



July 20, 2021

Dear Equitech Shareholders,

I am pleased to report that Equitech had a very good second quarter despite many adversities and the additional work represented by our relocation to Charlotte, North Carolina.

Last quarter, I reported the advancement and accomplishments on each of the 4 principles of the current Equitech's corporate strategy. For consistency, I would like to continue using this format for our quarterly reporting so you, the shareholders, can follow our progress more readily. If everything goes according to plan, we should meet the SEC Rule 15c2-11 requirements and become a Limited Information Company in the OTC Market in Quarter 4 this year!

I. Sales & Marketing

Sales increase 42% compared to Q2-2020 and our YTD is 21% higher than 2020. The numbers are very encouraging for many reasons. First, we had several successful trials that resulted in the sale of instruments, probes and services. Most importantly, Equitech has the potential to sell multiple units to those companies that purchased and are now using the instruments. In the sale of instruments (capital equipment) for industrial processes, the most difficult sale is the first unit.

Many other companies have sent samples to us for analysis. This is an important step in the evaluation of our technology. If we can detect a signal in the lab, we know our technology is suitable for the application and recommend the appropriate configuration of instrument and probes that will help the customer.

	QII-2021	QII-2020	YTD-2021	YTD-2020
Total Income	\$66,777.85	\$38,722.17	\$98,348.04	\$77,821.92
Total COGS	-\$19,339.49	\$16,673.67	-\$11,531.71	\$52,086.48
Gross Profit	\$86,117.34	\$22,048.50	\$109,879.75	\$25,735.44
Total Expenses	\$60,885.53	\$10,304.06	\$84,380.03	\$21,476.93
Net Income	\$25,231.81	\$11,744.44	\$25,499.72	\$4,258.51

COGS decreased significantly relative to Q2 2020. However, this number is not directly comparable to previous COGS results for two reasons: inventory and manufacturing.

Inventory

Equitech was able to recover inventory that was in the hands of a couple of vendors who have done work for the company in the past. These parts were added to the current inventory that was moved to Charlotte and legally transferred to CompSOL when we signed our strategic alliance. CompSOL has given Equitech credit for the inventory and therefore the negative COGS observed. We anticipate this credit will be burned out during the rest of 2021.



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Manufacturing

As reported before, Equitech has moved out of manufacturing and product development and contracts with CompSOL the manufacturing of its products.

This strategic move has allowed Equitech to concentrate on what the company does best: sales & marketing while CompSOL concentrates on what it does best: Engineering, Development & Manufacturing. The strategic alliance and the refocusing of activities resulted in a 74% increase in Gross Profit and a 76% higher YTD Gross Profit compared to 2020. These two numbers should be looked at carefully as they now involve the atypical charges to COGS mentioned above. Once the COGS credit is fully utilized, we should see a COGS (and a Gross Profit) more in line with regular performance.

Expenses increased 83% compared to Q2 - 2020 because of charges incurred during the move to Charlotte and the continued rendering of several accounting and legal services used to clean up our balance sheet and to enter into full compliance with the OTC Markets.

During this quarter, the company began advertising online with a series of banners in [PT Online](#), Plastic Technology website, one of the most important magazines in the plastics industry in the USA. Equitech was featured in the June issue of the printed magazine with an [extensive article](#) written by its editorial director entitled: '*System Moves Color Control from Lab to Production Floor*'. The company also ran, in the same magazine, its first printed ad calling the reader's attention to one of the most important benefits that our technology provides our customers: **no down time**. We will be dedicating more resources to marketing, product and brand recognition in this and other plastics magazines.

II. Manufacturing

The disruption of electronic components around the world has become critical to our business. As reported in Q1, CompSOL has taken and continues to take aggressive steps to diminish the impact caused to our logistics chain building up inventory for long-lead critical parts for the manufacture of our products. The actions taken have moved Equitech to a unique position, where the company, not only has the parts to weather the current storm, but it is now capable of supplying products a couple of weeks after receiving a purchase order.

During the entire quarter we worked on the conditioning of the new manufacturing site at CompSOL's location. The new manufacturing site provides Equitech with 3 dedicated areas: 1) probes manufacturing, 2) instruments manufacturing, 3) quality control laboratory and an executive office. We have been steadily classifying, organizing and scanning all documents that are of relevance to the company. This effort will continue throughout 2021.

We completed the construction of a 10-meter-long dedicated semi-clean room for the assembly of our optical probes. This room is operational, and it is being used since early April. We conditioned the room for the laboratory, moved in, and re-initiated laboratory operations (quality control and samples measurements). Finally, we cleaned up the area for instrument's manufacturing and began populating it with the tools and parts required for the manufacture in series of our instruments. We will be soon testing it as we will begin the production of a new batch of instruments in July.



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III. Instrument & Probe Modernization

With CompSOL capabilities in electronics, optics and software engineering, Equitech has now begun the process of modernizing its technology. We made significant progress in the conversion of EquiColor (our color matching software) to a new platform. We are now looking into the development of the next generation spectrophotometer and the advancement of current and/or development of new probes.

IV. Stabilization of Company Finances

A. Investment in the Company

Equitech is now preparing a PPM (Private Placement Memorandum) to raise money for its operations and advancement of its technology. We expect to conclude this effort at the end of July and begin making presentations to potential investors shortly thereafter.

B. Strategic Alliance

As reported before, Equitech entered into a Strategic Alliance Agreement with CompSOL USA, and M&M Technology, and relocated operations to Charlotte, NC. Equitech is now working on the licensing of several technologies that could (potentially) be commercialized under the Equitech brand.

C. Over-The-Counter Market (OTC)

In early June, Equitech retained the services of a Corporate and Securities Transactional Lawyer to help the company navigate through all the requirements that the Over-the-Counter Market (OTC) and the Securities Exchange Commission (SEC) demand.

We have also been in close contact with the OTC and have already submitted the application form and paid the corresponding fee for the company's reinstatement to the Market. The final deadline for the production of all documentation is September 15th.

We suffered a setback (and wasted valuable time) when the accounting firm we initially retained to produce the financial statements required by the OTC, decided after 6 months, not to complete the job. We have retained a new accounting firm that is working as fast as possible to produce such documentation. Despite the setback, much progress was attained during the quarter and Equitech is now in the final leg for its reinstatement into the OTC Market.

Needless to say, I am very excited about Equitech, the work we are doing, and our future!

Jaime

A handwritten signature in blue ink, appearing to read 'Jaime Gomez'.

Jaime A. Gómez, Ph.D.
President & CEO