

April 22, 2020

Ecovatec Solutions – Shareholder Communication

The Management team at Ecovatec would like to take this opportunity to communicate to our shareholders the impact that the current Covid-19 pandemic is having on our business, and which actions are currently underway to counteract those impacts. As we have communicated in recent updates, Applied Food Sciences Inc has undertaken, a double blind, placebo controlled human clinical trial on HDL on our behalf. Unfortunately, the outbreak of the current Covid-19 pandemic has resulted in a potentially serious setback in this study, the total impact of which is still unknown but in a worst case scenario may render any findings inconclusive requiring the complete repeat of the study resulting in additional costs and months of delays.

In addition, a sales campaign was scheduled to start this spring, targeted around our egg oil with the cosmetic and cosmeceutical industries, has also been delayed. That action was taken due to the large disruption Covid-19 has caused to the normal operations of our potential customers and we felt the need to slightly delay this activity until we feel our customers are ready to hear about our products. This was to ensure that every dollar spent on this campaign was being given the best opportunity to drive customer awareness and sales. We are starting to get some indication that this new mode of operation for businesses is normalizing and will be shortly moving into a small test campaign and evaluating for effectiveness before moving ahead with the original campaign.

In more positive news, our contract manufacturing business, continues to work with potential customers who have also seen their own business timelines extend due to the pandemic but are still moving forward. The pandemic has also provided new opportunities to contract manufacture much needed hand sanitizer for multiple customers which is currently underway. We are very confident that many or all these opportunities will ultimately provide revenue to substantially or completely offset business overheads to further extend our operating runway and move us to a cash flow positive position.

In order to offset the financial impact of the aforementioned hurdles, we have implemented further cost cutting measures and taken advantage of every eligible financial subsidy that the government is providing to businesses. Included in this are substantial cuts to salaries and taking actions towards reducing facility lease payments. These actions will extend the operating runway of the business well beyond what we would have otherwise seen while still protecting our intellectual property, our ability to continue communication with current or new customers, continue business critical regulatory activities and retain readiness to ramp up operations for our own production or contract manufacturing opportunities.

As always, feel free to contact me via email (chris.nichols@ecovatec.com) or by phone (604-425-1546 ext 222) if you require more information.

Sincerely,



Chris Nichols, President and COO
Ecovatec Solutions Inc