

Investor Relations:

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Location Based Technologies, Inc. CEO Letter to Shareholders

IRVINE, CA. September 14, 2020 Location Based Technologies® Inc. ([OTCIQ:LBAS](#)) CEO, Dave Morse, has released a letter to shareholders.

Dear Fellow Shareholders,

In the early weeks and months of 2020, the COVID-19 pandemic and consequential shutdown of the economy, the pace of change for economic and health developments was frenetic and widely varied. Location Based Technologies (LBT) was/is a part of the ever evolving local, national and world-wide impact that has grown from the demand to isolate for personal and team health safety while innovating to continue to provide the excellent level of personal service our customers have come to appreciate.

As a Real-Time-Location-System GPS tracking company with over 214,000,000 locates in our database, we serve commercial fleets, small/mid-sized businesses and families tracking Seniors or kids. When the “world” shutdown there was little use for a tracking device – for most of us, you just checked the next room in the house if you wanted to know where your loved one was. For non-operational businesses, there was no need to track where people and mobile assets are when most sat idle in their homes or in the yard, respectively. New customers typically find us through word-of-mouth referrals or by searching for a GPS tracker on Google. We also have a few selected organizations (such as Caring Village) that service Seniors and they refer customers directly to us. These companies test products and vet companies ensuring they match Senior’s needs and then recommend quality companies to Senior Care Facilities and to Seniors. On the digital front, we were featured in a couple of national magazines in Spring and Summer: InTouch Magazine's "Summer Self Care" and Life and Style Magazine's "Top Gifts for Dads" and "Celebrity Favorites for 2020” with more than 10 Million combined viewers that helped spur much stronger product sales during June.

Nevertheless, like others, we found it an increasing challenge to reach our target customers due to the mandatory shutdown of all non-essential businesses and schools. Active Seniors, one of our primary Consumer applications, found themselves greatly restricted in their outdoor activities while some businesses struggled to adapt and remain operationally viable. Those business that became more virtual and able to use digital engagement are seeing higher survival rates. LBT was prepared to rapidly expand our digital presence and to fully embrace a strong virtual team model with full systems support. We remain passionate about delivering genuine customer value through customized, individualized customer care with all customer service agents local (in the US) while our team is spread between California and Arizona. With

families and businesses shuttered we experienced product sales reduction of 45% in the 1st QTR (2019 over 2020) and a 53% reduction in product sales in the 2nd QTR. Thanks to the Feds and Treasury, we were able to receive some PPP funding that enabled us to retain our strong, highly trained team by focusing their efforts on reaching out to our existing customer base to: lend support; learn more about their future business plans and tracking needs; and, to strengthen the loyalty/retention of our customers. Our Monthly Recurring Revenues saw a corresponding loss of 23% down from 2019's 1st QTR and 27% down in the 2nd QTR, year-over-year. Gratefully, we achieved an upward tick in Monthly Recurring Revenues in June and July. Through our FY 3rd Quarter ending May 31, our unaudited but GAAP compliant financials are as follows:

	a/o 3 rd QTR FY 2020	a/o 3 rd QTR FY 2019
Gross Profits	\$368,839	\$398,889
Net Ordinary Income	(\$449,910)	(\$367,142)
Net Other Income	(\$239,461)	\$8,840,114*
Net Income	(\$689,371)	\$8,472,972

*Gain on Debt Forgiveness

Comparatively, the US economy was largely frozen, causing 54 million Americans to file for unemployment benefits since March 21st and the 2nd QTR GDP to shrink by 32.9%, annualized. I am told that those numbers are three times the greatest quarterly decline in 70 years of recorded history. LBT is unable to forecast the follow-on impact of businesses that were forced to “close” in order to protect health/welfare of society from an increasing spread of the virus and these businesses that may, ultimately, be required to close permanently due to the impact of the pandemic on their individual economics. We pray for a virus cure, or prevention, to be found soon for our nation's and the world's sake.

We are working with a great local App development company that has been able to bring our iOS code up to date and we are ready for Apple's newest iOS14 release. We continue to work with this company to prepare our App for the release of our new “teen driver” product we plan to launch in 2021. Work continues on development of a new LTE-M tracking device with some new features and functionality that our partner, Yepzon, has been designing over the past year. With extended battery life, Wi-Fi and Bluetooth Low Energy features, we hope to reclaim and to open new market segments, so we are very excited about this new product.

As an update on our efforts to monetize our intellectual property we offer the following: Apple recently filed petitions for *inter partes* review (IPR) with the Patent Office, asking the Patent Trial and Appeal Board to invalidate all asserted claims of the patents. This is not an unexpected action and preliminary responses to the petitions will be due in October. Meanwhile, the litigation against Apple in the district court of Delaware is stayed pending the outcome of the IPRs.

In closing, I offer a most apropos quote that originates from Jonas Salk, a virologist and medical researcher. Salk said, “There is no such thing as failure, there’s just giving up too soon.” This pandemic will pass and we will return to a new normal in time.

LBT remains our “cause” and we press forward with the desire to build a profitable and rewarding company – for the benefit of our shareholders, employees, and customers.

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

Sincerely,

David M. Morse, PhD

CEO

Consumer: www.pocketfinder.com Commercial: 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 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.