



EQUITECH



## IN-LINE PROCESS MEASUREMENT

Optimizing Processes • Maximizing  
Quality • Minimizing Waste

# 2019 1st Quarter Report

## Letter from the President & CEO

Greetings and welcome to a new Equitech!

In early December 2018 the Board of Directors asked me to carry out a study and provide some recommendations, and when the study came to an end the Board offered me the position of President & CEO. I am honored and humbled to have taken on this role. I realize the challenges we face, but I am confident that in very little time, we will make Equitech a great company for everyone. Let me begin with some positive news:

First, despite our challenges, all of our current employees have agreed to stay while we turn Equitech around. Although not a balance sheet item, a company's biggest asset is almost invariably its employees, and that certainly holds true for us. Being able to retain our work force provides the essential stability required to implement other changes we are planning. Second, we have attracted several well-respected and qualified people to our company and put together a great Advisory Board. Third, we have moved manufacturing back to America. This will allow us both to control our production costs and get rid of the exorbitant fees that our European licensee had been charging. With these changes, we are very price-competitive in the market even against traditional color measurement companies.

As a first step in centralizing our operations we are in the process of moving the company's headquarters to New Jersey. We have established a relationship with Rowan University and the South Jersey Technology Park, which will afford us access to faculty, research and government institutions as well as to companies with which we can collaborate. We expect to complete this first phase in June, with other steps to follow.

Our products are highly technical, and while the industries we serve are fully aware of the benefits of our technology, many are uncertain whether to take the plunge. This is somewhat comparable to the challenge facing businesses of the 1990's who could see the advantages of computerization but were unsure whether the computer was a trend or merely a fad. In retrospect, although not obvious at the time, the computer revolution was already a tidal wave.

For those following technology, it's becoming pretty clear that we're in a Fourth Industrial Revolution. It goes by many names, but is increasingly being referred to as INDUSTRY 4.0, which is all about efficiency. That is, interconnected computers making decisions without human intervention, thus making the smart factory a reality. As these machines gain access to more data, they get smarter and make the factories even more efficient by informing about production, processes, maintenance and quality issues even before they take place!

Equitech is perfectly positioned to ride this wave. Our flagship instrument is a powerful in-line, real-time, process data-producing machine. Combined with other technologies, our instruments go beyond just collecting data. They also analyze that data to identify patterns and insights that would be impossible for a human to do in a reasonable timeframe. Moreover, INDUSTRY 4.0 is raising the bar for what is considered state-of-the-art or best practices, which means that more and more of our potential customers are under pressure to take the plunge.

In summary, despite some serious challenges, there is much good news on the horizon. I would encourage you keep up with our progress by visiting our new website ([www.equitechintl.com](http://www.equitechintl.com)). There you will find information about our industries, applications and products, along with numerous downloadable PDF files containing white papers and other technical information on our industry.

While we had disappointing sales results during the first quarter, our sales pipeline is rapidly growing as companies are beginning to look at the convergence of our technology, fair prices, unmatched customer service, great management team and advisory board, and the support of a renowned university.

As we fix the issues that have overshadowed Equitech's technology and capabilities, you will see investment in our people, in our technology, in our business and in our community. I will personally report to you regularly on our advances. I count on you to assist the Management Team for everyone's benefit. Thank you for your support!

Jaime A. Gómez, PhD

# Table of Content

---

FINANCIAL RESULTS



STRATEGY



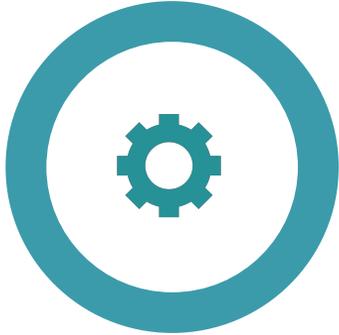
# Financial Results



\*Photo by Evan Dvorkin on Unsplash

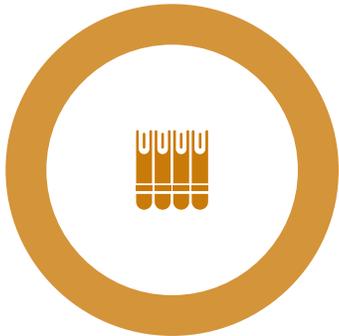
Summary of Results P&L Three Months Ending March 31		
	Q1 2019	Q1 2018
Sales	\$22,869.65	\$13,983.93
COGS	\$10,864.34	\$20,695.85
Gross Profit	\$12,004.31	(\$6,711.92)
Expenses	<u>\$9,496.05</u>	<u>\$24,998.42</u>
Net Income	\$2,508.26	\$(31,710.34)

# Strategy Explained



## MANUFACTURING (LOWER PRODUCTION COST)

- Relocate Manufacturing back to the USA (In Progress)
- Scale up Production of Key Components (In Progress)
- Re-Establish Partnerships and Vendor Relationships where Appropriate (In Progress)
- Establish new vendors (In Progress)
- Partner with well-known engineering companies (In Progress)



## CUSTOMER SERVICE (FROM GREAT TO UNPARALLELED)

- Introduce to the Market Annual Maintenance Agreements (Completed)
- Adjust Service Agreement Prices (Completed)
- Establish a 24-Hour-Turnaround Service (In Progress)



## SALES (STIMULATE TECHNOLOGY DEMAND)

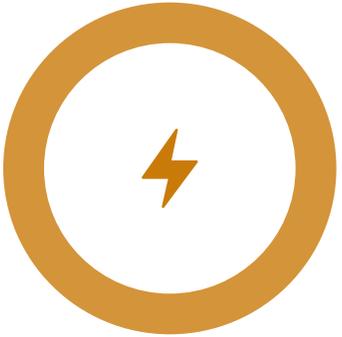
- Increase Sales by Decreasing Rate-of-Adoption Time (In Progress)
- Introduce New (lower) Prices to the Market in 2019 (Completed)
- Target Manufacturers where our Technology has been Successfully Deployed (In Progress)
- Offer Leasing Agreements to Facilitate Access to our Technology (Opex v/s Capex) (Completed)
- Write Industry Applications Brochures (In Progress)
- Leverage Successful Applications from Current Customers to Expand our Market (On going)

# Strategy Explained



## FINANCES (STRENGTHEN COMPANY)

- Refinance Equitech (In Progress)
- Minimize Operating Expenses & Improve Cash Flow (On going)
- Pursue Government Grants (On going)



## COMMUNICATIONS (DELIVER THE MESSAGE)

- Develop a Comprehensive Marketing & Communications Plan (In Progress)
- Establish Direct Communication with Companies that have Tried (and not Purchased) our Technology in the Past (On going)
- Develop a New Website (Completed)
- Report Quarterly Operations & Financial Results (Ongoing)
- Establish periodic reporting (Financials & Press Releases) (Ongoing)



[equitechintl.com](http://equitechintl.com)