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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended March 31, 2021**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 001-37603**

**BIORESTORATIVE THERAPIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other Jurisdiction of  
Incorporation or Organization)

**91-1835664**

(I.R.S. Employer  
Identification No.)

**40 Marcus Drive, Melville, New York**  
(Address of Principal Executive Offices)

**11747**  
(Zip Code)

**(631) 760-8100**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

**Title of each class**  
None

**Trading symbol(s)**  
N/A

**Name of exchange on which registered**  
N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes[X] No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes[X] No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                                     |                           |                                     |
|-------------------------|-------------------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/>            | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/>            |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act: ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by checkmark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

As of May 14, 2021, there were 3,175,977,710 shares of the registrant's common stock outstanding.

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**BIORESTORATIVE THERAPIES, INC. AND SUBSIDIARY**  
**FORM 10-Q**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BIORESTORATIVE THERAPIES, INC. AND SUBSIDIARY  
CONDENSED CONSOLIDATED BALANCE SHEETS

|  | March 31,<br>2021<br>(Unaudited) | December 31,<br>2020 |
|--|----------------------------------|----------------------|
| <b>ASSETS</b>  |                                  |                      |
| <b>Current Assets:</b>   |                                  |                      |
| Cash   | \$ 2,500,909                     | \$ 3,064,610         |
| Accounts receivable  | 18,000                           | 17,000               |
| Prepaid expenses   | 75,452                           | 105,407              |
| <b>Total Current Assets</b>  | <b>2,594,361</b>                 | <b>3,187,017</b>     |
| Equipment, net   | 16,345                           | 21,914               |
| Right of use asset   | 444,838                          | 473,849              |
| Intangible assets, net   | 645,636                          | 664,268              |
| <b>Total Assets</b>  | <b>\$ 3,701,180</b>              | <b>\$ 4,347,048</b>  |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>   |                                  |                      |
| <b>Current Liabilities:</b>  |                                  |                      |
| Accounts payable   | \$ 245,661                       | \$ 118,851           |
| Accrued expenses and other current liabilities   | 713,064                          | 718,259              |
| Accrued interest   | 212,793                          | 49,307               |
| Lease liability  | 105,459                          | 158,371              |
| PPP loan payable   | 14,687                           | -                    |
| <b>Total Current Liabilities</b>   | <b>1,291,664</b>                 | <b>1,044,788</b>     |
| Lease liability, net of current portion  | 392,255                          | 363,519              |
| Notes payable, net of debt discount of \$4,949,709 and \$5,366,869, respectively   | 4,476,330                        | 4,270,233            |
| PPP loan payable, net of current portion   | 235,313                          | -                    |
| <b>Total Liabilities</b>   | <b>6,395,562</b>                 | <b>5,678,540</b>     |
| <b>Commitments and Contingencies</b>   |                                  |                      |
| <b>Stockholders' Deficit:</b>  |                                  |                      |
| Preferred stock, \$0.01 par value; Authorized, 20,000,000 shares; none issued and outstanding at March 31, 2021 and December 31, 2020      | -                                | -                    |
| Common stock, \$0.0001 par value; Authorized, 300,000,000,000 shares; Issued and outstanding 3,175,911,955 and 2,862,174,380, respectively | 317,593                          | 286,220              |
| Additional paid in capital   | 102,484,188                      | 88,225,121           |
| Accumulated deficit  | (105,496,163)                    | (89,842,833)         |
| <b>Total Stockholders' Deficit</b>   | <b>(2,694,382)</b>               | <b>(1,331,492)</b>   |
| <b>Total Liabilities and Stockholders' Deficit</b>   | <b>\$ 3,701,180</b>              | <b>\$ 4,347,048</b>  |

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.

**BIORESTORATIVE THERAPIES, INC. AND SUBSIDIARY**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

|  | For the Three Months Ended |                |
|--|----------------------------|----------------|
|  | March 31, 2021             | March 31, 2020 |
| Revenues   | \$ 18,000                  | \$ 26,000      |
| Operating expenses:                                  |                            |                |
| Marketing and promotion                              | 2,600                      | 22,008         |
| Consulting   | 8,389                      | 34,012         |
| Research and development                             | 165,254                    | 186,328        |
| General and administrative                           | 14,896,413                 | 602,641        |
| Total operating expenses                             | 15,072,656                 | 844,989        |
| Loss from operations                                 | (15,054,656)               | (818,989)      |
| Other expense:                                       |                            |                |
| Interest expense                                     | 181,514                    | 285,926        |
| Amortization of debt discount                        | 417,160                    | 1,066,526      |
| Loss on extinguishment of notes payable, net         | -                          | 658,152        |
| Change in fair value of derivative liabilities       | -                          | 2,141,069      |
| Reorganization items, net                            | -                          | 2,580,110      |
| Total other expense                                  | 598,674                    | 6,731,783      |
| Net loss   | \$ (15,653,330)            | \$ (7,550,772) |
| Net Loss Per Share                                   |                            |                |
| - Basic and Diluted                                  | \$ (0.01)                  | \$ (0.01)      |
| Weighted Average Number of Common Shares Outstanding |                            |                |
| - Basic and Diluted                                  | 2,919,719,282              | 960,077,909    |

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.

**BIORESTORATIVE THERAPIES, INC. AND SUBSIDIARY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**(Unaudited)**

|  | <b>Common Stock</b>  |                   | <b>Additional<br/>Paid-in<br/>Capital</b> | <b>Accumulated<br/>Deficit</b> | <b>Total<br/>Shareholders'<br/>Deficit</b> |
|--|----------------------|-------------------|---|--------------------------------|--|
|  | <b>Shares</b>        | <b>Amount</b>     |   |                                |  |
| <b>Balance at January 1, 2021</b>                                | 2,862,174,380        | \$ 286,220        | \$ 88,225,121                             | \$ (89,842,833)                | \$ (1,331,492)                             |
| Shares issued in exchange of notes payable and accrued interest  | 19,409,575           | 1,940             | 211,733                                   | -                              | 213,673                                    |
| Shares issued in cashless exercise of warrants                   | 294,328,000          | 29,433            | (29,433)                                  | -                              | -  |
| Stock-based compensation:  |                      |                   |   |                                |  |
| - restricted share units   | -                    | -                 | 179,098                                   | -                              | 179,098                                    |
| - options  | -                    | -                 | 13,897,669                                | -                              | 13,897,669                                 |
| Net loss   | -                    | -                 | -   | (15,653,330)                   | (15,653,330)                               |
| <b>Balance as of March 31, 2021</b>                              | <u>3,175,911,955</u> | <u>\$ 317,593</u> | <u>\$ 102,484,188</u>                     | <u>\$ (105,496,163)</u>        | <u>\$ (2,694,382)</u>                      |
| <b>Balance at January 1, 2020</b>                                | 77,851,633           | \$ 7,787          | \$ 65,786,213                             | \$ (78,570,146)                | \$ (12,776,146)                            |
| Shares and warrants issued for cash                              | 1,000,000            | 100               | 9,900                                     | -                              | 10,000                                     |
| Shares issued in exchange for notes payable and accrued interest | 1,515,799,750        | 151,580           | 2,407,352                                 | -                              | 2,558,932                                  |
| Stock-based compensation:  |                      |                   |   |                                |  |
| - options  | -                    | -                 | 221,881                                   | -                              | 221,881                                    |
| Net loss   | -                    | -                 | -   | (7,550,772)                    | (7,550,772)                                |
| <b>Balance as of March 31, 2020</b>                              | <u>1,594,651,383</u> | <u>\$ 159,467</u> | <u>\$ 68,425,346</u>                      | <u>\$ (86,120,918)</u>         | <u>\$ (17,536,105)</u>                     |

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.

**BIORESTORATIVE THERAPIES, INC. AND SUBSIDIARY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

|  | <b>Three Months Ended</b> |                       |
|--|---------------------------|-----------------------|
|  | <b>March 31, 2021</b>     | <b>March 31, 2020</b> |
| Cash flows from operating activities:  |                           |                       |
| Net Loss   | \$ (15,653,330)           | \$ (7,550,772)        |
| Adjustments to reconcile net loss to net cash used in operating activities:                            |                           |                       |
| Amortization of debt discount  | 417,160                   | 1,066,526             |
| Accretion of interest expense  | -                         | 2,810,973             |
| Depreciation and amortization  | 24,201                    | 43,764                |
| Stock-based compensation   | 14,076,767                | 221,881               |
| Loss on extinguishment of note payables, net   | -                         | 658,152               |
| Change in fair value of derivative liabilities   | -                         | 2,141,069             |
| Non-cash effect of right of use asset  | 4,835                     | 8,592                 |
| Changes in operating assets and liabilities:   |                           |                       |
| Accounts receivable  | (1,000)                   | 6,000                 |
| Prepaid assets and other current assets  | 29,955                    | 12,978                |
| Accounts payable   | 126,809                   | 94,349                |
| Accrued interest, expenses and other current liabilities   | 160,901                   | 37,842                |
| Net cash used in operating activities  | <u>(813,702)</u>          | <u>(448,646)</u>      |
| Cash flows from financing activities:  |                           |                       |
| Proceeds from notes payable  | -                         | 441,762               |
| Proceeds from PPP Loan   | 250,000                   | -                     |
| Sales of common stock and warrants for cash  | -                         | 10,000                |
| Net cash provided by financing activities  | <u>250,000</u>            | <u>451,762</u>        |
| Net (decrease) increase in cash and cash equivalents   | (563,702)                 | 3,116                 |
| Cash and cash equivalents - beginning of period  | <u>3,064,610</u>          | <u>1,664</u>          |
| Cash and cash equivalents - end of period  | <u>\$ 2,500,909</u>       | <u>\$ 4,780</u>       |
| Supplemental cash flow information:  |                           |                       |
| Cash paid for:   |                           |                       |
| Interest   | \$ -                      | \$ -                  |
| Non-cash investing and financing activities:   |                           |                       |
| Shares issued in exchange for notes payable and accrued interest                                       | \$ 213,673                | \$ 2,558,932          |
| Bifurcated embedded conversion options and warrants recorded as derivative liability and debt discount | \$ -                      | \$ 2,377,818          |
| Sale of warrants recorded as derivative liabilities  | \$ -                      | \$ 10,000             |

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.

**BIORESTORATIVE THERAPIES, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 1 – NATURE OF THE ORGANIZATION, LIQUIDITY, AND BUSINESS**

*Corporate History*

BioRestorative Therapies, Inc. has one wholly-owned subsidiary, Stem Pearls, LLC (“Stem Pearls”). BioRestorative Therapies, Inc. and its subsidiary are referred to collectively as “BRT” or the “Company”.

On March 20, 2020 (the “Petition Date”), the Company filed a voluntary petition commencing a case (the “Chapter 11 Case”) under chapter 11 of title 11 of the U.S. Code in the United States Bankruptcy Court for the Eastern District of New York (the “Bankruptcy Court”).

On August 7, 2020 the Company and Auctus Fund, LLC (“Auctus”), the Company’s largest unsecured creditor and a stockholder as of the Petition Date, filed an Amended Joint Plan of Reorganization (the “Plan”) and on October 30, 2020, the Bankruptcy Court entered an order (the “Confirmation Order”) confirming the Plan, as amended. Amendments to the Plan are reflected in the Confirmation Order. On November 16, 2020 (the “Effective Date”), the Plan became effective. See Note 5 – Notes Payable – Chapter 11 Reorganization.

*Nature of the Business*

BRT develops therapeutic products and medical therapies using cell and tissue protocols, primarily involving adult stem cells. BRT’s website is at [www.biorestorative.com](http://www.biorestorative.com). BRT is currently developing a Disc/Spine Program referred to as “brtxDISC”. Its lead cell therapy candidate, *BRTX-100*, is a product formulated from autologous (or a person’s own) cultured mesenchymal stem cells collected from the patient’s bone marrow. The product is intended to be used for the non-surgical treatment of painful lumbosacral disc disorders or as a complimentary therapeutic to a surgical procedure. BRT is also engaging in research efforts with respect to a platform technology utilizing brown adipose (fat) for therapeutic purposes to treat type 2 diabetes, obesity and other metabolic disorders and has labeled this initiative its ThermoStem Program. Further, BRT has licensed a patented curved needle device that is a needle system designed to deliver cells and/or other therapeutic products or material to the spine and discs or other potential sites.

*Liquidity*

The accompanying unaudited condensed consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates realization of assets and satisfying liabilities in the normal course of business. At March 31, 2021, the Company had an accumulated deficit of approximately \$105,496,000 and working capital surplus of approximately \$1,303,000. For the three months ended March 31, 2021, the Company had a loss from operations of approximately \$15,055,000 (of which, approximately \$14,077,000 was attributable to non-cash stock-based compensation) and negative cash flows from operations of approximately \$814,000. The Company’s operating activities consume the majority of its cash resources. The Company anticipates that it will continue to incur operating losses as it executes its development plans for 2021, as well as other potential strategic and business development initiatives. In addition, the Company has had and expects to have negative cash flows from operations, at least into the near future. The Company has previously funded, and plans to continue funding, these losses primarily through current cash on hand received subsequent to quarter end and additional infusions of cash from equity and debt financing.

The Company believes the following has been able to mitigate the above factors with regards to its ability to continue as a going concern: (i) as part of its Chapter 11 reorganization approximately \$14,700,000 in outstanding debt and other liabilities were exchanged for (a) shares of common stock, (b) new convertible notes or (c) new convertible notes and warrants to purchase shares of common stock; (ii) the Company secured DIP financing during its Chapter 11 Case in the amount of \$1,189,413, as well as an aggregate amount of \$3,848,548 in debt financing from Auctus and others as part of the Company’s Chapter 11 reorganization, to sustain operations; and (iii) pursuant to the plan of reorganization, Auctus is required to loan to the Company, as needed, an additional amount equal to \$3,500,000, less the amount of Auctus’ DIP financing (\$1,226,901, inclusive of accrued interest) and its DIP costs not to exceed approximately \$650,000. As a result of the above, and cash on hand of approximately \$2,248,000 as of May 11, 2021, the Company believes it has sufficient cash to fund operations for the twelve months subsequent to the filing date. In addition, the Company is seeking further funding to commence and complete a Phase 2 clinical study of the use of *BRTX-100*.

There is no assurance that these funds will be sufficient to enable the Company to fully complete its development activities or attain profitable operations. If the Company is unable to obtain such additional financing on a timely basis the Company may have to curtail its development, marketing and promotional activities, which would have a material adverse effect on the Company's business, financial condition and results of operations, and ultimately the Company could be forced to discontinue its operations and liquidate.

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which contemplate continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the unaudited condensed consolidated financial statements do not necessarily purport to represent realizable or settlement values. The accompanying unaudited condensed consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### *Basis of Presentation*

The accompanying unaudited condensed consolidated financial information as of and for the three months ended March 31, 2021 and 2020 has been prepared in accordance with GAAP for interim financial information and with the instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, such financial information includes all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the Company's financial position at such dates and the operating results and cash flows for such periods. Operating results for the three months ended March 31, 2021 are not necessarily indicative of the results that may be expected for the entire year or for any other subsequent interim period.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to the rules of the U.S. Securities and Exchange Commission (the "SEC"). These unaudited condensed consolidated financial statements and related notes should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2020 included in the Company's Annual Report on Form 10-K filed with the SEC on April 30, 2021.

### *Principles of Consolidation*

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Stem Pearls. Intercompany accounts and transactions have been eliminated upon consolidation.

### *Reclassifications*

During the three months ended March 31, 2020, the Company reclassified \$2,580,110 related to the write-off of unamortized debt discount on convertible notes to reorganization items on the unaudited condensed consolidated statements of operations. This amount was previously recorded as interest expense in the Company's Quarterly Report on Form 10-Q filed with the SEC on March 29, 2021. This reclassification had no effect on net loss or cash flows as previously reported.



## Chapter 11 Accounting

The unaudited condensed consolidated financial statements included herein have been prepared as if we were a going concern and in accordance with Accounting Standards Codification (“ASC”) 852, *Reorganizations*.

Weak industry conditions in 2019 negatively impacted the Company’s results of operations and cash flows and may continue to do so in the future. In order to decrease the Company’s indebtedness and maintain the Company’s liquidity levels sufficient to meet its commitments, the Company undertook a number of actions, including minimizing capital expenditures and further reducing its recurring operating expenses. The Company believed that even after taking these actions, it would not have sufficient liquidity to satisfy its debt service obligations and meet its other financial obligations. On March 20, 2020 (the “Petition Date”), the Company filed a voluntary petition commencing a case under chapter 11 of title 11 of the U.S. Code in the United States Bankruptcy Court for the Eastern District of New York. On August 7, 2020, the Company and Auctus, the Company’s largest unsecured creditor and a stockholder as of the Petition Date, filed an Amended Joint Plan of Reorganization (the “Plan”). On November 16, 2020 (the “Effective Date”), the Plan became effective.

### Reorganization Items, Net

The Company incurred costs after the Petition Date associated with the reorganization, primarily unamortized debt discount and postpetition professional fees. In accordance with applicable guidance, costs associated with the bankruptcy proceedings have been recorded as reorganization items, net within the accompanying unaudited condensed consolidated statements of operations for the three months ended March 31, 2021 and 2020. Reorganization items, net for the three months ended March 31, 2021 and 2020, were \$- and \$2,580,110, respectively, representing cash used in operating activities.

Reorganization items, net for the three months ended March 31, 2021 and 2020, consisted of the following:

|  | Three Months Ended March<br>31, 2021 | Three Months Ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Unamortized debt discount on convertible notes | \$ -                                 | \$ 2,580,110                         |
| Total reorganization items, net                | \$ -                                 | \$ 2,580,110                         |

### Use of Estimates

The preparation of the unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, equity-based transactions, revenue and expenses and disclosure of contingent liabilities at the date of the unaudited condensed consolidated financial statements. The Company bases its estimates and assumptions on historical experience, known or expected trends and various other assumptions that it believes to be reasonable. As future events and their effects cannot be determined with precision, actual results could differ from these estimates which may cause the Company’s future results to be affected.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of the accompanying unaudited condensed consolidated financial statements. Significant estimates include the carrying value of intangible assets, deferred tax asset and valuation allowance, estimated fair value of derivative liabilities stemming from convertible debt securities, and assumptions used in the Black-Scholes-Merton pricing model, such as expected volatility, risk-free interest rate, and expected dividend rate.

### Revenue

The Company derives all of its revenue pursuant to a license agreement between the Company and a stem cell treatment company (“SCTC”) entered into in January 2012, as amended in November 2015. Pursuant to the license agreement, the SCTC granted to the Company a license to use certain intellectual property related to, among other things, stem cell disc procedures and the Company has granted to the SCTC a sublicense to use, and the right to sublicense to third parties the right to use, in certain locations in the United States and the Cayman Islands, certain of the licensed intellectual property. In consideration of the sublicenses, the SCTC has agreed to pay the Company royalties on a per disc procedure basis.

## **Practical Expedients**

As part of ASC Topic 606, the Company has adopted several practical expedients including:

- Significant Financing Component – the Company does not adjust the promised amount of consideration for the effects of a significant financing component since the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to the customer and when the customer pays for that good or service will be one year or less.
- Unsatisfied Performance Obligations – all performance obligations related to contracts with a duration for less than one year, the Company has elected to apply the optional exemption provided in ASC Topic 606 and therefore, is not required to disclose the aggregate amount of transaction price allocated to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period.
- Right to Invoice – the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date. The Company may recognize revenue in the amount to which the entity has a right to invoice.

## **Contract Modifications**

There were no contract modifications during the three months ended March 31, 2021. Contract modifications are not routine in the performance of the Company's contracts.

### *Cash*

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents. There were no cash equivalents as of March 31, 2021 or December 31, 2020.

### *Accounts Receivable*

Accounts receivable are reported at their outstanding unpaid principal balances, net of allowances for doubtful accounts. The Company periodically assesses its accounts and other receivables for collectability on a specific identification basis. The Company provides for allowances for doubtful receivables based on management's estimate of uncollectible amounts considering age, collection history, and any other factors considered appropriate. Payments are generally due within 30 days of invoice. The Company writes off accounts receivable against the allowance for doubtful accounts when a balance is determined to be uncollectible. The Company did not record an allowance for doubtful accounts as of March 31, 2021 and December 31, 2020, respectively.

### *Property and Equipment*

Property and equipment are recorded at cost. Depreciation is computed using straight-line method over the estimated useful lives of the related assets, generally three to fifteen years. Expenditures that enhance the useful lives of the assets are capitalized and depreciated. Computer equipment costs are capitalized, as incurred, and depreciated on a straight-line basis over a range of 3 – 5 years.

Leasehold improvements are amortized over the lesser of (i) the useful life of the asset, or (ii) the remaining lease term. Maintenance and repairs are charged to expense as incurred. The Company capitalizes cost attributable to the betterment of property and equipment when such betterment extends the useful life of the assets. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation will be removed from the accounts and the resulting gain or loss, if any, will be reflected in operations.

### *Impairment of Long-Lived Assets*

The Company reviews long-lived assets, including finite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then these assets are written down first, followed by other long-lived assets of the operation to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. During the three months ended March 31, 2021 and 2020, the Company determined that there was no impairment charge for intangible assets.

### *Intangible Assets*

The Company records its intangible assets at cost in accordance with ASC 350, Intangibles – Goodwill and Other. Definite lived intangible assets are amortized over their estimated useful life using the straight-line method, which is determined by identifying the period over which the cash flows from the asset are expected to be generated.

### *Advertising and Marketing Costs*

The Company expenses advertising and marketing costs as they are incurred. Advertising and marketing expenses were \$2,600 and \$22,008 for the three months ended March 31, 2021 and 2020, respectively. The above advertising and marketing expenses are recorded in marketing and promotion on the unaudited condensed consolidated statements of operations.

### *Fair Value Measurements*

As defined in ASC 820, “Fair Value Measurements and Disclosures,” fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). This fair value measurement framework applies at both initial and subsequent measurement.

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, marketable securities and listed equities.

Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category generally include non-exchange-traded derivatives such as commodity swaps, interest rate swaps, options and collars.

Level 3: Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value.

### Net Loss per Common Share

Net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. All vested outstanding options and warrants are considered potential common stock. The dilutive effect, if any, of stock options, warrants, and unvested restricted stock units (“RSUs”) are calculated using the treasury stock method. All outstanding convertible notes are considered common stock at the beginning of the period or at the time of issuance, if later, pursuant to the if-converted method. Since the effect of common stock equivalents is anti-dilutive with respect to losses, options, warrants, RSUs and convertible notes have been excluded from the Company’s computation of net loss per common share for the three months ended March 31, 2021 and 2020.

The following table summarizes the securities that were excluded from the diluted per share calculation because the effect of including these potential shares was antidilutive:

|                                  | Three Months Ended<br>March 31, |                               |
|----------------------------------|---------------------------------|-------------------------------|
|                                  | 2021                            | 2020                          |
| Options                          | 2,352,695,565                   | 4,874,617                     |
| Warrants                         | 14,689,060,954                  | 8,823,490                     |
| Unvested RSUs                    | 1,173,917,974                   | -                             |
| Convertible notes – common stock | 804,326,396 <sup>(1)</sup>      | 20,614,707,544 <sup>(2)</sup> |
| Total                            | 19,020,000,889                  | 20,628,405,651                |

- (1) As of Marh 31, 2021 all of the convertible notes had variable conversion prices and the shares issuable were estimated based on the market conditions. Pursuant to the note agreements, there were 6,078,578,968 shares of common stock reserved for future note conversions as of March 31, 2021.
- (2) As of March 31, 2020 many of the convertible notes had variable conversion prices and the shares issuable were estimated based on the market conditions. Pursuant to the note agreements, there were 360,7963,730 shares of common stock reserved for future note conversions as of March 31, 2020.

### Stock-based Compensation

The Company applies the provisions of ASC 718, Compensation—Stock Compensation (“ASC 718”), which requires the measurement and recognition of compensation expense for all stock-based awards made to employees, including employee stock options, in the statements of operations.

For stock options issued to employees and members of the board of directors for their services, the Company estimates the grant date fair value of each option using the Black-Scholes option pricing model. The use of the Black-Scholes option pricing model requires management to make assumptions with respect to the expected term of the option, the expected volatility of the common stock consistent with the expected life of the option, risk-free interest rates and expected dividend yields of the common stock. For awards subject to service-based vesting conditions, including those with a graded vesting schedule, the Company recognizes stock-based compensation expense equal to the grant date fair value of stock options on a straight-line basis over the requisite service period, which is generally the vesting term. Forfeitures are recorded as they are incurred as opposed to being estimated at the time of grant and revised.

Pursuant to Accounting Standards Update (“ASU”) 2018-07 Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting, the Company accounts for stock options issued to non-employees for their services in accordance ASC 718. The Company uses valuation methods and assumptions to value the stock options that are in line with the process for valuing employee stock options noted above.

Since the shares underlying the Company's 2010 Equity Participation Plan and the 2021 Stock Incentive Plan (the "Plans") are registered, the Company estimates the fair value of the awards granted under the Plans based on the market value of its freely tradable common stock as reported on the OTC Markets. On February 3, 2020, the Company was advised by OTC Markets Group that, based upon the closing bid price of the Company's common stock being less than \$0.001 per share for five consecutive trading days, the Company's common stock was moved from the OTCQB Market to the Pink Market effective at market open on February 10, 2020. The fair value of the Company's restricted equity instruments was estimated by management based on observations of the cash sales prices of both restricted shares and freely tradable shares. Awards granted to directors are treated on the same basis as awards granted to employees. Upon the exercise of an option or warrant, the Company issues new shares of common stock out of its authorized shares.

#### *Income Taxes*

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the unaudited condensed consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carry forwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company utilizes ASC 740, *Income Taxes*, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the unaudited condensed consolidated financial statements or tax returns. The Company accounts for income taxes using the asset and liability method to compute the differences between the tax basis of assets and liabilities and the related financial amounts, using currently enacted tax rates. A valuation allowance is recorded when it is "more likely than not" that a deferred tax asset will not be realized. At March 31, 2021 and December 31, 2020, the Company's net deferred tax asset has been fully reserved.

For uncertain tax positions that meet a "more likely than not" threshold, the Company recognizes the benefit of uncertain tax positions in the unaudited condensed consolidated financial statements. The Company's practice is to recognize interest and penalties, if any, related to uncertain tax positions in income tax expense in the unaudited condensed consolidated statements of operations when a determination is made that such expense is likely.

#### *Derivative Financial Instruments*

The Company evaluates its convertible instruments to determine if those contracts or embedded components of those contracts qualify as derivative financial instruments to be separately accounted for in accordance with Topic 815 of the Financial Accounting Standards Board ("FASB") ASC. The accounting treatment of derivative financial instruments requires that the Company record embedded conversion options ("ECOs") and any related freestanding instruments at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. Conversion options are recorded as a discount to the host instrument and are amortized as amortization of debt discount on the unaudited condensed consolidated financial statements over the life of the underlying instrument. The Company reassesses the classification of its derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification.

The Multinomial Lattice Model and Black-Scholes Model were used to estimate the fair value of the ECOs of convertible notes payable, warrants, and stock options that are classified as derivative liabilities on the unaudited condensed consolidated balance sheets. The models include subjective input assumptions that can materially affect the fair value estimates. The expected volatility is estimated based on the actual volatility during the most recent historical period of time equal to the weighted average life of the instruments.

#### *Sequencing Policy*

Under ASC 815-40-35 ("ASC 815"), the Company has adopted a sequencing policy, whereby, in the event that reclassification of contracts from equity to assets or liabilities is necessary pursuant to ASC 815 due to the Company's inability to demonstrate it has sufficient authorized shares as a result of certain securities with a potentially indeterminable number of shares, shares will be allocated on the basis of the earliest issuance date of potentially dilutive instruments, with the earliest grants receiving the first allocation of shares. Pursuant to ASC 815, issuances of securities to the Company's employees and directors, or to compensate grantees in a share-based payment arrangement, are not subject to the sequencing policy.

## *Leases*

In February 2016, the FASB issued ASU No. 2016-02, Leases (“ASU 2016-02”). The standard requires all leases that have a term of over 12 months to be recognized on the balance sheet with the liability for lease payments and the corresponding right-of-use (“ROU”) asset initially measured at the present value of amounts expected to be paid over the term. Recognition of the costs of these leases on the income statement will be dependent upon their classification as either an operating or a financing lease. Costs of an operating lease will continue to be recognized as a single operating expense on a straight-line basis over the lease term. Costs for a financing lease will be disaggregated and recognized as both an operating expense (for the amortization of the ROU asset) and interest expense (for interest on the lease liability).

A lease is defined as a contract that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration.

In accordance with ASC 842, *Leases*, the Company recognized an ROU asset and corresponding lease liability on its balance sheets for its office space lease agreement. See Note 8 - Leases for further discussion, including the impact on the Company’s unaudited condensed consolidated financial statements and related disclosures.

ROU assets include any prepaid lease payments and exclude any lease incentives and initial direct costs incurred. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The lease terms may include options to extend or terminate the lease if it is reasonably certain that the Company will exercise that option.

Leases in which the Company is the lessee are comprised of office rental. All of the leases are classified as operating leases. The Company has a lease agreement for office space with a remaining term of 3.75 years as of March 31, 2021.

## *Subsequent Events*

There were no subsequent events or transactions requiring recognition or disclosure in the unaudited condensed consolidated financial statements, and noted thereto, through the date the financial statements were issued.

## *Recently Issued Accounting Standards*

In March 2021, the FASB issued ASU 2021-03, Intangibles – Goodwill and Other (Topic 350) (“ASU 2021-03”) which requires an entity to identify and evaluate goodwill impairment triggering events when they occur to determine whether it is more likely than not that the fair value of a reporting unit (or entity, if the entity has elected the accounting alternative for amortizing goodwill and chosen that option) is less than its carrying amount. If an entity determines that it is more likely than not that the goodwill is impaired, it must test goodwill for impairment using the triggering event date as the measurement date. An entity is required to disclose the amount assigned to goodwill in total and by major business combination, or by reorganization event resulting in fresh-start reporting. Also, the weighted average amortization period in total and the amortization period by major business combination, or by reorganization event resulting in fresh-start reporting. ASU 2021-03 was effective for the Company on January 1, 2021 and did not have a significant impact on its unaudited condensed consolidated financial statement.

In May 2021, the FASB issued ASU 2021-04 “Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40) Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options” which clarifies and reduces diversity in an issuer’s accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. An entity should measure the effect of a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange as follows: i) for a modification or an exchange that is a part of or directly related to a modification or an exchange of an existing debt instrument or line-of-credit or revolving-debt arrangements (hereinafter, referred to as a “debt” or “debt instrument”), as the difference between the fair value of the modified or exchanged written call option and the fair value of that written call option immediately before it is modified or exchanged; ii) for all other modifications or exchanges, as the excess, if any, of the fair value of the modified or exchanged written call option over the fair value of that written call option immediately before it is modified or exchanged. The amendments in this Update are effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. An entity should apply the amendments prospectively to modifications or exchanges occurring on or after the effective date of the amendments. The Company is currently evaluating the impact of this standard on its unaudited condensed consolidated financial statements.

All other newly issued but not yet effective accounting pronouncements have been deemed to be not applicable or immaterial to the Company.

### NOTE 3 – INTANGIBLE ASSETS

The Company is a party to a license agreement with the SCTC (as amended) (the “SCTC Agreement”). Pursuant to the SCTC Agreement, the Company obtained, among other things, a worldwide, exclusive, royalty-bearing license from the SCTC to utilize or sublicense a certain medical device patent for the administration of specific cells and/or cell products to the disc and/or spine (and other parts of the body) and a worldwide (excluding Asia and Argentina), exclusive, royalty-bearing license to utilize or sublicense a certain method for culturing cells. Pursuant to the license agreement with the SCTC, unless certain performance milestones had been or are satisfied, the Company would have been required to pay to the SCTC \$150,000 by April 2017 and an additional \$250,000 by April 2019 in order to maintain its exclusive rights with regard to the disc/spine technology. In February 2017, the Company received authorization from the Food and Drug Administration (the “FDA”) to proceed with a Phase 2 clinical trial. Based upon such authorization, the Company has satisfied a performance milestone such that the Company was not required to pay to the SCTC a minimum amount of \$150,000 by April 2017 to retain exclusive rights with regard to the disc/spine technology. In addition, the Company believes that it has until February 2022 to complete the Phase 2 clinical trial in order to satisfy the final performance milestone such that the Company was not required to pay the additional \$250,000 by April 2019 pursuant to the SCTC Agreement to maintain its exclusive rights.

Intangible assets consist of the following:

|   | Patents and<br>Trademarks | Licenses            | Accumulated<br>Amortization | Total             |
|---|---------------------------|---------------------|-----------------------------|-------------------|
| Balance as of January 1, 2020   | \$ 3,676                  | \$ 1,301,500        | \$ (566,012)                | \$ 739,164        |
| Amortization expense  | -                         | -                   | (74,896)                    | (74,896)          |
| Balance as of December 31, 2020   | 3,676                     | 1,301,500           | (640,908)                   | 664,268           |
| Amortization expense  | -                         | -                   | (18,632)                    | (18,632)          |
| Balance as of March 31, 2021  | <u>\$ 3,676</u>           | <u>\$ 1,301,500</u> | <u>\$ (659,540)</u>         | <u>\$ 645,636</u> |
| Weighted average remaining amortization period at March 31, 2021 (in years) | <u>-</u>                  | <u>8.61</u>         |                             |                   |

Amortization of intangible assets consists of the following:

|                                 | Patents and<br>Trademarks | Licenses          | Accumulated<br>Amortization |
|---------------------------------|---------------------------|-------------------|-----------------------------|
| Balance as of January 1, 2020   | \$ 3,312                  | \$ 562,700        | \$ 566,012                  |
| Amortization expense            | 364                       | 74,532            | 74,896                      |
| Balance as of December 31, 2020 | 3,676                     | 637,232           | 640,908                     |
| Amortization expense            | -                         | 18,632            | 18,632                      |
| Balance as of March 31, 2021    | <u>\$ 3,676</u>           | <u>\$ 655,864</u> | <u>\$ 659,540</u>           |

### NOTE 4 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of:

|   | March 31,<br>2021 | December 31,<br>2020 |
|---|-------------------|----------------------|
| Accrued payroll   | \$ 22,898         | \$ -                 |
| Accrued research and development expenses                                 | 32,568            | -                    |
| Accrued general and administrative expenses                               | -                 | 60,661               |
| Accrued DIP and Plan costs related to DIP Funding and Plan <sup>(1)</sup> | 657,598           | 657,598              |
| Total accrued expenses  | <u>\$ 713,064</u> | <u>\$ 718,259</u>    |

(1) Amount represents DIP and Plan costs associated with the Auctus DIP Funding and the Plan.

## NOTE 5 – NOTES PAYABLE

A summary of the notes payable activity during the three months ended March 31, 2021 is presented below:

|                               | Convertible Notes   | Other Loans       | Debt Discount         | Total               |
|-------------------------------|---------------------|-------------------|-----------------------|---------------------|
| Outstanding, January 1, 2021  | \$ 9,637,102        | \$ -              | \$ (5,366,869)        | \$ 4,270,233        |
| Issuances                     | -                   | 250,000           | -                     | 250,000             |
| Exchanges for equity          | (211,063)           | -                 | -                     | (211,063)           |
| Amortization of debt discount | -                   | -                 | 417,160               | 417,160             |
| Outstanding, March 31, 2021   | <u>\$ 9,426,039</u> | <u>\$ 250,000</u> | <u>\$ (4,949,709)</u> | <u>\$ 4,726,330</u> |

### Chapter 11 Reorganization

On March 20, 2020, the Company filed a voluntary petition commencing a case under chapter 11 of title 11 of the U.S. Code in the United States Bankruptcy Court for the Eastern District of New York. On August 7, 2020, the Company and Auctus, the Company's largest unsecured creditor and a stockholder as of the Petition Date, filed an Amended Joint Plan of Reorganization (the "Plan"). Pursuant to the Bankruptcy, for any outstanding principal and interest at the date of the Company's Chapter 11 petition (except for creditors who provided additional debt financing in connection with the Bankruptcy), 100 shares of the Company's common stock were issued for each dollar of allowed claim, with such shares subject to leak-out restrictions prohibiting the holder from selling, without the consent of the Company, more than 33% of the issued shares during each of the three initial 30 day periods following the Effective Date. As a result of the Chapter 11 petition, the conversion rights for the then outstanding notes were rescinded and were subject to the conversion rights outlined above.

On October 30, 2020, the Bankruptcy Court entered an order (the "Confirmation Order") confirming the Plan, as amended. Amendments to the Plan are reflected in the Confirmation Order. On November 16, 2020 (the "Effective Date"), the Plan became effective.

The material features of the Plan, as amended and confirmed by the Confirmation Order, are as follows:

- i. Treatment of the financing to the Company by Auctus of up to \$7,000,000 which Auctus has provided or committed to provide consisting of the debtor-in-possession loans made to the Company by Auctus during the Chapter 11 Case (the "DIP Funding") and additional funding as described below.
- ii. Auctus has provided \$3,500,000 in funding to the Company (the "Initial Auctus Funding") and is to provide, subject to certain conditions, additional funding to the Company, as needed, in an amount equal to \$3,500,000, less the sum of the debtor-in-possession loans made to the Company by Auctus during the Chapter 11 Case (inclusive of accrued interest) (approximately \$1,227,000 as of the Effective Date) and the costs incurred by Auctus as the debtor-in-possession lender (the "DIP Costs"). As of March 31, 2021, the DIP Costs and additional Plan costs were not finalized and recorded. The DIP Costs and the additional Plan costs in the aggregate are estimated to total \$657,598, of which \$500,000 and \$157,598 were recorded in debt discount and accrued expenses, respectively, on the consolidated balance sheets. In addition, four other persons and entities (collectively, the "Other Lenders") who held allowed general unsecured claims provided funding to the Company in the aggregate amount of approximately \$348,000 (the "Other Funding" and together with the Initial Auctus Funding, the "Funding"). In consideration of the Funding, the Company has issued the following:



- a. Secured convertible notes of the Company (each, a “Secured Convertible Note”) in the principal amount equal to the Funding; the payment of the Secured Convertible Notes is secured by the grant of a security interest in substantially all of the Company’s assets; the Secured Convertible Notes have the following features:
    - Maturity date of three years following the Effective Date;
    - Interest at the rate of 7% per annum;
    - The right of the holder to convert the indebtedness into shares of common stock of the Company at a price equal to the volume weighted average price for the common stock over the five trading days immediately preceding the conversion; and
    - Mandatory conversion of all indebtedness at such time as the common stock is listed on the Nasdaq Capital Market or another senior exchange on the same terms as provided to investors in connection with a public offering undertaken in connection with such listing;
  - b. Warrants (each, a “Class A Warrant”) to purchase a number of shares of common stock equal to the amount of the Funding provided divided by \$0.0005 (a total of 7,000,000,000 Class A Warrants in consideration of the Initial Auctus Funding and a total of approximately 697,000,000 Class A Warrants in the aggregate in consideration of the Other Funding), such Class A Warrants having an exercise price of \$0.0005 per share; and
  - c. Warrants (each, a “Class B Warrant” and together with the Class A Warrants, the “Plan Warrants”) to purchase a number of shares of common stock equal to the Funding provided divided by \$0.001 (a total of 3,500,000,000 Class B Warrants in consideration of the Initial Auctus Funding and a total of approximately 348,500,000 Class B Warrants in the aggregate in consideration of the Other Funding), such Class B Warrants having an exercise price of \$0.001 per share.
- iii. The obligation to Auctus with respect to the DIP Funding has been exchanged for the following:
- a. A Secured Convertible Note in the principal amount of approximately \$1,349,591 (110% of the DIP Funding) with a maturity date of November 16, 2023;
  - b. A Class A Warrant to purchase 2,453,802,480 shares of common stock; and
  - c. A Class B Warrant to purchase 1,226,901,240 shares of common stock (as to which 544,697,452 shares of common stock have been exercised on a net exercise basis, pursuant to the terms of the Class B Warrant, with respect to the issuance of 512,124,200 shares of common stock, of which 217,796,200 and 294,328,000 were issued during 2020 and 2021, respectively).

In addition, Auctus shall be entitled to receive a Secured Convertible Note in exchange for its allowed DIP Costs and allowed Plan costs in a manner in which the DIP Funding was treated and may be entitled to a Class A Warrant and a Class B Warrant in consideration of such costs.

The claim arising from the secured promissory notes of the Company, dated February 20, 2020 and February 26, 2020, in the original principal amounts of \$320,200 and \$33,562, respectively, issued to John Desmarais (“Desmarais”) (collectively, the “Desmarais Notes”), was treated as an allowed secured claim in the aggregate amount of \$490,699 and was exchanged for a Secured Convertible Note in such amount.

- iv. The claim arising from the promissory note issued in June 2016 by the Company to Desmarais in the original principal amount of \$175,000 was treated as an allowed general unsecured claim in the amount of \$245,192 and was satisfied and exchanged for 24,519,200 shares of common stock.
- v. The claim arising from the promissory note issued in June 2016 by the Company to Tuxis Trust, an entity related to Desmarais, in the original principal amount of \$500,000 was treated as follows:
  - a. \$444,534 was treated as an allowed general unsecured claim in such amount and exchanged for 44,453,400 shares of common stock; and
  - b. \$309,301 was treated as an allowed secured claim in such amount and exchanged for a Secured Convertible Note in such amount with a maturity date of November 16, 2023.
- vi. Holders of allowed general unsecured claims (other than Auctus and the Other Lenders) received an aggregate of 1,049,726,797 shares of common stock where were valued at the fair market value of the stock at issuance date of \$14,381,259 with an associated loss of \$3,883,991 recognized in Reorganization Items, net on the accompanying consolidated statement of operations in exchange for approximately \$10,497,268 outstanding accounts payable and convertible debt (including accrued interest), with such shares being subject to a leak-out restriction prohibiting each holder from selling, without consent of the Company, more than 33% of its shares during each of the three initial 30 day periods following the Effective Date.
- vii. Auctus and the Other Lenders have been issued, in respect of their allowed general unsecured claims (\$3,261,819 in the case of Auctus and an aggregate of approximately \$382,400 in the case of the Other Lenders), a convertible promissory note of the Company (each, an “Unsecured Convertible Note”) in the allowed amount of the claim, which Unsecured Convertible Notes have the following material features:
  - a. Maturity date of three years from the Effective Date;
  - b. Interest at the rate of 5% per annum;
  - c. The right of the holder to convert the indebtedness into shares of common stock at a price equal to the volume weighted average for the common stock over the five trading days immediately preceding the conversion;
  - d. Mandatory conversion of all outstanding indebtedness at such time as the common stock listed on the Nasdaq Capital Market or another senior exchange on the same terms as provided to investors in connection with a public offering undertaken in connection with such listing; and
  - e. A leak-out restriction prohibiting each holder from selling, without the consent of the Company, more than 16.6% of the underlying shares received upon conversion during each of the six initial 30 day periods following the Effective Date.
- viii. The issuance of (a) the shares of common stock and the Unsecured Convertible Notes to the holders of allowed general unsecured claims and (b) the Secured Convertible Notes and Plan Warrants to Auctus in exchange for the DIP Funding and any common stock into which those Secured Convertible Notes and those Plan Warrants may be converted is exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to the Bankruptcy Code Section 1145. Such securities shall be freely transferrable subject to Section 1145(b)(i) of the Bankruptcy Code.

Pursuant to the Plan, on the Effective Date, the Company filed a Certificate of Amendment to its Certificate of Incorporation pursuant to which, among other things, the number of shares of common stock authorized to be issued by the Company has been increased to 300,000,000,000 and the par value of the shares of common stock has been reduced to \$0.0001 per share.

The Company recorded \$142,692 and \$362,041 of interest expense related to notes payable and convertible note payable for the three months ended March 31, 2021 and 2020, respectively.

#### *Convertible Notes*

#### **Conversions, Exchanges and Other**

During the three months ended March 31, 2021, certain lenders converted unsecured convertible notes with with an aggregate amount of \$213,673 (including \$2,611 of accrued interest) for an aggregate of 19,409,575 shares of the Company's common stock at a conversion price of \$0.01 per share.

#### *Debtor-in-Possession Financing*

During the year ended December 31, 2020, and subsequent to the Petition Date, in connection with the Chapter 11 Case, the Company received debtor-in-possession loans of \$1,189,413 in the aggregate from Auctus.

The proceeds from the DIP Funding were used (a) for working capital and other general purposes of the Company; (b) United States Trustee fees; (c) Bankruptcy Court approved professional fees and other administrative expenses arising in the Chapter 11 Case; and (d) interest, fees, costs and expenses incurred in connection with the DIP Funding, including professional fees.

Pursuant to the Plan, the obligation to Auctus with respect to the DIP Funding has been exchanged for two Secured Convertible Notes (See Note 5 – Notes Payable – Chapter 11 Reorganization) for an aggregate principal amount of \$1,349,591 which bear interest at 7% per annum with a maturity date of November 16, 2023. In connection with the Secured Convertible Notes, Auctus received warrants to purchase an aggregate of 3,680,703,720 shares of Company's commons stock with exercise prices ranging between \$0.0005 and \$0.001 per share.

Interest expense for the two Secured Convertible Notes was \$23,294 for the three months ended March 31, 2021.

#### *Other Loans*

On March 14, 2021, under the U.S. Small Business Administration's Paycheck Protection Program, the Company entered into a note payable with a financial institution for \$250,000 at an interest rate of 1% per annum and a maturity date of March 14, 2026. Pursuant to the note, principal and interest payments are deferred for ten months, which, at that time the Company may apply for loan forgiveness. If the Company does not apply for loan forgiveness, or if the loan forgiveness is denied, the Company will be required to make monthly payments of \$5,100 starting on January 14, 2022. As of March 31, 2021, the Company has not applied for loan forgiveness. All remaining unpaid principal and interest is due and payable at the maturity date. At March 31, 2021, \$250,000 was outstanding.

Future minimum payments under the above notes payable following the three months ended March 31, 2021, are as follows:

|                               |    |             |
|-------------------------------|----|-------------|
| 2021                          | \$ | -           |
| 2022                          |    | 58,970      |
| 2023                          |    | 9,485,601   |
| 2023                          |    | 60,161      |
| Thereafter                    |    | 71,307      |
| Total future minimum payments |    | 9,676,039   |
| Less: discount                |    | (4,949,709) |
|                               |    | 4,726,330   |
| Less: current                 |    | (14,687)    |
|                               | \$ | 4,711,643   |

#### **NOTE 6 – STOCKHOLDERS' DEFICIT**

#### *Stock Incentive Plan*

On March 18, 2021, the Company's Board of Directors adopted the BioRestorative Therapies, Inc. 2021 Stock Incentive Plan (the "2021 Plan"). Pursuant to the 2021 Plan, a total of 4,700,000,000 shares of common stock are authorized to be issued pursuant to the grant of stock options, restricted stock units, restricted stock, stock appreciation rights and other incentive awards.

## Warrant and Option Valuation

The Company has computed the fair value of warrants and options granted using the Black-Scholes option pricing model. The expected term used for warrants and options issued to non-employees is the contractual life and the expected term used for options issued to employees and directors is the estimated period of time that options granted are expected to be outstanding. The Company utilizes the “simplified” method to develop an estimate of the expected term of “plain vanilla” employee option grants. The Company is utilizing an expected volatility figure based on a review of the historical volatilities, over a period of time, equivalent to the expected life of the instrument being valued, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

## Warrant Activity Summary

In applying the Black-Scholes option pricing model to warrants granted or issued, the Company used the following assumptions:

|                          | For the Three Months<br>Ended<br>March 31,<br>2020 |
|--------------------------|--|
| Risk free interest rate  | 1.63%  |
| Contractual term (years) | 5.00   |
| Expected volatility      | 202%   |

The weighted average estimated fair value of warrants granted during the three months ended March 31, 2020 was \$0.01 per share.

During the three months ended March 31, 2021, the Company issued an aggregate of 294,328,000 shares of the Company’s common stock, as a result of the cashless exercise of 313,019,749 warrants to Auctus.

A summary of the warrant activity during the three months ended March 31, 2021 is presented below:

|                              | Number of<br>Warrants | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Life<br>In Years | Aggregate<br>Intrinsic<br>Value |
|------------------------------|-----------------------|--|--|---------------------------------|
| Outstanding, January 1, 2021 | 15,002,388,203        | \$ 0.0011                                | 4.9  | 95,965,883                      |
| Granted                      | -                     | -  | -  | -                               |
| Exercised                    | (313,019,749)         | 0.001                                    | -  | -                               |
| Forfeited                    | (307,500)             | 4.12                                     | -  | -                               |
| Outstanding, March 31, 2021  | 14,689,060,954        | \$ 0.001                                 | 4.6  | \$ 165,904,440                  |
| Exercisable, March 31, 2021  | 14,689,060,954        | \$ 0.001                                 | 4.6  | \$ 165,904,440                  |

The following table presents information related to stock warrants at March 31, 2021:

| Warrants Outstanding |                                      | Warrants Exercisable                              |                                      |
|----------------------|--------------------------------------|---|--------------------------------------|
| Exercise<br>Price    | Outstanding<br>Number of<br>Warrants | Weighted<br>Average<br>Remaining Life<br>In Years | Exercisable<br>Number of<br>Warrants |
| \$0.00 - \$0.015     | 14,682,649,518                       | 4.6   | 14,682,649,518                       |
| \$0.20 - \$1.99      | 5,106,746                            | 3.3   | 5,106,746                            |
| \$2.00 - \$2.99      | 75,000                               | 2.6   | 75,000                               |
| \$3.00 - \$3.99      | 70,000                               | 2.3   | 70,000                               |
| \$4.00 - \$4.99      | 1,023,023                            | 1.0   | 1,023,023                            |
| \$5.00 - \$5.99      | 136,667                              | 0.3   | 136,667                              |
|                      | 14,689,060,954                       | 4.6   | 14,689,060,954                       |

## Stock Options

In applying the Black-Scholes option pricing model to stock options granted, the Company used the following assumptions:

|                         | For the Three Months<br>Ended<br>March 31,<br>2021 |
|-------------------------|--|
| Risk free interest rate | 1.71%  |
| Expected term (years)   | 5.50   |
| Expected volatility     | 228%   |
| Expected dividends      | 0.00%  |

The Company granted options for the purchase of 2,347,835,948 shares of common stock during the three months ended March 31, 2021.

The Company did not issue stock options during the three months ended March 31, 2020.

The grant date fair value of options issued during the three months ended March 31, 2021 was \$27,736,052.

A summary of the option activity during the three months ended March 31, 2021 is presented below:

|                              | Number of<br>Options | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Life<br>In Years | Aggregate<br>Intrinsic<br>Value |
|------------------------------|----------------------|--|--|---------------------------------|
| Outstanding, January 1, 2021 | 4,859,617            | \$ 0.98                                  | 6.2  | -                               |
| Granted                      | 2,347,835,948        | 0.0119                                   |  |                                 |
| Forfeited                    | -                    | -  |  |                                 |
| Outstanding, March 31, 2021  | 2,352,695,565        | \$ 0.0139                                | 10.0   | \$ -                            |
| Exercisable, March 31, 2021  | 1,178,636,261        | \$ 0.0158                                | 10.0   | \$ -                            |

The following table presents information related to stock options at March 31, 2021:

| Options Outstanding |                                     | Options Exercisable                               |                                     |
|---------------------|-------------------------------------|---|-------------------------------------|
| Exercise<br>Price   | Outstanding<br>Number of<br>Options | Weighted<br>Average<br>Remaining Life<br>In Years | Exercisable<br>Number of<br>Options |
| \$0.00 - \$0.0119   | 2,347,835,948                       | 10.0  | 1,173,917,974                       |
| \$0.26 - \$0.74     | 175,000                             | 8.4   | 175,000                             |
| \$0.75 - \$0.99     | 4,607,117                           | 5.9   | 4,465,787                           |
| \$1.00 - \$5.99     | 5,000                               | 3.2   | 5,000                               |
| \$6.00 - \$19.99    | 37,500                              | 2.8   | 37,500                              |
| \$20.00 - \$30.00   | 35,000                              | 1.0   | 35,000                              |
|                     | 2,352,695,565                       | 9.98  | 1,178,636,261                       |

On March 18, 2021, the Company, pursuant to two employment agreements, granted to its Chief Executive Officer and Chairman of the Board and its Vice President, Research and Development options to purchase an aggregate of 2,347,835,948 shares of the Company's common stock (See Note 7 – Commitments and Contingencies). The options have an exercise price of \$0.0119 per share and vest to the extent of 50% on the date of grant, 25% on the one-year anniversary of the grant date, and 25% on the two-year anniversary of the grant date.

#### *Restricted Stock Units*

Pursuant to the 2021 Plan, the Company grants RSUs to employees, consultants, or non-employee directors ("Eligible Individuals"). The number, terms, and conditions of the RSUs that are granted to Eligible Individuals are determined on an individual basis by the plan administrator. On the distribution date, the Company shall issue to the Eligible Individual one unrestricted, fully transferable share of the Company's common stock (or the fair market value of one such share in cash) for each vested and nonforfeitable RSU.

On March 18, 2021, the Company, pursuant to two employment agreements, granted an aggregate of 1,173,917,974 RSUs to its Chief Executive Officer and Chairman of the Board and its Vice President, Research and Development (See Note 7 – Commitments and Contingencies) with a fair value of \$0.0119 per share. The RSUs vest to the extent of one-third on the one-year anniversary of the grant date, one-third on the two-year anniversary of the grant date, and one-third on the three-year anniversary of the grant date.

A summary of our unvested RSUs as of March 31, 2021 is as follows:

|                              | <b>Number of<br/>Shares</b> |
|------------------------------|-----------------------------|
| Outstanding, January 1, 2021 | -                           |
| Granted                      | 1,173,917,974               |
| Forfeited                    | -                           |
| Vested                       | -                           |
| Outstanding, March 31, 2021  | <u>1,173,917,974</u>        |

The following table presents information related to stock compensation expense:

|                            | <b>For the Three Months Ended<br/>March 31,</b> |                   | <b>Unrecognized<br/>at<br/>March 31,</b> | <b>Weighted<br/>Average<br/>Remaining<br/>Amortization<br/>Period<br/>(Years)</b> |
|----------------------------|---|-------------------|--|---|
|                            | <b>2021</b>                                     | <b>2020</b>       | <b>2021</b>                              |   |
| Consulting                 | \$ -  | \$ 34,012         | \$ -                                     | -   |
| Research and development   | 25,121  | 60,104            | 56,358                                   | 0.6   |
| General and administrative | 14,051,646                                      | 127,765           | 27,669,103                               | 2.0   |
|                            | <u>\$ 14,076,767</u>                            | <u>\$ 221,881</u> | <u>\$ 27,725,461</u>                     | 2.0   |

## NOTE 7 - COMMITMENTS AND CONTINGENCIES

### *Litigation, Claims and Assessments*

#### **Coventry Enterprises, LLC**

On February 11, 2020, pursuant to an Order to Show Cause of the United States District Court of the Eastern District of New York (the “Court”), in the matter of Coventry Enterprises, LLC vs. BioRestorative Therapies, Inc., pending the hearing of the plaintiff’s application for a preliminary injunction, the Court issued a temporary restraining order enjoining the Company from issuing any additional shares of stock except for purposes of fulfilling the plaintiff’s share reserve requests or conversion requests until such reserve requests were fulfilled and enjoining the Company from reserving authorized shares for any other party until the plaintiff’s reserve requests were fulfilled. Pursuant to a hearing held on February 13, 2020, the temporary restraining order with regard to the Company issuing shares of common stock was not continued.

On March 11, 2020, the Court ordered that the Company (i) convene and hold a special meeting, by no later than March 18, 2020, of the Board of Directors of the Company (the “Board”), for approval of certain changes to the shares of the Company, as set forth below; (ii) approve a reverse split and/or a stock consolidation, solely of the Company’s outstanding shares, at a ratio of 1,000 to 1, (iii) approve of the continuation of the Company’s then total authorized shares of common stock at 2,000,000,000 shares; and (iv) to call a special meeting of stockholders of the Company, within ten days of the special meeting of the Board and by not later than March 25, 2020, to approve the foregoing. On March 18, 2020, the Board considered the matter, and, based upon the Court order, determined to approve the foregoing items, including the 1,000 to 1 reverse split, subject to the Company having available funds to effectuate such items. As discussed above in Note 5 – Notes Payable – Chapter 11 Reorganization on March 20, 2020, the Company filed a petition commencing its Chapter 11 Case. As of the date of this report, the Company has not effected the reverse split.

The Company records legal costs associated with loss contingencies as incurred and accrues for all probable and estimable settlements.

### *Appointment or Departure of Directors and Certain Officers*

On March 18, 2021, the Company and Lance Alstodt, its President, Chief Executive Officer and Chairman of the Board, entered into an employment agreement (the “Alstodt Employment Agreement”) which provides for a term ending on March 18, 2026. Pursuant to the Alstodt Employment Agreement, Mr. Alstodt is entitled to receive initially an annual salary of \$250,000. Mr. Alstodt’s annual salary will increase by \$50,000 per year. In addition, in the event certain performance goals are met, Mr. Alstodt’s salary will increase by \$150,000. The Alstodt Employment Agreement also provides for the grant to Mr. Alstodt pursuant to the Plan of (i) a ten year option for the purchase of 1,173,917,974 shares of common stock of the Company and (ii) 586,958,987 RSUs of the Company (See Note 6 – Stockholders’ Deficit) for additional information.

On March 18, 2021, the Company and Francisco Silva, its Vice President, Research and Development, entered into an employment agreement (the “Silva Employment Agreement”) which provides for a term ending on March 18, 2026. Pursuant to the Silva Employment Agreement, Mr. Silva is entitled to receive initially an annual salary of \$225,000. Mr. Silva’s annual salary will increase by \$50,000 per year. In addition, in the event certain performance goals are met, Mr. Silva’s salary will increase by \$150,000. The Silva Employment Agreement also provides for the grant to Mr. Silva pursuant to the Plan of (i) a ten year option for the purchase of 1,173,917,974 shares of common stock of the Company and (ii) 586,958,987 RSUs of the Company (See Note 6 – Stockholders’ Deficit) for additional information.

## Conversion of Convertible Notes

During the year ended December 31, 2020 and prior to the Petition Date, certain lenders requested to exchange a portion of their outstanding convertible note principal and accrued interest for shares of the Company's common stock. As of the Petition Date these shares had yet to be issued to the lenders; however, the shares of the Company's common stock issued for unsecured claims as part of the Plan to the certain lenders represented the aggregate unsecured claims less the principal and accrued interest that was represented in the uneffected exchanges. The Company believes that there may be a potential contingency related to the non-issued shares that would be settled in shares of the Company's common stock and not monetary compensation.

## NOTE 8 - LEASES

With the adoption of ASC 842, operating lease agreements are required to be recognized on the balance sheet as ROU assets and corresponding lease liabilities.

The Company is a party to a lease for 6,800 square feet of space located in Melville, New York (the "Melville Lease") with respect to its corporate and laboratory operations. The Melville Lease was scheduled to expire in March 2020 (subject to extension at the option of the Company for a period of five years) and provided for an annual base rental during the initial term ranging between \$132,600 and \$149,260. In June 2019, the Company exercised its option to extend the Melville Lease and entered into a lease amendment with the lessor whereby the five-year extension term commenced on January 1, 2020 with annual base rent ranging between \$153,748 and \$173,060.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its estimated incremental borrowing rate at August 1, 2019. The weighted average incremental borrowing rate applied was 12%.

The following table presents net lease cost and other supplemental lease information:

|  | Three Months Ended<br>March 31, 2021 | Three Months Ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Lease cost   |                                      |                                      |
| Operating lease cost (cost resulting from lease payments)    | \$ 39,593                            | \$ 38,437                            |
| Short term lease cost  | -                                    | -                                    |
| Sublease income  | -                                    | -                                    |
| Net lease cost   | <u>\$ 39,593</u>                     | <u>\$ 38,437</u>                     |
| Operating lease – operating cash flows (fixed payments)      | \$ 39,593                            | \$ 38,437                            |
| Operating lease – operating cash flows (liability reduction) | \$ 24,176                            | \$ 20,419                            |
| Non-current leases – right of use assets                     | \$ 444,838                           | \$ 560,883                           |
| Current liabilities – operating lease liabilities            | \$ 105,459                           | \$ 89,222                            |
| Non-current liabilities – operating lease liabilities        | \$ 392,256                           | \$ 497,714                           |

Future minimum payments under non-cancelable leases for operating leases for the remaining terms of the leases following the three months ended March 31, 2021:

| Fiscal Year  | Operating Leases  |
|--|-------------------|
| 2021 (excluding the three months ended March 31, 2021) | \$ 118,779        |
| 2022   | 163,132           |
| 2023   | 168,028           |
| 2024   | 173,060           |
| Total future minimum lease payments                    | 622,999           |
| Amount representing interest                           | (125,285)         |
| Present value of net future minimum lease payments     | <u>\$ 497,714</u> |



## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### *Note Regarding Forward-Looking Statements*

This Quarterly Report on Form 10-Q includes a number of forward-looking statements that reflect management's current views with respect to future events and financial performance. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other comparable terminology. These statements include statements regarding the intent, belief or current expectations of us and members of our management team, as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks set forth in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, as filed with the U.S. Securities and Exchange Commission (the "SEC") on April 30, 2021, any of which may cause our company's or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied in our forward-looking statements. These risks and factors include, by way of example and without limitation:

- our ability to obtain financing needed to commence and complete our clinical trials;
- our ability to successfully develop and commercialize BRTX-100, our lead product candidate for the treatment of chronic lumbar disc disease;
- our ability to retain exclusive rights with regard to our licensed technology;
- our ability to protect our proprietary rights;
- our ability to achieve and sustain profitability of the existing lines of business;
- our ability to attract and retain world-class research and development talent;
- our ability to attract and retain key science, technology and management personnel and to expand our management team;
- the accuracy of estimates regarding expenses, future revenue, capital requirements, profitability, and needs for additional financing;
- business interruptions resulting from geo-political actions, including war and terrorism or disease outbreaks (such as the recent outbreak of COVID-19);
- our ability to attract and retain customers; and
- our ability to navigate through the increasingly complex therapeutic regulatory environment.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, or performance. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the SEC. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events, or changes in the future operating results over time, except as required by law. We believe that our assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions.

As used in this Quarterly Report on Form 10-Q and unless otherwise indicated, the terms "Company," "we," "us," and "our" refer to BioRestorative Therapies, Inc., a Delaware corporation ("BRT"), and its wholly-owned subsidiary, Stem Pearls, LLC, a New York limited liability company ("Stem Pearls"). Unless otherwise specified, all dollar amounts are expressed in United States dollars.

## Intellectual Property

This report includes references to our federally registered trademarks, *BioRestorative Therapies* and *Dragonfly design*, *BRTX-100*, *ThermoStem* and *Stem Pearls*. We also own an allowed trademark application for *BRTX*. The Dragonfly Logo is also registered with the U.S. Copyright Office. This report also includes references to trademarks, trade names and service marks that are the property of other organizations. Solely for convenience, trademarks and trade names referred to in this report appear without the ®, SM or TM symbols, and copyrighted content appears without the use of the symbol ©, but the absence of use of these symbols does not reflect upon the validity or enforceability of the intellectual property owned by us or third parties.

## Corporate History

BioRestorative Therapies, Inc. has one wholly-owned subsidiary, Stem Pearls. BioRestorative Therapies, Inc. and its subsidiary are referred to collectively as “BRT” or the “Company”.

On March 20, 2020 (the “Petition Date”), the Company filed a voluntary petition commencing a case (the “Chapter 11 Case”) under Chapter 11 of title 11 of the U.S. Code in the United States Bankruptcy Court for the Eastern District of New York (the “Bankruptcy Court”).

On August 7, 2020 the Company and Auctus Fund, LLC (“Auctus”), the Company’s largest unsecured creditor and a stockholder as of the Petition Date, filed an Amended Joint Plan of Reorganization (the “Plan”) and on October 30, 2020, the Bankruptcy Court entered an order (the “Confirmation Order”) confirming the Plan, as amended. Amendments to the Plan are reflected in the Confirmation Order. On November 16, 2020 (the “Effective Date”), the Plan became effective. See Note 5 – Notes Payable in Part I, Item I of this report for additional information.

## Business Overview

We develop therapeutic products and medical therapies using cell and tissue protocols, primarily involving adult (non-embryonic) stem cells. We are currently pursuing our *Disc/Spine Program* with our initial investigational therapeutic product being called *BRTX-100*. We submitted an IND application to the FDA to obtain authorization to commence a Phase 2 clinical trial investigating the use of *BRTX-100*, our lead cell therapy candidate, in the treatment of chronic lower back pain arising from degenerative disc disease. We have received such authorization from the FDA. We intend to commence such clinical trial during 2021 (assuming the receipt of necessary funding). We have obtained a license to use technology for investigational adult stem cell treatment of disc and spine conditions, including protruding and bulging lumbar discs. The technology is an advanced stem cell injection procedure that may offer relief from lower back pain, buttock and leg pain, and numbness and tingling in the leg and foot. We are also developing our *ThermoStem Program*. This pre-clinical program involves the use of brown adipose (fat) in connection with the cell-based treatment of type 2 diabetes and obesity as well as hypertension, other metabolic disorders and cardiac deficiencies. United States patents related to the *ThermoStem Program* were issued in September 2015, January 2019, March 2020 and March 2021; a notice of allowance was also issued in March 2021 for a separate United States patent application in the *ThermoStem Program* and is expected to issue in the next few months; Australian patents related to the *ThermoStem Program* were issued in April 2017 and October 2019; a Japanese patent related to the *ThermoStem Program* was issued in December 2017; Israeli patents related to the *ThermoStem Program* were issued in October 2019 and May 2020; and European patents related to the *ThermoStem Program* were issued in April 2020 and January 2021.

We have licensed a patented curved needle device that is a needle system designed to deliver cells and/or other therapeutic products or materials to the spine and discs or other potential sites. We anticipate that FDA approval or clearance will be necessary for this device prior to commercialization. We do not intend to utilize this device in connection with our contemplated Phase 2 clinical trial with regard to *BRTX-100*.

## Revenue

The Company derives all of its revenue pursuant to a license agreement between the Company and a stem cell treatment company (“SCTC”) entered into in January 2012, as amended in November 2015. Pursuant to the license agreement, the SCTC granted to the Company a license to use certain intellectual property related to, among other things, stem cell disc procedures and the Company has granted to the SCTC a sublicense to use, and the right to sublicense to third parties the right to use, in certain locations in the United States and the Cayman Islands, certain of the licensed intellectual property. In consideration of the sublicenses, the SCTC has agreed to pay the Company royalties on a per disc procedure basis.

**Comparison of the Three Months Ended March 31, 2021 to the Three Months Ended March 31, 2020**

Our financial results for the three months ended March 31, 2021 are summarized as follows in comparison to the three months ended March 31, 2020:

|  | <b>For The Three Months Ended<br/>March 31,</b> |                    |
|--|---|--------------------|
|  | <b>2021</b>                                     | <b>2020</b>        |
| <b>Revenues</b>                                | \$ 18,000                                       | \$ 26,000          |
| <b>Operating Expenses:</b>                     |   |                    |
| Marketing and promotion                        | 2,600   | 22,008             |
| Consulting                                     | 8,389   | 34,012             |
| Research and development                       | 165,254   | 186,328            |
| General and administrative                     | 14,896,413                                      | 602,641            |
| Total Operating Expenses                       | 15,072,656                                      | 844,989            |
| Loss From Operations                           | (15,054,656)                                    | (818,989)          |
| <b>Other Expense:</b>                          |   |                    |
| Interest expense                               | 181,514   | 285,926            |
| Amortization of debt discount                  | 417,160   | 1,066,526          |
| Loss on extinguishment of notes payable, net   | -   | 658,152            |
| Change in fair value of derivative liabilities | -   | 2,141,069          |
| Reorganization items, net                      | -   | 2,580,110          |
| Total Other Expense                            | 598,674   | 6,731,783          |
| <b>Net Loss</b>                                | <b>\$ (15,653,330)</b>                          | <b>(7,550,772)</b> |

**Revenues**

For the three months ended March 31, 2021 and 2020, we generated \$18,000 and \$26,000, respectively, of royalty revenue in connection with our sublicense agreement.

**Marketing and Promotion**

Marketing and promotion expenses include advertising and promotion, marketing and seminars, meals, entertainment and travel expenses. For the three months ended March 31, 2021, marketing and promotion expenses decreased by \$19,408, or 88%, from \$22,008 to \$2,600 as compared to the three months ended March 31, 2020. The decrease is primarily due to the Company's reduced marketing plan as the Company continues to emerge from its Chapter 11 reorganization.

We expect that marketing and promotion expenses will increase in the future as we increase our marketing activities following full commercialization of our products and services.

**Consulting**

Consulting expenses consist of consulting fees and stock-based compensation to consultants. For the three months ended March 31, 2021, consulting expenses decreased by \$25,623, or 75%, from \$34,012 to \$8,389, as compared to the three months ended March 31, 2020. The decrease is primarily due to the Company's reduced usage of consultants as the Company continues to emerge from its Chapter 11 reorganization.

### Research and Development

Research and development expenses include cash and non-cash compensation of (a) our Vice President of Research and Development; (b) our Scientific Advisory Board members; and (c) laboratory staff and costs related to our brown fat and disc/spine initiatives. Research and development expenses are expensed as they are incurred. For the three months ended March 31, 2021, research and development expenses decreased by \$21,075, or 11%, from \$186,328 to \$165,254, as compared to the three months ended March 31, 2020. The decrease is primarily due to the decrease of approximately \$35,000 in stock compensation allocated to the Company's research and development activities.

We expect that our research and development expenses will increase with the recommencement of our research and development initiatives during the year ending December 31, 2021.

### General and Administrative

General and administrative expenses consist primarily of salaries, bonuses, payroll taxes, severance costs and stock-based compensation to employees (excluding any cash or non-cash compensation of our Vice President of Research and Development and our laboratory staff), as well as corporate expenses such as legal and professional fees, investor relations and occupancy related expenses. For the three months ended March 31, 2021, general and administrative expenses increased by \$14,293,772, or 2,372%, from \$602,641 to \$14,896,413, as compared to the three months ended March 31, 2020. The increase is primarily due to an increase of approximately \$14,077,000 in stock-based compensation resulting from the issuances of 2,347,835,948 stock options and 1,173,917,974 RSUs.

We expect that our general and administrative expenses will further increase as we expand our staff, develop our infrastructure and incur additional costs to support the growth of our business.

### Interest expense

For the three months ended March 31, 2021, interest expense decreased \$104,412, or 37%, as compared to the three months ended March 31, 2020. The decrease was due to the decrease in outstanding notes payable as a result of our restructuring under our Chapter 11 reorganization.

### Amortization of debt discount

For the three months ended March 31, 2021, amortization of debt discount decreased \$649,366, or 61%, as compared to the three months ended March 31, 2020. The decrease was due to the decrease in outstanding notes payable as a result of our restructuring under our Chapter 11 reorganization.

### Loss on extinguishment of notes payable, net

For the three months ended March 31, 2021, we did not record a loss on extinguishment of notes payable, as compared to a loss on extinguishment of notes payable of \$658,152 for the three months ended March 31, 2020.

### Change in fair value of derivative liabilities

For the three months ended March 31, 2021, we did not record a gain (loss) related to the change in fair value of derivative liabilities, as compared to a loss related to the change in fair value of derivative liabilities of \$2,141,069 for the three months ended March 31, 2020.

### Reorganization items, net

Reorganization items, net consists primarily of costs associated the post-petition Chapter 11 bankruptcy. For the three months ended March 31, 2021, we did not record reorganization items, net as compared to reorganization costs, net of \$2,580,110 for the three months ended March 31, 2020.

## Liquidity

We measure our liquidity in a number of ways, including the following:

|                         | March 31,<br>2021 | December 31,<br>2020 |
|-------------------------|-------------------|----------------------|
| Cash                    | \$ 2,500,909      | \$ 3,064,610         |
| Working Capital Surplus | \$ 1,302,698      | \$ 2,142,229         |
| Notes Payable (Gross)   | \$ 9,426,039      | \$ 9,637,102         |

## Availability of Additional Funds

Based upon our accumulated deficit and stockholders' deficit of \$105,496,163 and \$2,694,382, respectively, as of March 31, 2021, along with our forecast for continued operating losses and our need for financing to fund our contemplated clinical trials, as of such date, we required additional equity and/or debt financing to continue our operations.

As of March 31, 2021, our outstanding debt of \$9,426,039, together with interest at rates ranging between 5% and 7% per annum, was due on November 16, 2023, except for the PPP loan. As of March 31, 2021, the outstanding debt amount of \$9,426,039 did not include \$657,598 of estimated DIP and Plan costs associated with the DIP Funding and the Plan (the "Auctus Costs"). As of March 31, 2021, the Auctus Costs were not finalized. Of the Auctus Costs, \$500,000 and \$157,598 are recorded in debt discount and accrued expenses, respectively, on the unaudited condensed consolidated balance sheets.

Our operating needs include the planned costs to operate our business, including amounts required to fund working capital and capital expenditures. Our future capital requirements and the adequacy of our available funds will depend on many factors, including our ability to successfully commercialize our products and services, competing technological and market developments, and the need to enter into collaborations with other companies or acquire other companies or technologies to enhance or complement our product and service offerings.

We may be unable to raise sufficient additional capital when we need it or raise capital on favorable terms. We have granted a security interest in all of our assets to certain lenders, including Auctus, in connection with our Chapter 11 plan of reorganization. This may impede our ability to raise additional debt financing. In addition, future financing may require us to pledge certain assets and enter into covenants that could restrict certain business activities or our ability to incur further indebtedness and may contain other terms that are not favorable to our stockholders or us. If we are unable to obtain adequate funds on reasonable terms, we may be required to significantly curtail or discontinue operations or obtain funds by entering into financing agreements on unattractive terms.

Our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which contemplate our continuation as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the financial statements do not necessarily purport to represent realizable or settlement values. The financial statements do not include any adjustment that might result from the outcome of this uncertainty.

The following events have mitigated the above factors with regards to our ability to continue as a going concern: (i) as part of our Chapter 11 reorganization approximately \$14,700,000 in outstanding debt and other liabilities were exchanged for (a) shares of common stock, (b) new convertible notes with three year terms or (c) new convertible notes with three year terms and warrants to purchase shares of common stock; (ii) we secured DIP financing during our Chapter 11 reorganization in the aggregate amount of \$1,189,413, and \$3,848,548 in debt financing as part of our Chapter 11 reorganization to sustain operations; and (iii) pursuant to the plan of reorganization, Auctus is required to loan to us, as needed, an additional amount equal to \$3,500,000, less the amount of Auctus' DIP financing (\$1,226,901, inclusive of accrued interest) and its DIP costs. As a result of the above, we have sufficient cash to fund operations for the twelve months subsequent to the filing date. In addition, the Company will need to obtain further funding of at least \$12,000,000 to complete a Phase 2 clinical study of the use of *BRTX-100*.

## Cash Flows

During the three months ended March 31, 2021 and 2020, our sources and uses of cash were as follows:

|   | Three Months Ended March 31, |              |
|---|------------------------------|--------------|
|   | 2021                         | 2020         |
| Net cash used in operating activities     | \$ (813,702)                 | \$ (448,646) |
| Net cash provided by financing activities | 250,000                      | 451,762      |
| Increase (decrease) in cash               | \$ (563,702)                 | \$ 3,116     |

## Operating Activities

Net cash used in operating activities was \$813,702 for the three months ended March 31, 2021, primarily due to the net loss of \$15,653,330 which was partially offset by non-cash expenses of \$14,519,965 related to amortization of debt discount and stock-based compensation and \$319,663 of cash provided by changes in the levels of operating assets and liabilities, primarily as a result of increases in accounts payable and accrued interest, expenses and other current liabilities, partially offset by a decrease in prepaid assets and other current assets. Net cash used in operating activities was \$448,646 for the three months ended March 31, 2020, primarily due to the net loss of \$7,550,772, which was partially offset by non-cash expenses of \$6,950,957 related to amortization of debt discount, accretion of interest expense, stock-based compensation, change in fair value of derivative liabilities, and loss on extinguishment of notes payable and \$151,169 of cash provided by changes in the levels of operating assets and liabilities, primarily as a result of increases in accounts payable and decreases in prepaid expenses and other current assets.

## Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2021 was \$250,000, which was due to \$250,000 of net proceeds from a loan received under the U.S. Small Business Administration's Paycheck Protection Program. Net cash provided by financing activities for the three months ended March 31, 2020 was \$451,762, which was primarily due to \$441,762 of net proceeds were debt financings and \$10,000 of proceeds from equity financings.

We anticipate that the costs to complete our Phase 2 clinical trials with regard to our Disc/Spine Program will be at least \$12,000,000. In addition, we anticipate approximately \$45,000,000 in additional funding will be needed to complete the clinical trials using BRTX-100 (assuming the receipt of no revenues). As noted above in "Availability of Additional Funds" we secured additional funding as part of Chapter 11 reorganization in the aggregate amount of \$5,037,961 as well as approximately \$14,700,000 in outstanding debt and other liabilities being exchanged for (a) shares of common stock, (b) new convertible notes with three year terms or (c) new convertible notes with three year terms and warrants to purchase shares of common stock. Additionally, pursuant to the plan of reorganization, Auctus is required to loan to us, as needed, an additional amount equal to \$3,500,000, less the amount of Auctus' DIP financing (\$1,226,901, inclusive of accrued interest) and its DIP costs. As a result of the above, we have sufficient cash to fund operations for the twelve months subsequent to the filing date.

## Effects of Inflation

We do not believe that inflation has had a material impact on our business, revenues or operating results during the periods presented.

Our significant accounting policies are more fully described in the notes to our unaudited condensed consolidated financial statements included herein for the quarter ended March 31, 2021 and in the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the SEC on April 30, 2021.

#### **Fair Value Measurement**

The fair value measurement guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in the valuation of an asset or liability. It establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the fair value measurement guidance are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

Level 2 - Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; or

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

#### **Use of Estimates**

The preparation of unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at dates of the unaudited condensed consolidated financial statements and the reported amounts of revenue and expenses during the periods. Our significant estimates and assumptions include the recoverability and useful lives of long-lived assets, the fair value of our common stock, stock-based compensation, warrants issued in connection with notes payable, derivative liabilities and the valuation allowance related to our deferred tax assets. Certain of our estimates, including the carrying amount of the intangible assets, could be affected by external conditions, including those unique to us and general economic conditions. It is reasonably possible that these external factors could have an effect on our estimates and could cause actual results to differ from those estimates.

#### **Intangible Assets**

Intangible assets are comprised of trademarks and licenses with original estimated useful lives of 10 and 17.7 years, respectively. Once placed into service, we amortize the cost of the intangible assets over their estimated useful lives on a straight-line basis.

#### **Impairment of Long-lived Assets**

We review for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. While our near term liquidity is tight, historically we have been successful in raising capital as needed (although there can be no assurance that we will continue to be successful in raising capital as needed). We continue to progress our scientific agenda and meet related milestones. We have not identified any impairment losses.

## **Income Taxes**

We recognize deferred tax assets and liabilities for the expected future tax consequences of items that have been included or excluded in our unaudited condensed consolidated financial statements or tax returns. Deferred tax assets and liabilities are determined on the basis of the difference between the tax basis of assets and liabilities and their respective financial reporting amounts, or temporary differences, at enacted tax rates in effect for the years in which the temporary differences are expected to reverse.

We adopted the provisions of Accounting Standards Codification Topic 740-10, which prescribes a recognition threshold and measurement process for unaudited condensed consolidated financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return.

## **Stock-Based Compensation**

We measure the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on vesting dates and interim financial reporting dates until the service period is complete. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. Since the shares underlying our 2010 Equity Participation Plan and the 2021 Stock Incentive Plan (the “Plans”) were registered, we estimate the fair value of the awards granted under the Plans based on the market value of our freely tradable common stock as reported on the OTC. The fair value of our restricted equity instruments was estimated by management based on observations of the cash sales prices of both restricted shares and freely tradable shares. Awards granted to directors are treated on the same basis as awards granted to employees.

### *New and Recently Adopted Accounting Pronouncements*

Any new and recently adopted accounting pronouncements are more fully described in Note 2 to our unaudited condensed consolidated financial statements herein for the quarter ended March 31, 2021.

### *Off-Balance Sheet Arrangements*

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not Applicable. As a smaller reporting company, we are not required to provide the information required by this Item.

## **ITEM 4. CONTROLS AND PROCEDURES**

### *Evaluation of Disclosure Controls and Procedures*

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives.



Under the supervision and with the participation of our management, including our principal executive officer, who is also our principal financial officer, we are required to perform an evaluation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Exchange Act, as of March 31, 2021. Management has not completed such evaluation and, as such, has concluded that our disclosure controls and procedures were not effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our principal executive officer, who is also our principal financial officer, as appropriate to allow timely decisions regarding required disclosures. As a result of the material weakness in internal controls over financial reporting described below, we concluded that our disclosure controls and procedures as of March 31, 2021 were not effective.

#### *Material Weaknesses in Internal Control over Financial Reporting*

Management assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2021 based on the framework established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that the Company's internal control over financial reporting as of March 31, 2021 was not effective.

A material weakness, as defined in the standards established by the Sarbanes-Oxley, is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim unaudited condensed consolidated financial statements will not be prevented or detected on a timely basis.

The ineffectiveness of the Company's internal control over financial reporting was due to the following material weaknesses:

- Inadequate segregation of duties due to limited personnel consistent with control objectives;
- Adherence to formal policies and procedures post-bankruptcy; and
- Lack of risk assessment procedures on internal controls to detect financial reporting risks on a timely manner.

#### *Changes in Internal Control Over Financial Reporting*

Other than described above there have been no changes in our internal control over financial reporting that occurred during our first quarter of 2021 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our Company, threatened against or affecting our Company, our common stock, our subsidiary or of our Company's or our subsidiary's officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

### ITEM 1A. RISK FACTORS

An investment in our common stock involves a number of very significant risks. You should carefully consider the risk factors included in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the SEC on April 30, 2021, in addition to other information contained in those reports and in this quarterly report in evaluating the Company and its business before purchasing shares of our common stock. The Company's business, operating results and financial condition could be adversely affected due to any of those risks.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended March 31, 2021, we issued the following securities in transactions not involving any public offering. For each of the following transactions, we relied upon Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), as transactions by an issuer not involving any public offering or Section 1145 of the Bankruptcy Code as a security exchanged by an issuer for a claim against the issuer in a bankruptcy plan of reorganization. For each such transaction, we did not use general solicitation or advertising to market the securities, the securities were offered to a limited number of persons, the investors had access to information regarding us (including information contained in our Annual Report on Form 10-K for the year ended December 31, 2019, Quarterly Report on Form 10-Q for the period ended March 31, 2020 and Current Reports on Form 8-K filed with the Securities and Exchange Commission, press releases made by us and information contained in filings with the bankruptcy court), and we were available to answer questions by prospective investors. We reasonably believe that each of the investors is an accredited investor.

| Date Issued | Common Stock | Warrants |                |              | Purchaser(s) | Consideration <sup>(1)</sup> |
|-------------|--------------|----------|----------------|--------------|--------------|------------------------------|
|             |              | Shares   | Exercise Price | Term (Years) |              |                              |
| 1/26/2021   | 11,123,856   | -        | -              | -            | (2)          | \$ 119,548 <sup>(3)</sup>    |
| 3/1/2021    | 143,380,000  | -        | -              | -            | (2)          | \$ 1,863,940 <sup>(4)</sup>  |
| 3/11/2021   | 8,285,719    | -        | -              | -            | (2)          | \$ 94,126 <sup>(3)</sup>     |
| 3/31/2021   | 150,948,000  | -        | -              | -            | (2)          | \$ 1,811,376 <sup>(4)</sup>  |

(1) The value of the non-cash consideration was estimated to be the fair value of our restricted common stock. Since our shares are thinly traded in the open market, the fair value of our equity instruments was estimated by management based on observations of the cash sale prices of both restricted shares and freely tradeable shares.

(2) Accredited investor.

(3) Issued upon conversion of unsecured convertible notes.

(4) Issued on a cashless net exercise basis pursuant to the exercise of warrants.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

### ITEM 5. OTHER INFORMATION

None.

## ITEM 6. EXHIBITS

| Exhibit<br>Number | Exhibit Description   | Incorporated by Reference |         |             |
|-------------------|---|---------------------------|---------|-------------|
|                   |   | Form                      | Exhibit | Filing Date |
| 3.1               | <a href="#">Certificate of Incorporation, as amended</a>  | 10-K                      | 3.1     | 03/18/2021  |
| 3.2               | <a href="#">Bylaws</a>  | 8-K                       | 3.4     | 12/23/2014  |
| 31.1*             | <a href="#">Certification of Principal Executive Officer</a>  |                           |         |             |
| 31.2*             | <a href="#">Certification of Principal Financial Officer</a>  |                           |         |             |
| 32.1**            | <a href="#">Section 1350 Certification of Principal Executive Officer and Principal Financial Officer</a> |                           |         |             |
| 101.INS           | XBRL Instance Document  |                           |         |             |
| 101.SCH           | XBRL Taxonomy Extension Schema Document   |                           |         |             |
| 101.CAL           | XBRL Taxonomy Extension Calculation Linkbase Document   |                           |         |             |
| 101.DEF           | XBRL Taxonomy Extension Definition Linkbase Document  |                           |         |             |
| 101.LAB           | XBRL Taxonomy Extension Label Linkbase Document   |                           |         |             |
| 101.PRE           | XBRL Taxonomy Extension Presentation Linkbase Document  |                           |         |             |

\* Filed herewith.

\*\* In accordance with SEC Release 33-8238, Exhibit 32.1 is being furnished and not filed.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### BIORESTORATIVE THERAPIES, INC.

By: /s/ Lance Alstodt  
Lance Alstodt  
Chief Executive Officer, President, and Chairman of the Board  
(Principal Executive Officer and Principal Financial Officer)

Date: May 17, 2021

**BIORESTORATIVE THERAPIES, INC.**  
**PRINCIPAL EXECUTIVE OFFICER**  
**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lance Alstodt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Biorestorative Therapies, Inc.;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Lance Alstodt

Lance Alstodt

Principal Executive Officer

Date: May 17, 2021

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**BIORESTORATIVE THERAPIES, INC.**  
**PRINCIPAL FINANCIAL OFFICER**  
**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lance Alstodt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Biorestorative Therapies, Inc.;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Lance Alstodt

Lance Alstodt

Principal Financial Officer

Date: May 17, 2021

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**BIORESTORATIVE THERAPIES, INC.**  
**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER**  
**PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report on Form 10-Q, for the period ended March 31, 2021 of Biorestorative Therapies, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

By: /s/ Lance Alstodt

Lance Alstodt

Principal Executive Officer and Principal Financial Officer

Date: May 17, 2021

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