EQUITECH INT'L CORPORATION AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

EQUITECH INT'L CORPORATION AND SUBSIDIARY

TABLE OF CONTENTS

To the Stockholders of
Equitech Int'l Corporation and Subsidiary

Management is responsible for the accompanying consolidated financial statements of Equitech Int'l Corporation and Subsidiary (a C corporation), which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the year then ended, and the related notes to the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the consolidated financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide assurance on these consolidated financial statements.

Aprio, LLP

Atlanta, Georgia

August 30, 2021

EQUITECH INT'L CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2020

ASSETS

	Amount
Current assets	
Cash	$ 36,428
Accounts receivable - trade	5,275
Prepaid expenses	10,000
Total current assets	51,703
Other assets	
Investment in Colvistec AG	142,000
Other non-current assets	3,273
Total other assets	145,273
Total assets	$ 196,976

See accountants' compilation report and accompanying notes

EQUITECH INT'L CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2020

LIABILITIES AND STOCKHOLDERS' DEFICIT

	Amount
Current liabilities	
Accounts payable	$ 18,680
Accrued compensation	1,115,575
Other accrued liabilities	277,684
Notes payable	828,996
Income taxes payable	451,454
Total current liabilities	2,692,389
Stockholders' deficit	
Class A preferred stock, $0.001 par value, 2,000,000 shares authorized; 229,906 shares issued and outstanding at December 31, 2020	230
Class B preferred stock, $0.001 par value, 1,000,000 shares authorized; 0 shares issued and outstanding at December 31, 2020	-
Common stock, $0.001 par value, 125,000,000 shares authorized; 120,095,830 shares issued and outstanding at December 31, 2020	120,096
Additional paid-in capital	11,889,487
Accumulated deficit	(14,505,226)
Stockholders' deficit	(2,495,413)
Total liabilities and stockholders' deficit	$ 196,976

See accountants' compilation report and accompanying notes

EQUITECH INT'L CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Amount
Net sales	$ 184,863
Cost of goods sold	172,809
Gross profit	12,054
Operating expenses	
General and administrative	918,030
Total operating expenses	918,030
Loss from operations	(905,976)
Other income (expense)	
Interest expense	(40,088)
Miscellaneous income	8,427
Total other expense	(31,661)
Net loss	$ (937,637)

See accountants' compilation report and accompanying notes

EQUITECH INT'L CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2020

	Class A Preferred Stock		Class B Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at January 1, 2020	229,906	$ 230	-	$ -	110,177,570	$110,178	$10,907,579	$ (13,567,589)	$ (2,549,602)
Issuance of common stock	-	-	-	-	9,918,260	9,918	981,908	-	991,826
Net loss	-	-	-	-	-	-	-	(937,637)	(937,637)
Balance at December 31, 2020	229,906	$ 230	-	$ -	120,095,830	$120,096	$11,889,487	$ (14,505,226)	$ (2,495,413)

See accountants' compilation report and accompanying notes

EQUITECH INT'L CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Amount
Cash flows from operating activities	
Net loss	$ (937,637)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Accrued interest on notes payable	26,712
Non-cash stock compensation	991,826
Change in operating assets and liabilities:	
Accounts receivable - trade	(5,275)
Prepaid expenses	(10,000)
Other non-current assets	1,150
Accounts payable	(80,542)
Accrued compensation	84,037
Other accrued liabilities	(79,989)
Income taxes payable	25,409
Total adjustments	953,328
Cash provided by operating activities	15,691
Net increase in cash	15,691
Cash, beginning of the year	20,737
Cash, end of year	$ 36,428

SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS

During the year ended December 31, 2020, the Company issued 9,918,260 shares of common stock to employees and members of the board of directors as compensation totaling $991,826.

Note A
Summary of Significant Accounting Policies

Nature of Operations:

Equitech Int'l Corporation ("Equitech"), a Nevada Corporation, was formed on March 28, 1995 to specialize in the design, sales, installation of service of fiber optic instrumentation systems. Equitech is a publicly held corporation trading over the counter on pink sheets whose product lines will include a wide range of sensors, analytical products and electronic equipment used in research, industrial process control and commercial consumer electronics. Equitech is headquartered in Mullica Hill, New Jersey.

Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of Equitech and its wholly-owned subsidiary MIP-Technology Corp ("MIP"). Significant intercompany balances and transactions have been eliminated in consolidation. Equitech Int'l Corporation and Subsidiary will be collectively referred to as "the Company." On April 7, 2021, MIP was dissolved and all remaining assets were assumed by Equitech.

Liquidity:

The financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred net losses since its inception, with an accumulated deficit of approximately $15 million as of December 31, 2020. Management anticipates that the Company will continue to incur operating losses. Management's plans with regard to these matters include a share exchange agreement (see Note G) to increase operating revenues and consolidate expenses. This agreement will help leverage the strengths of both companies to increase financial viability. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement. Estimates are used for, but not limited to, accrued liabilities and contingencies. Actual results could differ from these estimates.

Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:

The Company maintains its cash in bank deposits that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risks on cash.

Note A
Summary of Significant Accounting Policies (Continued)

Accounts Receivable - Trade:

The Company extends credit to customers located throughout the world based on the size of the customer, its payment history, and other factors. The Company generally does not require collateral to support customer receivables. The Company provides an allowance for doubtful accounts based upon a review of the outstanding accounts receivable, historical collection information and existing economic conditions. The Company determines if receivables are past due based on days outstanding, and amounts are written off when determined to be uncollectible by management. The maximum accounting loss from the credit risk associated with accounts receivable is the amount of the receivable recorded, which is the face amount of the receivable, net of the allowance for doubtful accounts. As of December 31, 2020, the Company believes all receivables are fully collectible, and accordingly, no allowance for doubtful accounts has been established.

Impairment of Long-Lived Assets:

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to their fair value, which is normally determined through analysis of the future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount that the carrying amount of the assets exceeds the fair value of the assets. There is no impairment necessary for the year ended December 31, 2020.

Investment in Colvistec AG:

On November 17, 2010, the Company entered into a share exchange agreement with Colvistec AG ("Colvistec"). The Company exchanged 6,126,551 shares of the Company's stock for 5,000 shares of Colvistec stock valued at $142,000. This investment is accounted for using the cost method of accounting.

Accrued Compensation:

Accrued compensation consists of wages earned by employees, but not paid by the Company. The employees have deferred the receipt of these wages through verbal and written agreements.

Note A
Summary of Significant Accounting Policies (Continued)

Revenue Recognition:

The Company recognizes revenue in accordance with ASC 606 when: (i) a contract with a client has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Company has satisfied the applicable performance obligation.

The Company designs, sells, installs and services fiber optic instrumentation systems. Revenue is recognized when performance obligations under the terms of the contracts with customers are satisfied. The Company's performance obligation generally consists of the promise to manufacture and install finished products to its customers. The performance obligation is satisfied upon transfer of control of finished goods, which occurs upon shipment to or installation at the customer locations, as determined by specific terms. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods and is recognized upon transfer of control. The Company also performs maintenance and repair services for the systems and the performance obligation is recognized at a point in time upon the completion of the services since the services are completed within a short period of time. The Company also rents out the systems and recognizes revenue over the rental period. The Company's invoices are due within 30 days.

Shipping and Handling Costs:

The Company classifies shipping and handling amounts billed to customers as sales and shipping and handling costs as a component of cost of goods sold.

Advertising:

The Company expenses advertising costs as incurred. Advertising expenses were approximately $200 for the year ended December 31, 2020.

Income Taxes:

The Company accounts for income taxes using the asset and liability approach. Deferred tax assets and liabilities are recognized for the future tax consequences of differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates scheduled to be in effect when temporary differences are expected to be recovered or settled. The effect of a change in enacted tax rates on the deferred tax assets and liabilities is recognized in income in the financial statement period when the new tax rates are enacted. The Company assesses the realizability of its deferred tax assets annually and records a valuation allowance when it is determined more likely than not that a deferred tax asset will not be realized in full.

Note A
Summary of Significant Accounting Policies (Continued)

The Company accounts for the uncertainty in income taxes as prescribed by the minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. There were no uncertain tax positions as of December 31, 2020.

The Company is no longer subject to Federal or State income tax examination for calendar years prior to 2017.

Fair Value of Financial Instruments:

The Company’s financial instruments, including cash, accounts receivable, accounts payable, and accrued liabilities, are carried at cost, which approximates their fair value because of the short-term nature of these financial instruments. The carrying value of notes payable are based on the instruments’ interest rate, terms, maturity date and collateral, if any, in comparison to the Company’s incremental borrowing rate for similar financial instruments.

Note B
Notes Payable

Notes payable consists of unsecured agreements with certain stockholders and other employees. The notes bear interest at fixed rates ranging from 0% to 10% and are due upon demand. The total outstanding balance as of December 31, 2020, was $828,996. Certain agreements, if elected, can be converted to shares of common stock. The Company is currently working to convert the outstanding balance of notes payable to shares of common stock.

Note C
Preferred Stock

The Company has two classes of preferred stock: Class A Preferred Stock and Class B Preferred Stock (collectively, "Preferred Stock"). The Board of Directors of the Company establishes the rights, privileges, voting, liquidation preference, series, convertibility, dividend and redemption provisions of the Preferred Stock. The holders of the Preferred Stock are entitled to dividends at a rate established by the Board of Directors with priority over the holders of common stock. Upon dissolution, the holders of Preferred Stock will hold first priority of the liquidation value of the remaining assets of the Company. All outstanding preferred shares are convertible at $1.00 per share at a rate of 1 to 3 shares of common stock, depending on the stockholder's agreement.

Note D
Revenue From Contracts With Customers

The revenue by service line consists of the following for the year ended December 31, 2020:

	Amount
Parts Sales	$ 78,390
System Sales	56,192
Maintenance and Repair Services	31,081
Unit Rentals	19,200
Total Revenue From Contracts With Customers	$ 184,863

Note E
Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax asset at December 31, 2020, consist of:

	Amount
Deferred tax asset:	
Available net operating loss carryforwards	$ 2,061,303
Valuation allowance	(2,061,303)
Net deferred tax asset	$ -

As of December 31, 2020, the Company has generated a net operating loss ("NOL") carryforward for tax purposes of approximately $9,815,000, which can be carried forward to offset future taxable income. The NOL carryovers created prior to 2017 amount to approximately $8,439,000 and expire 20 years from the year generated. The NOL carryovers created beginning in 2018 amount to approximately $1,376,000 and do not expire. No benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets, accordingly, the Company recorded a full valuation allowance on the deferred tax asset as of December 31, 2020.

The Company has tax liens with federal and state governments filed in 2013 of approximately $354,000 and $70,000, respectively. These amounts are included in income taxes payable on the consolidated balance sheet. Interest expense accrued on these liens totaled $25,409 for the year ended December 31, 2020.

Note F
Commitments and Contingencies

COVID-19:

The Company’s ongoing profitability may experience instability and estimates included in the consolidated financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events effect the Company’s business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Operating Leases:

The Company leased office space under a noncancelable operating lease agreement expiring in June 2023. In February 2021, the Company entered into a strategic alliance agreement (see Note G) to consolidate expenses with other entities. The lease agreement was cancelled upon execution of this agreement with no penalty.

At December 31, 2020, future minimum lease payments under the noncancelable operating lease were as follows:

Year Ending December 31	Amount
2021	$ 23,928
2022	23,928
2023	11,964
	$ 59,820

Rent expense under this agreement totaled $25,028 for the year ended December 31, 2020.

Note G
Subsequent Events

The Company evaluated subsequent events through August 30, 2021, when these financial statements were available to be issued. We are not aware of any additional significant events that occurred subsequent to the balance sheet date, but prior to the filing of this report, that would have a material impact on the consolidated financial statements, other than those below.

Strategic Alliance Agreement:

On February 10, 2021, the Company entered into a Strategic Alliance Agreement with four other companies to consolidate expenses and integrate commercial synergies between all parties. As part of the agreement a facility was leased (see Note F) in which the Company's portion of the rent will be $1,250 per month for 24 months.

Note G
Subsequent Events (Continued)

Stock Split:

Effective March 3, 2021, the company effected a 1 for 100 reverse stock split that reduced issued and outstanding shares to 1,200,675. To effect the split, the Company's authorized shares decreased from 125,000,000 to 12,500,000.

Share Exchange Agreement:

On July 23, 2021, the Company entered into a share exchange agreement with CompSol USA Inc. ("CompSol") where all outstanding common shares of CompSol are transferred for common shares in the Company. The agreement was done to leverage the financial resources and provide financial sustainability for both entities (see Note A).