



April 20, 2021

Dear Equitech Shareholders,

In our Annual Report 2020, we described that Equitech's Corporate Strategy necessary to complete the company's turnaround is based on these 4 principles:

- Sales & Marketing Advancement
- Manufacturing Outsource
- Instruments & Probes Modernization
- Stabilization of Company Finances

We continue to make decisions, commit to activities, and deploy resources that allow us to advance this straightforward strategy. The first quarter of 2021 was challenging, but very positive, for the long-term sustainability of the company.

Sales

Our sales were comparable to those of Q1-2020. The trials performed during Q4 2020 resulted in the sale of one instrument to an OEM equipment manufacturer (with potential for several more) and the delivery of a second instrument to a large PET recycler company. We also completed lab tests and sent out several quotations for single and multiple instruments. We continue to work closely with our Sales Representatives on different opportunities.

	QI-2021	QI-2020	YTD-2021	YTD-2020
Total Income	\$31,570.19	\$38,722.17	\$31,570.19	\$38,722.17
Total COGS	\$7,807.78	\$16,673.67	\$7,807.78	\$16,673.67
Gross Profit	\$23,762.41	\$22,048.50	\$23,762.41	\$22,048.50
Total Expenses	\$23,630.50	\$10,304.06	\$23,630.50	\$10,304.06
Net Income	\$131.91	\$11,744.44	\$131.91	\$11,744.44

COGS decreased relative to Q12020 thanks to inventory consolidation that resulted during the relocation process. This decrease in COGS resulted in a Gross Profit comparable to Q1 2020. Expenses were 129% higher during Q1 mainly because of our efforts to bring the company in full compliance with OTC. The expense also included the consulting and legal fees related to the Strategic Alliance and the relocation to Charlotte.

Manufacturing

In Q4 2020, we reported a large COGS because we undertook the manufacturing of several instruments prior to receiving purchase orders. This proved to be the correct action to take. While Covid-19 has not disrupted our logistics chain, some vendors have extended the delivery time of critical parts. Because we don't forecast a return to pre-Covid activities any time soon, we have begun to order long-lead critical parts and manufacture systems before receiving purchase orders so we can respond faster to our customers.



South Jersey Technology Center
107 Gilbreth Pkwy
Mullica Hill, NJ 08062
Telephone: (706)364-6060
<https://equitechintl.com>

In early March, we began building a dedicated semi-clean room for the assembly of our optical probes. This room should be ready at the end of this month and it will allow us to manufacture probes in large quantities under more stringent procedures for handling fiber optics. We also completed the setup of our new QC laboratory where we evaluate samples sent to us, and test instruments after they have been manufactured.

Stabilization of Company Finances

A. Strategic Alliance

Late last year, Equitech entered into a Strategic Alliance Agreement with CompSOL USA, and M&M Technology, both companies located in Charlotte, NC.

During the month of February, we moved operations to Charlotte, NC and are now co-located with these two companies under the same roof. CompSOL USA has now assumed the manufacturing of our products. We are now looking into new ways to strengthen the alliance adding other resources and accelerating the development-to-market cycle for new products.

B. Over-The-Counter Markets (OTC)

The deadline for Equitech to comply with the new disclosure requirements under recent amendments to SEC Rule 15c2-11 is June 30. The SEC's amendments to the rule will effectively eliminate public quoting in securities of issuers that do not make current information publicly available once the rule is effective later this year (September).

We are working hard to comply with the SEC requisites. One of which is a thorough financial review of the company that we projected to be ready by March 31st. Unfortunately, given the Covid-19 situation, most of the companies we work with are running behind schedule. We expect to complete this work in the next few weeks and begin reporting our B/S, I/S and Cash Flow statements according to GAAP shortly thereafter.

C. Debt-to-Equity Conversion

We continued to relieve the company of old liabilities. During Q1, and thanks to you the shareholders, we completed the conversion of additional \$345,200 to equity. With these conversions, the company now has liabilities of just under \$2M (from \$4M two years ago).

Based on everything on which we are working and with current limited resources, we are making great strides and feel very positive concerning our future.

My best,

Jaime

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

Jaime A. Gómez, Ph.D.
President & CEO
President Society of Plastics Engineers