

## Investor Relations:

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

**IRVINE, Calif. December 30, 2019** Location Based Technologies® Inc. ([OTC:LBAS](#)) CEO, Dave Morse, has released a letter to shareholders.

Dear Fellow Shareholders,

We are nearing the end of 2019 and celebrate this beautiful time of year. For many it was Christmas, Hanukkah, Kwanzaa or simply a time of peace, joy, love and family. However you chose to celebrate, we from Location Based Tech send you our warmest, hope filled wishes for the coming year.

There has been no appreciative change in our stock value – which continues to trade at negligible levels and will likely continue to do so for the near future as we re-position our company primarily by cutting costs and removing debt. So, what progress has been made?

	FY Ending 2019	FY Ending 2018
Gross Profits	\$519,479	\$169,581
Net Ordinary Income	(\$454,499)	(\$737,811)
Net Other Income	\$8,845,742	(\$1,424,605)
Net Income	\$8,391,243	(2,162,416)

Through cost reductions and controls we have increased our Gross Profits by approximately 300% though not yet achieving the essential point of self-sufficiency and profitability. Although closer, we still rely upon monthly cash infusions to sustain operations.

The main story of the financial numbers is Net Other Income of \$8,845,742. In my July 2<sup>nd</sup>, 2019 Shareholder Letter, I shared that LBT IP I LLC had filed suit against Apple Inc. in the US District Court for the District of Delaware claiming infringement by Apple of five of LBT's early patents. This case continues and is in the normal litigation process that is likely to take several years. Further, I shared that part of our overall patent monetization strategy was to sell our patents to LBT IP LLC, a company owned by the Secured Creditors of LBT, 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). That essentially meant that the LBT IP LLC and LBT, the company, will split the first portion of IP monetized revenue 50%/50% with the upfront revenues weighted more heavily to LBT in order to fund immediate operational requirements necessary to fuel growth of the company. In final stages of cash flow sharing, approximately 80% of future patent

cash flows will go to LBT and 20% of the will go to the LBT IP LLC. This transaction also converted \$3.5MM of its SCG secured debt to common shares at \$.05 (5 cents) per share – our view of actual market value even though well above the current trade price. The net result of both transactions will be that LBT retains about 80% of received future patent cash flows and, as reflected in our financials, immediately removed \$13.5MM of Secured Debt from the balance sheet.

In the meantime, we have continued to reduce/contain our Total Operating Expenses through intense expense controls, technology improvements and deferred officer compensation.

### **Operations Overview:**

With this re-positioning of the company we are anxious to enter a new growth phase. By leveraging potential patent value, we are in the process of raising operating funds that will allow the business to update its Apps and End-User-Interface (EUI), bring new products to selected market segments and rejuvenate our marketing and sales channel efforts. We are excited to begin this new phase of overall business health and growth and hope to begin implementation of specific work strategies in early 2020. We continue to partner with Yepzon Enterprises (a highly innovative, top quality Finnish based IoT/M2M company) who designed and built our existing PocketFinder+ locator and look forward to introducing a new GSM Cat-M network based personal tracking device in the coming year. Similarly, we are looking into new, innovative solutions to deliver customized solutions to a specific market segment with a new vehicle solution.

LBT's stellar Customer Service remains the foundational building block of our company and we salute our team of amazing people who show up every day - ready to serve our customers and to invite new customers to join the company. These people comprise the greater part of our employees and are the heart of the company. They, too, are eager for the "growth mode" to begin.

The Seniors market remains central to our success with our personal tracking device. We offer an inexpensive way for families to stay connected and to enhance their peace of mind no matter where travels or day-to-day activities may take them. We also help people with early Alzheimer's disease or Dementia stay more active and independent while providing family members with relief from general safety concerns. These customer segments, and the child market, are essential elements in our current growth and marketing initiatives.

Once new funds arrive, LBT plans to concentrate its efforts on market segments with the greatest growth potential and with primary focus on North America – including Canada, Mexico and the USA. On the International front, LBT continues to work with a high-quality company looking to bring GPS tracking capabilities into an area of the Asian market.

We have not lost sight of our need to re-start filing as soon as possible. That may well happen in the next couple of months as we continue to grow our business and press to become cash flow positive. Becoming profitable remains our primary focus. Funding will allow us to accelerate the smaller successes we are experiencing and will build momentum towards that goal. Monetization of our Intellectual Property has been most advantageous to the company and shareholders in many ways for

which we are most grateful. We will continue to update you, our Shareholders, as significant events occur.

Sincerely,

David M. Morse, PhD  
CEO

### *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 differ 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.