

Item 11 – Non-Reliance on Previously Issued Financial Statements

(a) Date of Conclusion

On September 11, 2025, management, of BioStem Technologies, Inc. (OTC: BSEM) (the “Company”) concluded that the Company’s audited consolidated financial statements for the year ended December 31, 2023 (the “2023 Financial Statements”), the unaudited condensed consolidated financial statements for the quarters ended March 31, 2024, June 30, 2024 and September 30, 2024 (the “2024 Interim Financial Statements”), the unaudited consolidated financial statements for the year ended December 31, 2024 (the “2024 Annual Financial Statements”), and the unaudited consolidated financial statement for the interim periods ended March 31, 2025 and June 30, 2025 (the “2025 Interim Financial Statements”), all of which were filed on the OTC Disclosure & News Service (the “DNS”), should no longer be relied upon. Furthermore, the Company plans to withdraw its Form 10 filed with the SEC on September 27, 2024, as well as all subsequent filed amendments. The conclusions reached by management were discussed with and approved by the Board of Directors on September 11, 2025.

(b) Financial Statements Affected

The affected statements are the (1) 2023 Financial Statements (2) 2024 Interim Financial Statements (3) 2024 Annual Financial Statements and (4) the 2025 Interim Financial Statements, including in each case the related notes and any public communications that reference such statements.

(c) Facts Underlying the Conclusion

As noted in the Company’s previous public disclosures, the Securities Exchange Commission’s (“SEC”) review of the Company’s Form 10 registration statement and the related comments received from the SEC staff, caused management to reevaluate the accounting for the Company’s distribution and services arrangement with its exclusive distributor. This matter will be subjected to SEC review upon future filings.

The Company previously recognized revenue and related Bonafide Services Fee Expenses (“BFSF”) upon shipment to its distributor, Venture Medical, who was deemed to be the customer (a “sell-in” model). Following the reassessment under Accounting Standards Codifications No. 606, *Contracts with Customers*, (“ASC 606”), in the Company’s reevaluation of its distribution and services agreement, in connection with responding to the SEC’s comments, the Company believes that the end-users are the Company’s customers, and therefore, revenue and BFSF should be recognized when the distributor sells products to end-users (a “sell-through” model). This conclusion was based in large part on the Company’s ongoing control over its products through to the end-user and the level of control exercised over its distributor in the way the distributor selects customers and markets the Company’s products, as well as the Company’s overall control over various other aspects of the sales and supply chain channels. Management’s tentative conclusion that revenue and BFSF should be

recognized on a “sell-through” basis rather than a “sell-in” basis will be subjected to audit in the future.

(d) Anticipated Impact

The restatement is expected to defer certain revenues, related gross profit and BFSF from FY2023, FY 2024, including interim 2024 periods, and interim periods in 2025 into future reporting periods. The precise financial impact has not yet been determined.

(e) Plans for Restatement

The Company will file restated financial statements for the years end December 31, 2023 and December 31, 2024, which will include the impact of the restatement on any interim periods within those years, if material, and the interim periods for March 31, 2025 and June 30, 2025 on the DNS. The Company has notified its independent registered public accounting firm.

(f) Evaluation of Controls

Management is reviewing disclosure controls and internal controls over financial reporting relating to revenue recognition. Remediation measures are expected, including enhanced contract reviews, monitoring of distributor sell-through, updated accounting policies, additional internal staffing, and strengthened review procedures.

Forward-Looking Statements

This disclosure contains forward-looking statements, including expectations regarding restatement timing, scope, and impact. Actual results may differ due to risks and uncertainties. The Company undertakes no obligation to update these statements except as required by law.

Contact

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