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September 6, 2017

UATG Shareholders

Re: Umbra Applied Technologies Group, Inc.
Semi-annual Chairman's Letter
(UATG:PK) Year 2017

Chairman's Letter

Through focused reformations of operational processes and strategic brand management we have improved the synergy between organizational objectives and market fundamentals.

Dear Fellow Shareholders,

As we head into the end of the year and begin the daunting task of preparing for the delivery of holiday products, I thought an update now would be prudent as many of us tend to become engulfed in and distracted with the end of year celebrations.

Throughout a period of complex political and economic turbulence around the world, our company has been steadfast in its dedication to corporate doctrine, the clients and the communities we serve while improving opportunities for increased shareholder value.

As we approach the end of the Third Quarter and prepare for the Year End, we can be satisfied with the progress we have made in terms of reformed market oversight, organizational structure, improved market liquidity, the accretion of shareholder value, product innovation and the execution of our business strategy. We realized better than expected results in the first six months of the year, largely due to the dynamic nature of our business model. We have demonstrated again, this quarter, that we can count on our team to be nimble, focused and effective when responding to volatile market conditions. Our ability to innovate has and continues to be the best way to ensure our growth.

UAT's challenges were many with few obvious solutions. I have always believed that persistence is the hallmark of success and without it, one could not be successful.

Five years ago, we put in place a long-term strategy to position UAT Group as a premier defense and intelligence technology company. Three years in we experienced some internal challenges that forced us

to be a bit more dynamic and redraft a business execution that would return the company to a posture aimed squarely at top line growth.

2016 marked a year in which a concerted effort to course correct the organizations fiscal trajectory was executed with notable contributions across every level of the enterprise. We ended the year by achieving our objective to best position the company within the ambit of executable product delivery capabilities and to ensure that the organizations 2017 stance was one of a company competent of delivering multiple product lines across all divisions over numerous market segments. We initiated internal audits in preparation of a 2017 S-1 filing to address the public vehicles inherited complications that existed before becoming UATG. We continued to develop new technologies and products like Hygieia antimicrobial textiles and the Aegis fixation pin while overcoming significant resistance in the market, undercapitalization, previously restricted stock maturing, conversions and all during an already volatile market. We mitigated inefficiencies and overlap while consolidating oversight to improve management's ability to direct operational objectives. We increased viability for future capital raises by restructuring the anatomy of our Preferred Series shares while leaving the Common Share structure intact. We further conducted targeted market research and strategic reviews of existing market segments in advance of a scheduled 2017 product release. We became more fiscally prudent, product focused and re-evaluated division margins as a whole, so as to compose a marketing and product launch capable of supporting sustained growth. Throughout 2016 we continued to make significant progress in ameliorating corporate metrics and have benefited from significant improvement of key indicators throughout 2017.

Improved performance would not have been possible without the exceptional execution and commitment of UAT Groups dedicated family.

This effort, to date, has yielded impressive strides over key fundamental metrics that have already started to deliver a path towards strong returns for our shareholders. Interest in the company has exponentially increased, improving market liquidity by more than 8000% from the beginning of the year with a continued liquidity increase of 803% in Q3 alone. Daily trading volume has increased by more than 7,000% since January of this year and has maintained increases of 618% in Q3. While average share price has dropped since last year we have seen a more than 16% reduction in daily price slip in Q3 with a 2,133% increase in daily dollar volume since the beginning of the fiscal year. Monthly trades executed on UATG have increased 1019% with total dollars traded monthly between July and August increasing by 345%.

We continue to make the execution of our business model and the realization of our core mission to change the world through innovative thinking while delivering responsible technology, a fundamental tenet of UAT Groups institutional strategy. This strategy was and continues to be anchored in three imperatives that have guided our efforts at every level of the company.

1-Products must, without question be UAT. This means that quality must be of the highest standard and our products must be vastly superior to our competitors.

2-Paradigm shifting must be the objective. At UAT we must strive to innovate in a way that forces others to reimagine what is possible. We use the most advanced materials to design, manufacture and deliver a UAT product.

3-Deliver value to our customers and we will be able to deliver value to our shareholders. By viewing our products through the lens of the end user we can engineer products that are useful, make our lives better and in some instances, introduce us to something we didn't know we needed or wanted.

This performance would not have been possible without the exceptional execution and commitment of UAT Groups dedicated family. UAT Group colleagues take their work personally, they possess an understanding of the significance of what we do here and execute with a sense of urgency in their commitment to contribute to our growth and all of the UAT Group stakeholders. They inspire confidence through competence, unwavering loyalty and through their collective efforts working together to share an impressive array of expertise to deliver the unimaginable. I am exceptionally proud of my UAT family and genuinely honored to be part of such a committed and forward-thinking team.

UAT's customer-centric approach is deliberate in a way that not only drives us to please but to innovate

While superior product build and quality has and will always be a core axiom of our business model it is the end user, the customer that drives our initiatives, guides our designs and influences our manufacturing processes. This customer first mentality ensures that we are always mindful of who we are designing and building for. There are many advantages to a customer-centric approach, but for me the biggest advantage is the understanding that customers are always going to want more; the next generation, and it better be extraordinary! This understanding feeds a relentless pursuit of innovation in an intentionally structured environment that must be risk tolerant. One of my favorite quotes credited to Thomas Edison is, "I have not failed. I've just found 10,000 ways that won't work". This is precisely the mindset I encourage in our researchers and designers. We foster an environment that allows us to imagine and go beyond what is thought to be possible. This belief that "failure" affords us the opportunity to potentially learn something is the underpinning for the ethos upon which innovation in our Applied Sciences Division has been built. We don't criticize failure we encourage innovation.

Here at UAT Group we thrive on the opportunity to surprise and delight our customers. This need, to present something new to a customer and then share in the elation they experience from being so wonderfully surprised drives us to create some of the most amazing products of which I hope to share with you over the next sixteen months. Two such examples that come to mind are the Apex implant and Hygieia line of products. The Apex interphalangeal implant is a perfect example of such a paradigm shifting technology. Apex has a broad range of applications and has the potential to be a disruptive force in the medical implant industry. Additionally, UAT's inaugural product launch of Hygieia signals the beginning of UAT's accent into the annals of significant influential products that changed how we live. The full Hygieia product line has far reaching potential with simple yet advanced products like our socks and sheets paving the way for breakthrough intelligent fabric liners within a prototype military exoskeleton that helps to conduct electricity and transfer data.

The Hygieia revolution comes to market laying the ground work for improved shareholder value

Thus far, 2017 has been a productive year with continued operational growth and enhanced product development capabilities. We have added to an already impressive product portfolio by investing heavily in advanced research and the development of core products that appeal to a broader market segment outside of government consumption. We are now positioned to deliver quality products that appeal to a larger segment of consumers with frequent necessity being a daily driver. The introduction of our antimicrobial socks, sheets and under garments are the epitome of mass appeal. Why buy a competitor's sock when you can buy high-tech Hygieia socks that are healthier, for nearly the same price? We expect this market segment to be quite successful for us and in fact extensive market research indicates that we have entered a large market with the significant advantage of a unique technology that has few competitors. Hygieia utilizes medically proven antimicrobial technology and delivers it to consumers via intelligently engineered products made from advanced textiles. This product line is truly amazing and for a CEO it has the added benefit of being almost limitless in terms of scalability.

We continued to improve strategic and operational transparency with the addition of a robust investor relations mechanism, increased news cycle and with the launch of our UAT Group brand awareness campaign to support product initiatives. We have improved our web presence so that customers, shareholders and future employees can more easily identify who we are and what we do in support of recruitment and marketing efforts. We have added a world class e-commerce and web marketing firm so that product release schedules are supported by muscular and targeted marketing campaigns to ensure brand and product awareness. This significant investment has already begun to show returns in the areas of brand awareness and consumer interest. Nearly 300 potential customers signed up for Hygieia pre-order notifications in the first 2 days alone and our very first corporate branding commercial received over 2,800 views in the first few days! With the launch of Hygieia's pre-order e-commerce website just weeks away, we are poised to deliver a product that I firmly believe everyone will want and should have.

The path forward is complex and navigation can be daunting but understanding what lies ahead is critical to our success.

Technology is advancing at an ever more rapid rate and creating world-changing innovations that in some instances are industry disruptive and influencing how manufacturers deliver new and exciting products. This new era of advanced technology and rapid prototyping is changing the way we structure our organizations, influence how we work and how we live; sometimes on a daily basis. With the global increase of economic nationalism, founded in part from a narrowly shared globalization trend of the past 9 years, we are beginning to see the return of the textile and manufacturing industry to the U.S. Something I have witnessed throughout my tenure as the head of a technology company determined to manufacture our products here in the homeland. While these advances have significant benefits, they are not without their challenges. We must become more dynamic when confronted with the challenges of operational and professional sustainability. It is not enough to simply say "made in the USA" but we must ask ourselves "how it is made in the USA". What micro, macro and collective career objectives are

we helping to define by the types of jobs we as employers are creating? This contemplation and ultimate focus forces us as a company to shift the emphasis of a direct footprint to one that encourages us to think how we are shaping the nation's future workforce by dictating what jobs we are creating. This is an awesome responsibility when one considers the significance of such influence. Consider this, The Bureau of Labor Statistics recently released that while more young adults are graduating from high school, college enrollment is down for the fourth straight year. This despite the massive increases in federal aid for students who cannot afford tuition. What does this mean for an employer or society as a whole? As an employer, we must strive to simplify manufacturing processes to increase the population of potential candidates we can hire so we can fill more positions while benefitting from less complex processes and reduced operating costs. I am not implying that college is a bad thing but does every single person necessarily need to go to college in order to earn a good income? We have individuals here at UAT earning between sixty thousand a year and over six figures who are welders, SLA programmers, Adobe/CAD designers and C&C operators/programmers. These highly skilled and intelligent team members are an integral part of the UAT family and are, without question, critical to this organizations success. I know many college graduates that don't earn as much but are encumbered with significant debt upon graduating.

Investing in a world-class team to ensure growth and deliver the finest products available

We are currently structuring the company for a slow and deliberate expansion of the UAT team while challenging ourselves to create the frame-work to provide training for new skills not just in advanced technology but in manufacturing. We have made significant investment in high-quality jobs that require less personal sacrifice, less debt but offer fair compensation and an opportunity for personal upward mobility. We will also be implementing assistance for those employees who desire to go into areas of the company that do in fact require college degrees to foster retention and comradery among the UAT family. I understand that UAT cannot solve every problem all by itself but, I do believe that while doing our share we can be the example that inspires others to join our efforts in changing the world for the better while preparing for what lies ahead. We can contribute to the ever evolving geopolitical and economic landscape in a very real and positive way.

So far, 2017 has proven to be a year of significant progress for our business execution strategy and market momentum. We have advanced our product pipeline, evolved our approach to research and development, streamlined manufacturing processes, sagaciously invested capital to drive strategic growth, bolstered our brand marketing apparatus and prioritized resources to support sustainability. While I am acutely aware of the challenges that lie ahead, I am encouraged by of how far we have come and as such, confident in our ability to continue executing a business strategy that will ultimately identify UAT Group as a world class technology company.

I know I speak for all the members of the UAT Group team when I say that we are incredibly proud of how much we have accomplished over the past twenty months and as a result are excited about what the future is set to bring. We look forward to thrilling you with our innovations and inspiring you with our products. Thank you for your continued confidence and support.

Sincerely,



Alex Umbra
Chairman & Chief Executive Officer
Umbra Applied Technologies Group, Inc.

About Umbra Applied Technologies, Inc.

Umbra Applied Technologies is a member of the Umbra Applied Technologies Group (OTC: UATG) family of companies. Umbra Applied Technologies, U.S. based Defense and Security Company, is engaged in the research, design, development, manufacture, integration, and sustainment of advanced technology systems, products, and services for defense, civil, and commercial applications in United States and internationally. It also provides management, engineering, technical, scientific, logistic, and information services.

In support of air, land and naval forces, the company operates in five segments: Aeronautics, Information Systems & Global Solutions, Biotech, Alternative & Renewable Energy, and Intelligence Systems. The Aeronautics segment offers military aircrafts, such as unmanned combat and air mobility aircrafts, and related technologies. The Information Systems & Global Solutions segment provides advanced technology systems and security expertise, integrated information technology solutions, and management services for civil, defense, intelligence, and other government customers. The Biotech segment addresses critical gaps that are absent in defense medical research programs. The Alternative & Renewable Energy segment provides alternative solutions to energy through research in bioelectricity, wind, thermodynamic and solar energy. The Intelligence segment provides computational study of signals, open source and network intelligence through advanced metrics and algorithms to locate and extract sentiment from gathered intelligence.

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