348,503	351,988	355,508	359,063	362,654
Intangible and goodwill and Def Tax Asset	581,372	580,514	935,148	888,391	5,196,921	5,248,890	5,301,379	5,354,393	5,407,937
Total other assets	1,939,954	2,385,948	2,817,012	2,728,960	7,280,656	7,353,463	7,426,997	7,501,267	7,576,280
Total Assets	45,674,089	90,458,580	104,200,464	108,743,180	149,313,514	153,250,409	157,543,113	162,201,296	167,235,511
Current Liabilities									
Accounts payable	2,818,370	6,892,842	2,074,129	2,136,353	4,048,467	4,088,952	4,129,841	4,171,140	4,212,851
Interest payable	1,762,824	1,829,534	1,896,258	1,953,146	2,029,677	2,049,974	2,070,474	2,091,178	2,112,090
Notes payable--current	4,125,902	4,007,331	4,018,373	4,138,924	3,894,122	3,933,063	3,972,394	4,012,118	4,052,239
Convertible notes--current	-	-	-	-	-	-	-	-	-
Other current liabilities	30,099,897	61,479,594	73,022,155	74,482,598	91,520,873	92,436,082	93,360,443	94,294,047	95,236,987
Total current liabilities	38,806,993	74,209,301	81,010,915	82,711,021	101,493,139	102,508,070	103,533,151	104,568,483	105,614,167
Notes payable--long-term	216,263	142,436	150,000	142,500	150,000	142,500	135,375	128,606	122,176
Other long-term liabilities	8,822	235,598	208,338	187,504	151,280	143,716	136,530	129,704	123,219
Total long-term liabilities	225,085	378,034	358,338	330,004	301,280	286,216	271,905	258,310	245,394
Total Liabilities	39,032,078	74,587,335	81,369,253	83,041,025	101,794,419	102,794,286	103,805,056	104,826,793	105,859,562
Stockholders' equity/(deficit)									
Capital stock/treasury stock, net	(26,992)	(26,928)	(27,006)	(27,276)	(26,742)	(26,742)	(26,742)	(26,742)	(26,742)
Additional paid in capital	47,851,046	50,717,858	52,118,512	54,125,013	56,803,063	59,643,216	62,625,377	65,756,646	69,044,478
Noncontrolling interest	0	0	0	0	0	0	0	0	0
Accumulated deficit	(41,182,043)	(34,819,685)	(29,260,294)	(28,395,582)	(9,257,226)	(9,160,352)	(8,860,578)	(8,355,400)	(7,641,787)
Total Stockholders' Equity/(Deficit)	6,642,011	15,871,245	22,831,212	25,702,155	47,519,095	50,456,122	53,738,057	57,374,504	61,375,949
Total Liabilities and Stockholders' Equity	45,674,089	90,458,580	104,200,464	108,743,180	149,313,514	153,250,409	157,543,113	162,201,296	167,235,511

HISTORICAL STOCK PRICE


BIOSTEM TECH (W)
Price ($)
24
22
20
18
16
14
12
10
8
6
4
2
0
5/30/22
8/22/22
11/14/22
2/6/23
5/1/23
7/24/23
10/16/23
1/8/24
4/1/24
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9/16/24
12/9/24
3/3/25
<< 5/3/13
4/14/25 >>

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