

Investor Relations:

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Location Based Technologies, Inc. CEO Letter to Shareholders

IRVINE, CA. June 28, 2021 Location Based Technologies® Inc. ([OTC:LBAS](#)) CEO, Dave Morse, has released a letter to shareholders.

Dear Fellow Shareholders,

While COVID-19 continues to create some level of uncertainty in health, macroeconomics, educational, personal mobility, and social aspects, we, at Location Based Technologies (LBT), remain firm in our commitment to the connection and safety of businesses and families. The health and safety of employees and family members has never been more important, and we are heartened by signs of optimism and re-emergence of small and mid-sized businesses, as well as increased mobility among families within the US, as we all press forward to achieve a new level of normalcy. We are also grateful that we were able to retain all of our employees throughout the pandemic by expanding our US based customer support to include customers subscribing to our JV partner, Yepzon.

Not all aspects of life have been on hold. The Securities and Exchange Commission (SEC) recently enacted new regulatory requirements for the reporting of public companies. As you know, in June of 2015 LBT determined that it was in the best interest of the company to suspend its SEC filings and therefore repurpose approximately \$240,000 in annual expenses towards operations. Our financial records have always been in accord with full GAAP requirements, but we are not audited by an independent audit firm. Recently, SEC's new rules governing the trading of stock directly impacts both reporting and non-reporting companies and go into effect late September of 2021.

For comparative purposes, many OTC stocks are issued by companies that are too small in size or value to be listed on a major U.S. exchange and therefore bear the \$500,000 NYSE listing fee, or the \$75,000 Nasdaq fee. In addition, there are other requirements that may result in automatic delisting, such as the company's share price falling below a set level of \$1/share. Based on new regulatory guidelines the best fit for LBT's current position is to list on the OTC Pink board. The requirements for getting listed on the Pink are as follows:

- File a Form 15c2-11 to FINRA.
- Current SEC reporting company or provide disclosure to investors directly on www.otcm Markets.com via the Alternate Reporting Standard using a form 15c2-11 and based on LBT having been SEC reporting through a Form S-1.
- Company profile to be verified through OTCIQ.

- Attorney letter if company financials are not audited.
- Initial filing fee of \$1,000 and Annual fee of \$5,500.

We are in the process of preparing to file and meet these new SEC guidelines in September.

Through FY 2021's 3rd Quarter ending May 31, our unaudited, GAAP compliant financials are as follows:

	a/o 3 rd QTR FY 2021	a/o 3 rd QTR FY 2020	% Change
Total Income	\$338,318	\$478,812	(29.3%)
Gross Profits	\$296,717	\$368,710	(19.5%)
Operating Expenses	\$548,781	\$688,059	(20%)
Net Ordinary Income	(\$252,064)	(\$319,349)	21.1%
Net Other Income/Expenses	(\$297,343)	(\$240,261)	(23.8%)
Net Income	(\$549,407)	(\$559,610)	1.8%

Cost of Revenue. Overall profits dropped 19.5% directly due to pandemic impacts on our main customer base of small and mid-sized businesses as well as families quarantining. For the nine months ended May 31, 2021, cost of revenue totaled \$41,601 resulting in the gross margin noted above of \$296,717 compared to \$368,710 for the nine months ended May 31, 2020. The gross margin of 86% for the nine months ended May 31, 2021 improved from 71% in the nine months ended May 31, 2020, due to reduced inventory, tight expense/cost controls as the pandemics impact increased and offsetting service costs with our partner, Yepzon, as LBT provides customer service support to their customers. Of interest is the repetitive and resilient value of our Consumer/Business monthly subscriptions now generating 82% of total revenue. Customer acquisition with monthly growth of subscriptions is the clear path to profitability.

Operating Expenses. For the nine months ended May 31, 2021, our total operating expenses were \$548,781 compared to total operating expenses of \$688,059 for the nine months ended May 31, 2020. Operating expenses decreased by \$138,278 or 20% in 2021 from 2020. The decrease in operating expenses is primarily attributed to decreases in overhead and general administrative expenses as well as reductions in professional fees.

Other Income/Expenses. For the nine months ended May 31, 2021, we report net losses for other expenses totaling \$108,723 that consisted of financing costs, deferred financing costs, debt discounts, net interest expense and foreign currency losses compared to net other expenses losses totaling \$184,654 for the nine months ended May 31, 2020. The \$75,931 decrease in other income/expenses is primarily due to discounted recovery, by consignment sales, of unused device components associated with unmanufactured Apple inventory along with a decrease in interest expenses on existing notes.

Net Loss. For the nine months ended May 31, 2021, we reported a net loss of \$549,407 compared to a net loss of \$559,610 for the nine months ended May 31, 2020, due to fluctuations in operating and other expenses as previously discussed.

Technology Transition: LBT has successfully transitioned its vehicle GPS tracking devices onto the newer LTE Cat-M network and will launch a new Personal Safety tracking device on the same network before calendar year end. Built with Finnish engineering and style of art, our newest Smart Tracker, created by our partner, Yepzon™, has embedded technology allowing possibilities of long-distance GPS, Wi-Fi indoor and short distance Bluetooth tracking for a beacon variant. Its features allow options we can develop over time utilizing temperature and collision sensors, geofence zones, flight mode capability and more with multiple days of Battery life in standby mode or over a year in SOS alert only mode. It is 40% smaller than our current tracker and we believe it fits multi-use cases from asset tracking to pets and for outdoor use. It is one of the first trackers in the market to combine sensor technology that may allow a customer to set thresholds for temperature and be alerted if exceeded and, potentially, fall or collision safety information through an accelerometer-based sensor. We will evaluate use of these sensors and feasibility of inclusion in our app over time and based on market input. An SOS alarm button enables alarming for help to phones the device is programmed to connect to. Based on settings, Geofence alerts inform when the device moves in or out of predetermined areas such as home, school, office, or warehouse. Truly a tracker to find anything missing near or far!

- SIM and battery securely built in
- Military grade data privacy
- Affordable monthly service
- Free intuitive mobile app

Increase LBT's Sales Velocity: LBT will continue its primary focus of selling personal and vehicle trackers in North America (USA, Canada and Mexico). We plan to expand consumer sales by offering a new PocketFinder branded Personal LTE "Smart Tracker" direct to consumers as well as through strategic retail partners in Canada that focus on serving the growing Senior market. Pre-launch demand for the new Smart Tracker is increasing as we get closer to launch date.

LBT transitioned its vehicle trackers to LTE 2 years ago with the advance of 4G/LTE towers. Sales of our consumer and commercial branded LTE vehicle trackers will continue in North America and we hope to see an acceleration as many older 3G devices begin to stop working during the 3G mobile network sunset - towards the end of 2021 or early 2022.

Our largest consumer customer base is composed of the senior market, comprising the aging baby boomers between the ages of 60 and 75 in 2021. This population exceeds 75 million people including more than 5 million Americans living with Alzheimer's or dementia. This portion of our customer base values independence and both they and their children recognize the value of technology to both keep loved ones safe and as protection from the implications of having to file missing persons reports. We know this market well and we are firmly committed to delivering their wants and needs with the Smart tracker.

Mediums we use to target our marketing are Google Ad Words, Google Graphics, Facebook and Instagram and various national magazines and other mediums that include, most recently, the NY Times Online and US Weekly. New partnerships that directly target this market will be forthcoming as we launch the Smart Tracker.

As an update on our efforts to monetize our intellectual property we offer the following: Apple 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. That was anticipated and expected. Appropriate actions and responses are on track 20 months into litigation with no surprises. We have 5 patents supporting our claims and our lawyers expect all five to survive this IPR process. The court action of the litigation with Apple, in the district court of Delaware, is stayed pending the outcome of the IPRs before an actual court/trial date can be set.

LBT is a small but purposefully diverse company based on ethnicity and gender. Our team is united in our efforts to support one another and to serve our customers' ability to connect with others from almost anywhere and at any time. We also recognize that the use of our tracking devices helps businesses and families to better manage and shrink their carbon footprint by minimizing non-productive and high-speed driving on all tracked vehicles. Every day, we work to build a profitable and rewarding company – for the benefit of our shareholders, employees, and customers.

We are grateful for your trust and 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 be 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.