

## **Investor Relations:**

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## **Location Based Technologies, Inc. CEO Letter to Shareholders**

**IRVINE, CA. July 2, 2019** Location Based Technologies® Inc. ([OTCIQ:LBAS](#)) CEO, Dave Morse, has released a letter to shareholders.

Dear Fellow Shareholders,

A highly valued principle for me, personally, says, “there is a season and a time to every purpose.” Location Based Technologies, Inc. (LBT) is realizing the value of one of its early “purposes” built upon the strategic intention to both reward our shareholders as well as to protect the growth and strength of the company. Our shareholders are a unique blend in that many of you joined as the company launched and then cheered as our stock rose to more than \$1.20/share. More recently, there are many others who have become shareholders while trading into our stock at less than a penny. Painful for some and exciting for others. Yet, every one of us have the same desire: to be rewarded for the investment we have made. One factor has never changed: all of LBT’s efforts, from the beginning, have been driven to deliver on that desire.

LBT was an early entrant into the “location-based space/industry”. So much so that in time our name became synonymous with the industry itself. As an early entrant, we encountered many technical obstacles and challenges that made a portable GPS tracking system unusable by the mass market. Of the three founders of the company - Desiree Mejia, Joe Scalisi and myself – Joe brought the unique ability to see beyond existing technical limitations and the knowledge to figure out how to apply other technology to minimize or overcome critical limitations. LBT’s goal, in those early days, was to bring GPS tracking capability to the mass market for everyday family and business use. The company’s wise “purpose” became a strategic decision to formally capture and file these innovative solutions and claim them as our intellectual property (IP).

One specific area, supported by multiple patents, focuses upon an almost universal challenge that we all deal with daily if you use battery operated electronics: the extension of battery life.

On Monday, July 1st, LBT IP I LLC filed a suit against Apple Inc. in the United States District Court for the District of Delaware claiming infringement by Apple of five of LBT’s early patents: U.S. Patent Nos. 8,497,774; 8,542,113; 8,102,256; 8,421,618; and 8,421,619. The infringing products, among other products, include numerous Apple iPhone and iPad models. LBT IP I LLC is being represented, on a contingency basis, by a highly reputable law firm, Butzel Long. Butzel Long attorneys have been involved in major transactions in many industries since 1854 and have six offices throughout the United States. The firm has vast experience in cutting edge issues involving the internet, patents, privacy, and other related issues. This action represents the company’s first major step in monetization of its many valuable patents and we are proud to work with the good people at Butzel Long who will help to deliver

value to the company and its shareholders through its agreement with LBT IP I LLC, which is wholly owned by LBT IP LLC.

As part of the overall patent monetization strategy, on May 3, 2019, LBT sold its patents to LBT IP LLC, a company owned by the Secured Creditors Group (SCG), in exchange for:

- 1) \$5.4MM of debt which was used to repay secured debt;
- 2) a perpetual license to use all patents in LBT's daily operations; and,
- 3) a cash flow sharing agreement wherein LBT IP LLC and LBT share all Net cash flows received by the patent portfolio (i.e. after material legal and funding costs) consistent with the prior Loan Agreement between the SCG and LBT. That essentially means that the LBT IP LLC and LBT split the first \$6MM in IP monetized revenue 50%/50% with the upfront revenues weighted more heavily to LBT in order to fund the immediate operational requirements necessary to grow the company. In final stages of cash flow sharing 80% of future patent cash flows will go to the LBT and 20% of the will go to the LBT IP LLC.

Concurrent with this transaction, the SCG also converted \$3.5MM of its secured debt to common shares at \$.05 (5 cents) per share. The net result of both transactions is that LBT retains 80% of received future patent cash flows and immediately removed \$13.5MM of Secured Debt from the balance sheet.

Operationally, our company's growth continues to be constrained by its lack of marketing capital. Thanks to our JV partner, Yepzon, and our patented backend, we continue to offer high value, state-of-the-art products to our commercial and residential customers. Incoming IP funds will allow us to add/update new features and capability into our End-User-Interface and to sustain our high quality, highly secured network infrastructure along with the personal customer service for which we are known. Our operating priorities remain ever focused upon profitable growth and shareholder value by delivering valued service through best in class technology and human-to-human services.

We appreciate your ongoing support and I look forward to providing future updates.

Sincerely,

David M. Morse, PhD  
CEO

Consumer: [www.pocketfinder.com](http://www.pocketfinder.com) Commercial: [www.locationbasedtech.com](http://www.locationbasedtech.com)

### *Forward Looking Statements*

This letter contains certain forward-looking statements of our intentions, hopes, beliefs, expectations, strategies, and predictions with respect to future activities or other future events or conditions within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are usually identified by the use of words such as "believe," "will," "anticipate," "estimate," "expect," "project," "plan," "intend," "should," "could," or similar expressions. These statements are only predictions and involve known and unknown risks, uncertainties and other

factors. Actual results may materially different from the results, levels of activity, performance or achievements, express or implied by these forward-looking statements.

Although we believe that the assumptions underlying the forward-looking statements contained in this report are reasonable, any of the assumptions could be inaccurate, and, therefore, there can be no assurance that the forward-looking statements included in this report will prove to be accurate. We will not update these statements unless the securities laws require us to do so. Accordingly, you should not rely on forward-looking statements because they are subject to known and unknown risks, uncertainties, and other factors that may cause our actual results to differ materially from those contemplated by the forward-looking statements.