

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

CAPSTONE TECHNOLOGIES GROUP, INC.

7529 Red Oak Lane

Charlotte, NC 28226

(704) 578-2238

www.capstonetechnologiesgroupinc.com

SIC CODE 8200

Quarterly Report

For the Period Ending: For the Quarter Ending: November 30, 2022 (**Amendment No. 1**)

(the "Reporting Period")

As of November 30, 2022, the number of shares outstanding of our Common Stock was:

5,466,570

As of August 31, 2022, the number of shares outstanding of our Common Stock was:

5,466,570

As of August 31, 2021, the number of shares outstanding of our Common Stock was:

4,466,570

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 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:

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

¹ "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 any names used by predecessor entities, along with the dates of the name changes.

The Company was originally incorporated in the State of Nevada on March 31, 2009, under the name Designer Export, Inc. On July 1, 2010, the Company changed its name to China Bilingual Technology & Education Group Inc. and on April 24, 2017 the Company changed its name to Capstone Technologies Group, Inc. its current name.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years;

The Company was originally incorporated in the State of Nevada on March 31, 2009, under the name Designer Export, Inc. On July 1, 2010, the Company changed its name to China Bilingual Technology & Education Group Inc. and on April 24, 2017 the Company changed its name to Capstone Technologies Group, Inc. its current name.

Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive): Active

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

None

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

During the quarter ended May 31, 2022 the Company has entered into security purchase agreements to raise a net amount of \$14.2 million. There were two types of security purchase agreements. Two-year convertible notes with warrants attached accounted for \$9.2 million. Also, convertible preferred stock with warrants attached accounted for an additional \$5.0 million. Please see the Notes to the financial statements for a more detailed explanation.

The address(es) of the issuer's principal executive office:

7529 Red Oak Lane

Charlotte, NC 28226

The address(es) of the issuer's principal place of business:

Check box 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?

Yes: No:

2) Security Information

Trading symbol:	CATG
Exact title and class of securities outstanding:	Common stock
CUSIP:	14070V206

Par or stated value: \$0.001

Total shares authorized: 500,000,000 as of date: November 30, 2022

Total shares outstanding: 5,466,570 as of date: November 30, 2022

Number of shares in the Public Float²: 64,946 as of date: November 30, 2022

Total number of shareholders of record: 68 as of date: November 30, 2022

All additional class(es) of publicly traded securities (if any): None

Transfer Agent

Name: Securities Transfer Corporation
 Phone: 469-633-0101
 Email: SZhang@stctransfer.com
 Address: 2901 Dallas Parkway
 Suite 380
 Plano, TX 75093

Is the Transfer Agent registered under the Exchange Act?³ Yes: No:

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct 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

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods:

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date <u>9/1/21</u>	Common: <u>4,466,570</u>								
	Preferred: <u>NA</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?	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	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.

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

³ To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

					(Yes/No)				
18-Feb-22	<u>New Issuance</u>	<u>1 million</u>	<u>Common</u>	<u>\$.001 / Share</u>	<u>No</u>	<u>Avenel Financial Group, Inc. (Controlled by Michael D. Pruitt)</u>	<u>Issuance of stock that was agreed when Michael Pruitt became President of the Company</u>	_____	_____
1-Mar-22	<u>Warrant Issue (See Note Below)</u>	<u>1.075 million</u>	<u>Warrant</u>	<u>\$1.00 / Share</u>	<u>No</u>	<u>NY Farms, LLC (Controlled by Stephen E. Apolant)</u>	<u>5 year Common Stock Warrants issued in conjunction with Note Agreements</u>		
3-Mar-22	<u>Warrant Issue (See Note Below)</u>	<u>1.075 million</u>	<u>Warrant</u>	<u>\$1.00 / Share</u>	<u>No</u>	<u>Seacor Capital Inc. (Controlled by Lisa Ficarra)</u>	<u>5 year Common Stock Warrants issued in conjunction with Note Agreements</u>		
4-Apr-22	<u>Warrant Issue (See Note Below)</u>	<u>134,375</u>	<u>Warrant</u>	<u>\$1.00 / Share</u>	<u>No</u>	<u>EROP Enterprises, LLC (Controlled by Vince Sbarra)</u>	<u>5 year Common Stock Warrants issued in conjunction with Note Agreements</u>		
27-May-22	<u>Warrant Issue (See Note Below)</u>	<u>2.688 million</u>	<u>Warrant</u>	<u>\$1.00 / Share</u>	<u>No</u>	<u>Arena Investors, LP (Controlled by Lawrence Cutler)</u>	<u>5 year Common Stock Warrants issued in conjunction</u>		

							<u>with Note Agreements</u>		
27-May-22	<u>Preferred Stock Issue</u>	<u>5.375 million</u>	<u>Preferred</u>	<u>\$1.00 / Share</u>	<u>No</u>	<u>Arena Investors, LP</u> <u>(Controlled by Lawrence Cutler)</u>	<u>Conversion</u>		
27-May-22	<u>Warrant Issue</u>	<u>2.688 million</u>	<u>Warrant</u>	<u>\$1.00 / Share</u>	<u>No</u>	<u>Arena Investors, LP</u> <u>(Controlled by Lawrence Cutler)</u>	<u>5 year Common Stock Warrants issued in conjunction with Preferred Stock</u>		
Shares Outstanding on Date of This Report:									
		<u>Ending</u> <u>Balance</u>							
<u>Ending Balance:</u>									
Date <u>11/30/22</u>									
Common: <u>5,466,570</u>									
Preferred: <u>5,375,000</u>									

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended June 30, 2021, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2019 through June 30, 2021 pursuant to the tabular format above.

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements:

<u>Date of Note Issuance</u>	<u>Outstanding Balance (\$)</u>	<u>Principal Amount at Issuance (\$)</u>	<u>Interest Accrued (\$)</u>	<u>Maturity Date</u>	<u>Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)</u>	<u>Name of Noteholder (entities must have individual with voting / investment control disclosed).</u>	<u>Reason for Issuance (e.g. Loan, Services, etc.)</u>
<u>3/1/21 – 10/4/21</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$104,975</u>	<u>2/26/2023</u>	<u>Principal Amount plus all accrued but unpaid Interest into Common Stock at a fixed</u>	<u>Sky Direct, LLC</u>	<u>Loan</u>

					<u>conversion price per share equal to \$0.225</u>	<u>(Controlled by Stephen E. Apolant)</u>	
<u>10/5/21</u>	<u>\$550,000</u>	<u>\$550,000</u>	<u>\$50,751</u>	<u>10/5/2023</u>	<u>Principal Amount plus all accrued but unpaid Interest into Common Stock at a fixed conversion price per share equal to \$0.225</u>	<u>Seacor Capital Inc. (Controlled by Lisa Ficarra)</u>	<u>Loan</u>
<u>1-Mar-22</u>	<u>\$2,150,000</u>	<u>\$2,150,000</u>	<u>\$122,730</u>	<u>1-Mar-24</u>	<u>Principal Amount plus all accrued but unpaid Interest into Common Stock at a fixed conversion price per share equal to \$1.00</u>	<u>NY Farms, LLC (Controlled by Stephen E. Apolant)</u>	<u>Loan</u>
<u>3-Mar-22</u>	<u>\$2,150,000</u>	<u>\$2,150,000</u>	<u>\$121,879</u>	<u>3-Mar-24</u>	<u>Principal Amount plus all accrued but unpaid Interest into Common Stock at a fixed conversion price per share equal to \$1.00</u>	<u>Seacor Capital Inc. (Controlled by Lisa Ficarra)</u>	<u>Loan</u>
<u>4-Apr-22</u>	<u>\$268,750</u>	<u>\$268,750</u>	<u>\$13,438</u>	<u>4-Apr-24</u>	<u>Principal Amount plus all accrued but unpaid Interest into Common Stock at a fixed conversion price per share equal to \$1.00</u>	<u>EROP Enterprises, LLC (Controlled by Vince Sbarra)</u>	<u>Loan</u>
<u>27-May-22</u>	<u>\$5,350,000</u>	<u>\$5,350,000</u>	<u>\$69,427</u>	<u>27-May-24</u>	<u>Principal Amount plus all accrued but unpaid Interest into Common Stock at a fixed conversion price per share equal to \$1.00</u>	<u>Arena Investors, LP (Controlled by Lawrence Cutler)</u>	<u>Loan</u>

4) Financial Statements

A. The following financial statements were prepared in accordance with:

- U.S. GAAP
 IFRS

B. The financial statements for this reporting period were prepared by (name of individual)⁴:

Name: Michael D Pruitt
Title: Treasurer (Principal Financial Officer)
Relationship to Issuer: Treasurer (Principal Financial Officer)

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

C. Balance Sheet;

⁴ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

CAPSTONE TECHNOLOGIES GROUP, INC.							
BALANCE SHEETS							
(Unaudited)							
						30-Nov-22	31-Aug-22
ASSETS							
Current Assets							
Cash						\$ 3,954,278	\$ 5,442,607
Restricted Cash						188,209	-
Interest Receivable						23,024	9,870
Due from related parties						<u>7,734</u>	<u>3,973</u>
Total Current Assets						<u>4,173,245</u>	<u>5,456,450</u>
Investments							
Notes Receivable						2,045,715	1,340,051
Equity Investments						<u>8,866,295</u>	<u>8,485,000</u>
Total Investments						<u>10,912,010</u>	<u>9,825,051</u>
TOTAL ASSETS						\$ 15,085,255	\$ 15,281,501
LIABILITIES AND STOCKHOLDERS' DEFICIT							
LIABILITIES							
Current Liabilities							
Accounts payable and Other Accrued Liabilities						\$ 227,326	\$ 135,015
Accrued Payroll						4,666	2,722
Accrued Interest						483,199	364,548
Current Portion -Convertible Notes Payable						1,550,000	1,550,000
Total Current Liabilities						<u>2,265,191</u>	<u>2,052,285</u>
Long Term Liabilities							
Non-Current Portion -Convertible Notes Payable						<u>7,509,625</u>	<u>7,070,627</u>
Total Liabilities						<u>9,774,816</u>	<u>9,122,912</u>
STOCKHOLDERS' DEFICIT							
Convertible Preferred Stock, Series B: \$1.00 stated value;							
authorized 10,750,000 shares; 5,375,000 issued and outstanding at November 30, 2022							
and at August 31, 2022							
						5,375,000	5,375,000
Common stock, \$.001 par value; 500,000,000 shares authorized;							
5,466,570 shares issued and outstanding at November 30, 2022 and							
at August 31, 2022, respectively							
						5,466	5,466
Additional paid-in capital						3,182,120	2,942,738
Accumulated deficit						<u>(3,252,147)</u>	<u>(2,164,615)</u>
Total Stockholders' Equity						<u>5,310,439</u>	<u>6,158,589</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT						\$ 15,085,255	\$ 15,281,501

The accompanying notes are an integral part of these unaudited financial statements

D. Statement of Income;

CAPSTONE TECHNOLOGIES GROUP, INC.							
STATEMENT OF OPERATIONS							
(Unaudited)							
						For the three months ended 11/30/22	For the three months ended 11/30/21
Revenue						\$ -	\$ -
Total Revenue						-	-
Expenses							
Professional fees						69,510	48,590
Payroll related						24,656	20,734
Office Expenses						16,729	4,312
Total Operating Expenses						110,895	73,636
Interest Expense						(897,812)	(21,644)
Interest Income						23,076	5,567
Series B Preferred Stock Dividend						(101,901)	-
Net Loss Attributable to Common Stockholders						\$ (1,087,532)	\$ (89,713)
PER SHARE AMOUNTS							
Basic and diluted earnings per share						\$ (0.20)	(0.02)
Weighted average number of common shares outstanding - basic and diluted						5,466,570	4,466,570
The accompanying notes are an integral part of these unaudited financial statements							

E. Statement of Cash Flows;

CAPSTONE TECHNOLOGIES GROUP, INC.

STATEMENT OF CASH FLOWS

(Unaudited)

						For the three months ended 11/30/22	For the three months ended 11/30/21
Cash Flow from Operating Activities							
	Net loss for the three months					\$ (1,087,532)	\$ (89,713)
Adjustments to reconcile net loss to net cash used in operating activities:							
Increase (Decrease) in operating assets and liabilities:							
	Increase (Decrease) in accrued liabilities					120,595	23,516
	(Increase) Decrease in prepaid expenses						
	Increase (Decrease) in related party payable						
	Increase (Decrease) in accounts payable					92,311	(6,901)
Net Cash Used in Operating Activities						(874,626)	(73,098)
Cash Flow from Investing Activities							
Net cash provided by (used in) investing activities						(1,100,113)	(1,310,567)
Cash Flows from Financing Activities							
	Conversion of related party payable					-	
	Increase in notes payable						1,300,000
	Original issue discount on notes payable						
	Sale of Preferred Stock						
	Original issue discount on Preferred Stock						
	Valuation of Warrants granted						
	Amortization of original issue discount					678,380	
	Decrease in advance to related party					(3,761)	26,263
	Received from related parties for Common Stock						
	Forgiveness of related party payable						
	Received from related parties						
Net Cash Provided by Financing Activities						674,619	1,326,263
Net increase (decrease) in cash, cash equivalents, and restricted cash						(1,300,120)	(57,402)
Cash, cash equivalents, and restricted cash at beginning of the year						5,442,607	126,622
Cash, cash equivalents, and restricted cash at end of the period						\$ 4,142,487	\$ 69,220
Supplemental Disclosure of Interest and Income Taxes Paid:							
	Interest paid during the period					\$ 100,781.25	\$ -
	Income taxes paid during the period					\$ -	\$ -
Non-Cash Financing and Investing Activities:							
	Conversion of related party payable					\$ -	\$ -
	Forgiveness of related party payable					\$ -	\$ -

The accompanying notes are an integral part of these unaudited financial statements

F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)

CAPSTONE TECHNOLOGIES GROUP, INC.									
STATEMENT OF STOCKHOLDERS' EQUITY									
(Unaudited)									
		Preferred Stock		Common Stock		Additional	Accumulated	Total	
		Shares	Amount	Shares	Amount	Paid-in	Deficit	Stockholders'	
						Capital		Equity	
Balance at August 31, 2021				4,466,570	\$ 4,466	\$ 284,039	\$ (409,738)	\$ (121,233)	
Stock Issuance				1,000,000	\$ 1,000			\$ 1,000	
Issuance of Preferred Stock	5,375,000	\$ 5,375,000				\$ (1,667,780)		\$ 3,707,220	
Issuance of warrants						\$ 4,326,479		\$ 4,326,479	
Net loss for the year ended August 31, 2022							(1,754,877)	(1,754,877)	
Balance at August 31, 2022	-	\$ 5,375,000	5,466,570	\$ 5,466	\$ 2,942,738	\$ (2,164,615)		\$ 6,158,589	
Stock Issuance								\$ -	
Issuance of Preferred Stock						\$ 239,382		\$ 239,382	
Issuance of warrants								\$ -	
Net loss for the three months ended November 30, 2022							\$ (1,087,532)	\$ (1,087,532)	
Balance at November 30, 2022	-	\$ 5,375,000	5,466,570	\$ 5,466	\$ 3,182,120	\$ (3,252,147)		\$ 5,310,439	

The accompanying notes are an integral part of these unaudited financial statements

G. Financial notes;

CAPSTONE TECHNOLOGIES GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
November 30, 2022
(Unaudited)

NOTE 1 - ORGANIZATION AND OPERATIONS

The Company was originally incorporated in the State of Nevada on March 31, 2009, under the name Designer Export, Inc. On July 1, 2010, the Company changed its name to China Bilingual Technology & Education Group Inc. and on April 24, 2017 the Company changed its name to Capstone Technologies Group, Inc. its current name.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include valuing warrants using Black-Scholes models.

Income Taxes

The Company follows FASB ASC Subtopic 740, Income Taxes, for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled.

Deferred income tax expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized.

Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

Stock-based Compensation

The Company follows FASB ASC Subtopic 718, Stock Compensation, for accounting for stock-based compensation. The guidance requires that new, modified and unvested share-based payment transactions with employees, such as grants of stock options and restricted stock, be recognized in the consolidated financial statements based on their fair value at the grant date and recognized as compensation expense over their vesting periods. The Company also follows the guidance for equity instruments issued to consultants.

Basic Loss Per Share

FASB ASC Subtopic 260, Earnings Per Share, provides for the calculation of "Basic" and "Diluted" earnings per share. Basic earnings per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding for the period. All potentially dilutive securities have been excluded from the computations since they would be antidilutive. However, these dilutive securities could potentially dilute earnings per share in the future.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with maturities of three months or less when purchased. Cash and cash equivalents are on deposit with financial institutions without any restrictions. At November 30, 2022, cash equivalents amounted to \$4,142,487. Of that amount, \$3,954,278 is not restricted and can be used for general corporate purposes. The remaining \$188,209 is classified as restricted and is held in an interest bearing account. This amount has been deposited as part of an investment partnership called Hedgemore Investors, LLC. Details of that partnership will be discussed in Note 6.

NOTE 3 – GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

As reflected in the accompanying financial statements, the Company had an accumulated deficit at November 30, 2022 of \$3,252,147. This factor among others raise substantial doubt about the Company's ability to continue as a going concern.

While the Company is attempting to commence operations and generate revenues, the Company's cash position may not be significant enough to support the Company's daily operations. Management intends to raise additional funds by way of a public or private offering. Management believes that the actions presently being taken to further implement its business plan and generate revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate revenues. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 4 – STOCKHOLDERS' EQUITY

Capital Stock Issued

Authorized Capital Stock

Common Stock

The Company has issued 1,000,000 shares of common stock during the previous fiscal year to a company controlled by the Company's CEO. This stock grant was agreed to when the CEO accepted the position.

During the 3rd quarter of 2022, the Company issued 5,375,000 shares of Series B Convertible Preferred stock.

The Company is authorized to issue 500,000,000 shares of common stock with a par value of \$0.001 per share. As of November 30, 2022, 5,466,570 shares were issued and outstanding. On August 5, 2021 a 75 to 1 reverse stock split was effectuated that reduced the number of issued and outstanding shares by 330,514,160.

Series B Convertible Preferred Stock

The Company is authorized to issue 500,000,000 shares of preferred stock with a par value of \$0.001 per share and is authorized to issue 10,750,000 shares of Series B Preferred. As of November 30, 2022, 5,375,000 shares were issued and outstanding. On August 31, 2022 there were 5,375,000 outstanding preferred shares.

Designations, rights and preferences of Series B Preferred:

Stated value: Each share of Series B Preferred had a stated value of \$1.00.

Dividend: The Series B Preferred is paid a quarterly dividend of 7.5% per annum.

Redemption: There are triggering events, as defined, that can cause the Series B Preferred to be redeemable at the option of the holder, some of which are outside the control of the Company.

Conversion: At option of holder, the Series B Preferred is convertible into common stock at a rate of one share for each share of Series B Preferred converted. Conversion is subject to a beneficial ownership limitation of 9.99% that can be adjusted upwards by the holder with a 60 day notice.

Liquidation preference: Upon any liquidation, dissolution or winding-up of the Company, the holder is entitled to receive out of the assets, whether capital or surplus, an amount equal to 150% of the stated value plus then be entitled to receive the same amount that a holder of common stock would receive if the preferred stock were fully converted.

Voting rights: The holder of Series B Preferred does not have rights to vote. In addition, the approval of the holder of Series B Preferred, is required for certain events and transactions that would change the rights of the Series B Preferred.

Anti-dilution: The Series B Preferred provides for customary adjustments in the event of dividends or stock splits and anti-dilution protection.

Warrants

At November 30, 2022, the outstanding warrants consisted of the following:

Date Issued	Number of Warrants	Exercise Price	Expiration Date
1-Mar-22	1,075,000	\$ 1.00	1-Mar-27
4-Mar-22	1,075,000	\$ 1.00	4-Mar-27
4-Apr-22	134,375	\$ 1.00	4-Apr-27
27-May-22	5,375,000	\$ 1.00	27-May-27
	7,659,375		

As discussed in this Note 4, and in Note 7, 7,659,375 warrants were granted between March and May of 2022 in connection with the issuance of 7.5% Convertible Notes and the Series B Preferred Stock. These warrants are equity-classified in the condensed financial statements. Assumptions used in calculating the fair value of the warrants at the issuance date include the following:

Stock price per share	\$ 1.00
Term	5 Years
Expected Volatility	108%
Dividend Yield	-
Risk-free interest rate	1.55% - 2.72%

NOTE 5 – INCOME TAXES

The provision for Federal income tax consists of the following for the nine-month period ended November 30, 2022 and 2021:

						For the three months ended 11/30/22	For the three months ended 11/30/21
						(228,382)	(18,840)
						228,382	18,840
						-	-

The cumulative tax effect at the expected rate of 21% and 21% respectively of significant items comprising our net deferred tax amount is as follows as of November 30, 2022 and August 31, 2022:

						30-Nov-22	31-Aug-22
						682,951	454,569
						(682,951)	(454,569)
						-	-

The Company has not recognized a deferred tax asset in these financial statements as it is not more-likely-than-not that the future taxable profit against which loss can be utilized will be realized. Accordingly, a 100% valuation allowance has been made.

The expected tax expense (benefit) based on the U.S. federal statutory rate is reconciled with actual tax expense (benefit) as follows:

						30-Nov-22	31-Aug-22
						21%	21%
						-21%	-21%

NOTE 6 – INVESTMENTS

Investments consist of the following:

Investments:					30-Nov-22	31-Aug-22
Notes Receivable:						
DrivenIQ (1)					\$ 790,000	\$ 790,000
Amergent (2)					\$ 454,950	\$ 300,000
NFTIQ Note (3)					\$ 485,765	\$ 195,051
Kaya Holding Corp (4)					\$ 250,000	\$ -
F&B Social LLC (5)					\$ 65,000	\$ 55,000
Total Notes Receivable					\$ 2,045,715	\$ 1,340,051
Equity Investments:						
DrivenIQ (1)					\$ 460,000	\$ 460,000
Branded Hospitality Venture Fund 1 (6)					\$ 25,000	\$ 25,000
Hedgemore Investors, LLC (7)					\$ 281,295	\$ -
Issuance Inc. Preferred Stock (8)					\$ 100,000	\$ -
Driven IQ Preferred Stock (9)					\$ 8,000,000	\$ 8,000,000
Total Equity Investments					\$ 8,866,295	\$ 8,485,000
Total Investments					\$ 10,912,010	\$ 9,825,051

- 1.) The Company entered into a Note with DrivenIQ during October of 2021. The Note is accruing interest at a rate of 5%. The Company plans on converting this Note to equity of DrivenIQ during 2023. The Company also purchased common shares, equivalent to 45% of the outstanding equity, from one of the founders of the company at the same time that the company entered into the Note.
- 2.) In August and November 2022, the Company advanced these funds to Amergent. The terms of the note require payment at December 15, 2022 and 1% interest. The Company's Chief Executive Officer has an ownership interest and serves as the Chairman and Chief Executive Officer of Amergent.
- 3.) The Company entered into a note agreement with NFTIQ on July 1, 2022. The note matures on October 1, 2024 and has an interest rate of 5%.
- 4.) On September 19, 2022, the company has entered into a 9 month note with Kaya Holding Corp. The interest rate on the Note is 8% and the Company was granted a 3 year warrant to purchase 5.0 million common shares of Kaya for \$.20 per share. In addition, the Company has a security interest in all of Kaya's assets.
- 5.) The Company has loaned F&B Social LLC money to initiate that company's operations. At this time, the Company has not decided whether it will convert this note to equity. Interest is being charged at 5%.
- 6.) Branded Hospitality Venture Fund is a managed fund that specializes in investments related to the hospitality industry. The total fund had 19 portfolio companies and \$6.2 million invested at December 31, 2021. The fund is not publicly traded and the investment is shown at the Company's original cost.
- 7.) The Company made an investment into Hedgemore Investors, LLC on October 28, 2022. Hedgemore purchased a building in Charlotte, NC and the Company plans to relocate to the purchased building. The Company owns 36.27% of Hedgemore. In addition to the cash invested to purchase the Hedgemore equity, the company has guaranteed \$1,391,195 of the mortgage for the building. In addition, the Company has entered into an agreement to leave cash in the bank that provided the building mortgage amounting to \$188,162 for a period of 2 years as partial backup to the Company's guarantee.
- 8.) On November 1, 2022, the Company purchased 75,512 preferred shares of Issuance Inc. for \$100,000. The preferred stock has liquidation preferences over common stock.
- 9.) During the quarter ended May 31, 2022, the Company advanced \$4,000,000 to Driven IQ under a SAFE (Simple Agreement for Future Equity). An additional \$1,000,000 was advanced as a SAFE in July of 2022. During August of 2022, the accompany finalized a preferred stock purchase agreement that required the company to advance an additional \$3,000,000. That agreement ultimately will require the company to invest an additional \$7,000,000 based on DrivenIQ completing two sets of milestones.

NOTE 7 – NOTES PAYABLE

Convertible Notes:				30-Nov-22	31-Aug-22
Sky Direct LLC 8% Notes (10)				\$ 1,000,000	\$ 1,000,000
Secor Capital Inc. 8% Notes (11)				\$ 550,000	\$ 550,000
NY Farms LLC 7.5% Notes (12)				\$ 2,150,000	\$ 2,150,000
Secor Capital Inc. 7.5% Notes (12)				\$ 2,150,000	\$ 2,150,000
EROP Enterprises, LLC 7.5% Notes (12)				\$ 268,750	\$ 268,750
Arena Investors LP 7.5% Notes (12)				\$ 5,375,000	\$ 5,375,000
Total Convertible Notes				\$ 11,493,750	\$ 11,493,750
Less Discount on Convertible Notes (13)				\$ 2,434,125	\$ 2,873,123
Total Convertible Notes, net of discount				\$ 9,059,625	\$ 8,620,627
Current portion of long-term debt and notes payable				\$ 1,550,000	\$ 1,550,000
Total notes payable less current portion				\$ 7,509,625	\$ 7,070,627

- 10.) The Sky Direct LLC note is due on February 26, 2023 and is convertible into Common Stock at \$.225 per share. To date \$104,975 of interest has been accrued.
- 11.) The Secor Capital Inc. 8% note is due on October 5, 2023 and is convertible into Common Stock at \$.225 per share. To date \$50,751 of interest has been accrued.
- 12.) In March, April and May of 2022, the Company and certain investors entered into a Securities Purchase Agreement (“SPA”) pursuant to which Company issued an aggregate principal amount of \$9.944 million of 7.5% Senior Unsecured Convertible Notes (“Notes”), and a Common Stock Purchase Warrant (“Warrant”) to purchase a number of shares of the Company’s common stock equal to half the value of the Note. The total number of common shares that could be issued in accordance with the warrants issued as part of the SPAs that included the 7.5% Convertible Notes amount to 4,971,875. The Notes bear interest at an annual rate of 7.5%, payable quarterly from the issue date, unless earlier converted, redeemed, or repurchased and the Noteholders have a security interest in all assets of the Company. In addition, the Notes were sold at a 7.5% Original Issue Discount. The Notes are convertible at any time at the holder’s option into common stock at the conversion price of \$1.00 per share. The Notes are due two years from their issue date.
- 13.) The Company recorded a debt discount of approximately \$3.5 million for the difference between the face value of the 7.5% Convertible Debt and the estimated fair value at the issuance date and is amortizing this discount over the 24-month term of the related debt. Amortization of approximately \$439,000 was recorded as interest expense during the three months ended November 30, 2022. The unamortized discount balance at November 30, 2022 is approximately \$2.4 million.

NOTE 8 – SUBSEQUENT EVENTS

Late in December 2022, the Company entered into an agreement to loan Branded Hospitality Venture Fund \$250,000. The loan is due on February 18, 2023 and borrower can extend for up to 60 days. The Company is charging 12% annual interest and will receive 20,000 Profit Units of Branded Hospitality Venture Fund. Also late in December. The Company advanced an additional \$170,000 to Amergent and an additional \$500,000 to DrivenIQ.

5) Issuer's Business, Products and Services

A. Summarize the issuer's business operations

The Company was originally incorporated in the State of Nevada on March 31, 2009, under the name Designer Export, Inc. On July 1, 2010, the Company changed its name to China Bilingual Technology & Education Group Inc. and on April 24, 2017 the Company changed its name to Capstone Technologies Group, Inc. its current name. The Company is a developmental stage company.

B. Please list any subsidiaries, parents, or affiliated companies.

None

C. Describe the issuers' principal products or services.

Capstone Technologies Group, Inc. is a developmental stage company that has made several early-stage investments. To date, the Company has invested in two hospitality type companies and one data marketing company involved in the auto industry.

6) Issuer's Facilities

The Company has no facilities to list.

7) Company Insiders (Officers, Directors, and Control Persons)

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding(1)	Note
Sky Direct LLC	Owner of more than 5%	Brookeville, NY	3,333,333	Common	60.98%	2
Michael D Pruitt	President, and Secretary/Treasurer	Charlotte, NC	1,000,000		18.29%	3
Clinton Stokes	Owner of more than 5%	Newberry Park, CA	491,333	Common	8.99%	N/A
Ren Zhiqing	Owner of more than 5%	Taiyuan City, China	272,000	Common	4.98%	N/A

(1) Calculated on the basis of 5,466,570 shares of Common Stock outstanding as of November 30, 2022.

(2) Purchased the shares previously owned by Barbara McIntyre Bauman. Stephen E. Apolant owns and controls Sky Direct, LLC. Stephen E. Apolant beneficially owns the shares held by Sky Direct, LLC. His address is 98 Cutter Mill Rd 441 S, Great Neck, NY 11021.

(3) Shares are in the name of Avenel Financial Group, Inc. which is owned and controlled by Michael D Pruitt. Michael D. Pruitt beneficially owns the shares held by Avenel Financial Group, Inc. His address is 7529 Red Oak Lane, Charlotte, NC 28226.

8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. 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, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry 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

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 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

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: Ruba Qashu
Firm: Raines Feldman LLP
Address 1: 18401 Von Karman Ave. Suite 360
Address 2: Irvine, CA 92612
Phone: 949-355-5405
Email: rqashu@raineslaw.com

Accountant or Auditor

Name: Ben Borgers

Firm: BF Borgers CPA PC
Address 1: 5400 W Cedar Ave
Address 2: Lakewood, CO 80226
Phone: 303-953-1454 Ext 100
Email: Ben@bfbcpa.us

Investor Relations

Name: NA _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

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) or consultant(s) or provided assistance or services to the issuer during the reporting period.

Name: _____
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Michael D Pruitt certify that:

1. I have reviewed this quarterly disclosure statement of Capstone Technologies Group, 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.

1/25/2023 [Date]

/s/ Michael D. Pruitt [CEO's Signature]

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

Principal Financial Officer:

I, Michael D. Pruitt certify that:

1. I have reviewed this quarterly disclosure statement of Capstone Technologies Group, 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.

1/25/2023 [Date]

/s/ Michael D. Pruitt [CFO's Signature]

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