South Jersey Technology Center
107 Gilbreth Pkwy
Mullica Hill, NJ 08062
Telephone: (704)882-4624
https://equitechintl.com

December 7, 2021

Dear Equitech Shareholders,

Welcome to a new era!

I am pleased to report that during the third quarter, Equitech took steps to drastically change the company's *raison d'être*, its operations, and the markets it serves. The company continues its fast transformation to become an ***Opto-electronic Solutions Provider for In-line Process Management.*** You are reading Equitech's first consolidated report as it now includes the results of our subsidiary CompSOL.

Summary
Equitech had a very good third quarter in all counts. We increased our sales, added and trained a reseller for the entire European continent and Taiwan, established an OEM Sales Program, were mentioned in the press and social media several times, re-started manufacturing under a new roof, completed several OEM projects, sold several UV-Vis systems and several fiber-optic probes, settled a licensing agreement dispute, obtained approval from the shareholders for the deployment of an Equity Incentive Plan, met the SEC Rule 15c2-11 compliance deadline, and have begun preliminary steps to submit a registration statement with the Securities Exchange Commission (SEC) with the hope of becoming a fully reporting company during 2022.

I. Sales & Marketing

Sales increased 113% compared to Q3-2020 and our YTD is 72% higher than 2020. These numbers include revenues from our subsidiary CompSOL. Nonetheless, the numbers are very encouraging for many reasons. During the quarter, we had several successful trials that resulted in the sale of instruments, probes, and services in the USA and abroad.

	QIII-2021	QIII-2020	YTD-2021	YTD-2020
Total Income	185,072.96	87,029.27	283,421.00	164,850.44
Total COGS	95,031.46	82,763.94	115,439.00	134,849.61
Gross Profit	90,041.50	4,265.33	167,982.00	29,999.83
Total Expenses	309,846.50	22,265.34	354,845.00	43,721.40
Net Income	(219,805.00)	(17,967.56)	(190,142.00)	(13,688.12)

COGS increased 14.8% compared to Q3-2020 but our YTD is 14.4% lower than 2020. COGS will likely diminish even more during the next quarters as CompSOL gains experience with the production of UV-Vis product line.

Expenses increased 1,291% compared to Q3-2020 and our YTD is 711.6% higher than 2020. The numbers can be explained as follows: Equitech assumed CompSOL’s expenses close to $30K. An additional $136K was accrued for stock options that the employees will receive at the end of the year; when they do, the number will be adjusted down accordingly. Finally, about

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$160K were spent in accounting and legal fees as the Company chose to remain listed in the OTC and therefore comply with the new SEC rule. This is not a recurring expense.

We signed an exclusive agreement with Aguilar & Pineda (Barcelona, Spain) as our sole representatives for Europe. As we reported before, A&P has over 100 years' experience in process equipment. A&P is actively promoting our products and has already exhibited Equitech's products at *Expoquimia*, a chemical trade show and at *ASEFAPI*, the Spanish Association for Producers of Inks and Paints.

PlasticsNews ran a full-page article on Equitech and its UV-Vis business. This article was uploaded to LinkedIn where it has received (as of today) over 1,400 views.

II. Development & Manufacturing

Original Design Manufacturing (ODM) Business Sector

CompSOL, our subsidiary responsible for development & manufacturing, is in discussion with 5 major companies to produce new opto-electronic designs and/or to review current designs. Some of the work is proprietary and cannot be discussed publicly, but a summary follows:

We completed customer 1 desktop application and deployed and ran it at its facility in South Carolina. The system developed automatically tests, generates certificates, and saves test data for 3 phase power conversion units used in military aircrafts.

We supplied customer 2 with humidity and temperature control systems for attics and crawlspaces and continue providing them with routine updates. The company was able to provide UL certification support.

We developed a 360-degree remote monitoring system for customer 3 to integrate with a newly designed USB hub/audio codec module. In addition, we developed a tester to enable the customer to test units in-house.

We are currently discussing with customer 4, the producer of a smart athlete training workout system, redesigning a winding module using an optical sensor to accurately detect distance travelled.

Finally, we are discussing with customer 5, the producer of a power factor correction and monitoring system, moving test systems, and productions over to our facility.

UV-Vis Business Sector

After transferring the manufacturing production, inventory, BOM, and manufacturing practices of the UV-Vis business to CompSOL, Equitech reinitiated shipments of products nationally and internationally.

We assembled several ATR, RPMP and Transmission Cells probes for multiple customers. In addition, the company run several laboratory samples for potential customers. Laboratory samples analysis is normally the first step in the generation of a quotation.

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Because of the chip shortage issue caused by the Covid-19 pandemic, we purchased a different temperature controller for our systems. We are in the process of adjusting our operating software so it can interact with this new controller.

Gen V
Equitech began work to advance its UV-Vis technology. We call the new instrument (to be launched to the market in 2022), Generation V.

On the hardware front, we have identified the high-level components to be used in the next generation instrument and beginning to work on the development of components and subassemblies. On the software front, we have setup a platform for EquiColor 2.0 and we are currently working on developing the first stages of the backbone database, have multiple graphical user interface (GUI) views in place, and finalized the communication flow between the hardware and the software.

III. Stabilization of Company's Finances

A. Dispute Settlement

Back in 2010, Equitech signed a Licensing Agreement with ColVisTec AG, a German company, to advance the production of Equitech's technology and inject funds into the company.

Under the terms of the agreement, ColVisTec was limited to manufacture and commercialize instruments & probes only in Europe and the Middle East. In addition, the two companies signed a Mutual Supply Agreement on June 23rd, 2014, whereby, Equitech purchased 100% of the instruments and probes from ColVisTec. Manufacturing of all products began to take place in Berlin, Germany.

Looking back, Equitech went from being an innovator, inventor, and developer to becoming a USA distributor of its own technology at prices unsustainable for the world market.

On September 1, 2021, we were able to cancel this Licensing Agreement with ColVisTec and mutually released each other from any obligations. In addition, the companies divested their interests in each other.

With the licensing agreement cancellation, Equitech eliminated a sour business relationship that was slowing down the advancement of the company. Furthermore, Equitech regained access to the European & Middle East territories, important markets for the new products that we are developing.

As the book *Crossing the Chasm* teaches: "Most startups fail to recognize that their marketing strategies that worked well to attract the early adopters aren't suitable to attract the early majority". One of these strategies is the creation of a competitor. Without a competitor, the adoption of a new and revolutionary technology in manufacturing practices is a very slow process. Thus, a positive way to look at our relationship with ColVisTec during the past 10 years is exactly that: we created a competitor that is helping validate a breakthrough technology.

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B. Compliance with OTC and SEC Regulations

We met the requirements of SEC Rule 15c2-11 established by the Securities Exchange Commission (SEC) and were able to avoid being delisted.

OTC
We still hold a 'Yield' sign that should go away once we meet the final requirements during the first quarter of 2022. What's missing? The OTC asks that we file the 3rd quarter report (this one) and 2021 annual report. Finally, our securities attorney needs to provide the OTC with an Opinion Letter after which we should become a 'Current Information Company'.

SEC
Equitech was born (1995) from the merger of a public (shell) company (NuStar) and a private company (Equitech). Because of this history, many of our shareholders have restricted securities. Restricted securities are previously issued securities held by security holders that are not freely tradable. For the great majority of shareholders, we believe that you can retain an outside Counsel/Securities Attorney who can provide you with an opinion letter allowing your shares to be transferred under an exemption from registration. Once the company fully registers with the SEC (our intention), we anticipate that most brokerage firms will accept our shares into their platform. The registration process will require two years of audited financial statements (2020 and 2021). After we have those, we intend to file a registration statement with the SEC. While we cannot provide certainty that the registration statement will be declared effective, we believe that it will and estimate that the process will take approximately 90-120 days from filing.

If you have questions regarding OTC/SEC, please send Anh Nguyen an email.

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

Jaime

Jaime A. Gómez, Ph.D.
President & CEO

EQUITECH INT'L CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

EQUITECH INT'L CORPORATION AND SUBSIDIARIES

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To the Stockholders of
Equitech Int'l Corporation and Subsidiaries

Management is responsible for the accompanying consolidated financial statements of Equitech Int'l Corporation and Subsidiaries (a C corporation), which comprise the consolidated balance sheet as of September 30, 2021, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the period of January 1, 2021 through September 30, 2021, 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

November 30, 2021

EQUITECH INT'L CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2021

ASSETS

Current assets	
Cash	$ 121,920
Accounts receivable - trade	115,145
Inventory	54,478
Prepaid expenses	10,000
Total current assets	301,543
Other assets	
Investment in Optoniks Corp.	125,000
Total other assets	125,000
Total assets	$ 426,543

See accountants' compilation report and accompanying notes

EQUITECH INT'L CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2021

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities	
Accounts payable	$ 107,128
Accrued compensation	914,728
Other accrued liabilities	292,896
Notes payable	863,905
Income taxes payable	407,922
Total current liabilities	2,586,579
Stockholders' deficit	
Class A preferred stock, $0.001 par value, 2,000,000 shares authorized; 229,906 shares issued and outstanding at September 30, 2021	230
Class B preferred stock, $0.001 par value, 1,000,000 shares authorized; 0 shares issued and outstanding at September 30, 2021	-
Common stock, $0.001 par value, 12,500,000 shares authorized; 1,511,625 shares issued and outstanding at September 30, 2021	151,163
Additional paid-in capital	12,343,635
Accumulated deficit	(14,695,368)
Deficit attributable to Equitech Int'l Corporation and Subsidiaries	(2,200,340)
Non-controlling interest	40,304
Stockholders' deficit	(2,160,036)
Total liabilities and stockholders' deficit	$ 426,543

See accountants' compilation report and accompanying notes

EQUITECH INT'L CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE PERIOD OF JANUARY 1, 2021 THROUGH SEPTEMBER 30, 2021

Net sales	$ 283,421
Cost of goods sold	115,439
Gross profit	167,982
Operating expenses	
General and administrative	332,476
Total operating expenses	332,476
Loss from operations	(164,494)
Other income (expense)	
Interest expense	(50,737)
Miscellaneous income	36,663
Loss on disposal of investment in Colvistec AG	(8,295)
Total other expense	(22,369)
Income tax expense	-
Net loss	(186,863)
Noncontrolling interest	(3,279)
Net loss allocated to Equitech Int'l Corporation and Subsidiaries	$ (190,142)

See accountants' compilation report and accompanying notes

EQUITECH INT'L CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE PERIOD OF JANUARY 1, 2021 THROUGH SEPTEMBER 30, 2021

	Class A Preferred Stock		Class B Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Equitech Int'l Corporation and Subsidiaries	Noncontrolling Interest	Total
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at January 1, 2021	229,906	$ 230	-	$ -	120,095,830	$ 120,096	$ 11,889,487	$(14,505,226)	$ (2,495,413)	$ -	$ (2,495,413)
Issuance of common stock	-	-	-	-	9,312	931	25,000	-	25,931	-	25,931
Stock split	-	-	-	-	(118,895,187)	-	-	-	-	-	-
Share exchange agreement (see Note B)	-	-	-	-	365,295	36,530	121,312	-	157,842	37,025	194,867
Repurchase of common stock	-	-	-	-	(63,625)	(6,394)	-	-	(6,394)	-	(6,394)
Issuance of stock options	-	-	-	-	-	-	307,836	-	307,836	-	307,836
Net loss	-	-	-	-	-	-	-	(190,142)	(190,142)	3,279	(186,863)
Balance at September 30, 2021	229,906	$ 230	-	$ -	1,511,625	$ 151,163	$ 12,343,635	$(14,695,368)	$ (2,200,340)	$ 40,304	$ (2,160,036)

See accountants' compilation report and accompanying notes

EQUITECH INT'L CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD OF JANUARY 1, 2021 THROUGH SEPTEMBER 30, 2021

Cash flows from operating activities	
Net loss	$ (186,863)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Accrued interest on notes payable	50,737
Non-cash grants of stock options	307,836
Loss on disposition of investment in Colvistec AG	8,295
Common stock acquired in share exchange agreement	194,867
Change in operating assets and liabilities:	
Accounts receivable - trade	(109,870)
Inventory	(54,478)
Other non-current assets	3,273
Accounts payable	88,448
Accrued compensation	(199,645)
Other accrued liabilities	13,653
Income taxes payable	(43,532)
Total adjustments	259,584
Cash provided by operating activities	72,721
Cash flows from financing activities	
Principal payments on notes payable	(7,123)
Proceeds from issuance of common stock	25,931
Repurchase of common stock	(6,394)
Cash provided by financing activities	12,414
Net increase in cash	85,135
Cash, beginning of the year	36,785
Cash, end of year	$ 121,920

SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS

During the nine months ended September 30, 2021, the Company granted stock options to employees and members of the board of directors from accrued compensation from prior years totaling $307,836.

As part of the share exchange agreement (see Note B), the Company acquired $381,601 in assets and assumed $186,734 in liabilities. No cash was paid by the Company to acquire the stock of Compsol USA Inc.

See accountants' compilation report and accompanying notes

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, its wholly-owned subsidiary MIP-Technology Corp ("MIP") and CompSOL USA Inc ("CompSOL"). Significant intercompany balances and transactions have been eliminated in consolidation. Equitech Int'l Corporation and Subsidiaries will be collectively referred to as "the Company."

The operations of MIP will only be shown from January 1, 2021 through April 7, 2021, as on this date MIP was dissolved and all remaining assets were assumed by Equitech. The operations of CompSOL will be shown from July 23, 2021 through September 30, 2021, as this is the date that the share exchange agreement (see Note B) took place between the ownership of Equitech and the ownership of CompSOL.

Noncontrolling Interest:

Noncontrolling interest is the portion of the ownership in CompSOL not directly attributable to the Company and is reported as a separate component of the Company's stockholders' equity in its consolidated financial statements. The Company's consolidated net loss is reported at amounts that include the amounts attributable to both the Company and the noncontrolling interest.

Liquidity:

The consolidated 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 and a negative current ratio as of September 30, 2021. Management's plans with regard to these matters include converting the notes payable due to stockholders and accrued compensation to equity, leveraging the strengths of both the Company and the newly acquired CompSOL (see Note B) to increase financial visibility. Management projected that they will start generating enough cash flow to cover the operating needs in the coming years. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Note A
Summary of Significant Accounting Policies (Continued)

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, fair value of assets acquired and liabilities assumed in a business combination 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.

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 September 30, 2021, the Company believes all receivables are fully collectible, and accordingly, no allowance for doubtful accounts has been established.

Inventory:

Inventory consists of parts, and is stated at the lower of cost or net realizable value. Inventory is valued using the first-in, first-out method. Provisions are made in each period for the estimated effect of obsolete and slow-moving inventories. As of September 30, 2021, the Company determined no reserve for obsolete and slow-moving inventories was necessary.

Investment in Optoniks Corp.:

The Company owns a 2% ownership interest in Optoniks Corp. (“Optoniks”). This investment is accounted for using the cost method of accounting. Accordingly, the investment is recorded at the historical cost of the Company's equity in Optoniks.

Note A
Summary of Significant Accounting Policies (Continued)

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 period ended September 30, 2021.

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. On June 30, 2021, Equitech and Colvistec entered into a settlement agreement to relieve the respective companies of the liabilities and investments they had in each other. This settlement resulted in an $8,965 loss on the books of Equitech. The shares that Colvistec had in the Company were retired upon settlement.

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.

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.

Note A
Summary of Significant Accounting Policies (Continued)

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 $12,000 for the nine months ended September 30, 2021.

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.

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 September 30, 2021.

The Company is no longer subject to Federal or State income tax examination for calendar years prior to 2018.

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
Share Exchange Agreement

On July 23, 2021, the Company completed a share exchange agreement with CompSOL USA Inc. ("CompSOL") in exchange for common stock in the Company valued at $194,867. The agreement was made to leverage the financial resources and provide financial sustainability for both entities.

There was no purchase consideration for the agreement as the stockholders of CompSOL exchanged 81% of their ownership in CompSOL for approximately 26% ownership of the Company. The transaction was accounted for as a business combination and the purchase consideration was allocated to the assets and the liabilities based on their fair value at the date of acquisition. The following table presents the tangible assets acquired and liabilities assumed based on their fair values. The consideration was allocated as follows:

	Amount
Cash	$ 96,621
Accounts receivable	159,980
Investments	125,000
Total assets acquired	381,601
Less:	
Accounts payable and accrued expenses	137,786
Notes payable	48,948
Total liabilities assumed	(186,734)
Fair value of common stock acquired	$ 194,867

The consolidated financial statements include the operating results of CompSOL from the date of acquisition.

Note C
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 September 30, 2021, was $863,905. 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 D
Stock-Based Compensation

During 2021, the Company's Board approved a stock option plan for employees, directors, officers, and other service providers of the Company (the "Equity Plan"). The Equity Plan provided the Board the authority to grant options to purchase up to 620,000 shares of common stock. The option exercise price for each grant of an incentive stock option shall not be less than the fair market value of a share on the grant date. The option exercise price for stock options must be equal to or greater than fair market value on the grant date. The options generally vest 100% after the first year of service following the grant date. Certain options were granted with an immediate vesting. The options expire as set forth by the Board, but not more than 10 years from the date of grant.

A summary of the Company's common stock option activity and related information is as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)
Outstanding at January 1, 2021	-	$ -	
Granted	286,324	5.00	10.00
Exercised	-	-	
Forfeited	-	-	
Outstanding at September 30, 2021	286,324	5.00	10.00
Vested and exercisable at September 30, 2021	286,324	5.00	10.00
Vested and expected to vest at September 30, 2021	286,324	$ 5.00	10.00

As of September 30, 2021, there was no unrecognized stock-based compensation. During the nine-month period ended September 30, 2021, the weighted average grant date fair value of common stock options granted was $5.00.

Note E
Stockholders' Equity

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.

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.

Note F
Revenue From Contracts With Customers

The revenue by service line consists of the following for the period ended September 30, 2021:

	Amount
Parts sales	$ 8,093
System sales	224,177
Design services	15,280
Maintenance and repair services	12,895
Shipping	3,450
Unit rentals	19,526
Total revenue from contracts with customers	$ 283,421

Note G
Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax asset at September 30, 2021, consist of:

	Amount
Deferred tax asset:	
Available net operating loss carryforwards	$ 2,171,160
Valuation allowance	(2,171,160)
Net deferred tax asset	$ -

As of September 30, 2021, the Company has generated a net operating loss ("NOL") carryforward for tax purposes of approximately $10,339,000, which can be carried forward to offset future taxable income. The NOL carryovers created prior to 2017 amount to approximately $8,764,000 and expire 20 years from the year generated. The NOL carryovers created beginning in 2018 amount to approximately $1,575,000 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 September 30, 2021

The Company has tax liens with federal and state governments filed in 2013 of approximately $354,000 and $20,000, respectively. These amounts are included in income taxes payable on the consolidated balance sheet. Interest expense accrued on these liens totaled $17,736 for the nine months ended September 30, 2021.

Note H
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. 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. The lease agreement was cancelled upon execution of this agreement with no penalty. As part of the agreement a facility was leased in which the Company's portion of the rent is $1,250 per month for 24 months.

At September 30, 2021, future minimum lease payments under the noncancelable operating lease were as follows:

Year Ending September 30	Amount
2022	$ 15,000
2023	2,500
	$ 17,500

Rent expense under these agreements totaled $15,082 for the period ended September 30, 2021.

Note I
Subsequent Events

The Company evaluated subsequent events through November 30, 2021, when these financial statements were available to be issued. The Company is 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.