LOCATION BASED TECHNOLOGIES, INC.

FINANCIAL STATEMENTS

FOR THE QUARTER ENDED NOVEMBER 30, 2021

LOCATION BASED TECHNOLOGIES, INC.

CONTENTS

Location Based Technologies, Inc.
BALANCE SHEET
November 30, 2021

		November 30, 2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	165,520
Accounts receivable, net of allowances		5,184
Inventory, net of reserves		92,232
Prepaid expenses		15,614
Total current assets		278,550
Property and equipment, net of accumulated depreciation		-
OTHER ASSETS		
Intangible assets		52,539
Total other assets		52,539
TOTAL ASSETS	$	331,089
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	189,607
Deferred compensation		1,387,585
Deferred revenue		2,591
Advances from officers		298,000
Convertible notes payable and accrued interest		2,450,329
Related party notes payable and accrued interest		2,042,788
Related party convertible notes payable and accrued interest		252,201
Total current liabilities		6,623,101
TOTAL LIABILITIES		6,623,101
Commitments and contingencies		-
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, $0.001 par value, 10,000,000 shares authorized; no shares issued or outstanding		-
Common stock, $0.001 par value; 450,000,000 shares authorized; 368,197,656 shares issued and outstanding		368,198
Common stock to be issued		70,000
Additional paid-in capital		55,687,751
Accumulated deficit		(62,417,961)
Total stockholders' equity (deficit)		(6,292,012)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$	331,089

The accompanying notes are an integral part of these financial statements.

Location Based Technologies, Inc.
STATEMENT OF OPERATIONS
For the quarter ended November 30, 2021

		For the quarter ended November 30, 2021
NET REVENUE		
Devices	$	9,867
Services		85,210
Total net revenue		95,077
COST OF REVENUE		
Devices		9,854
Services		9,043
Total cost of revenue		18,897
GROSS PROFIT		76,180
OPERATING EXPENSES		
General and administrative		79,208
Officer compensation		45,000
Salaries and wages		65,970
Professional fees		26,323
Total operating expenses		216,501
NET OPERATING LOSS		(140,321)
OTHER INCOME (EXPENSE)		
Interest income (expense), net		(134,124)
Gain on sale of intangible assets		850,000
Stimulus grants		15,000
Total other income (expense)		730,876
NET INCOME BEFORE INCOME TAXES		590,555
Provision for income taxes		800
NET INCOME	$	589,755

The accompanying notes are an integral part of these financial statements.

Location Based Technologies, Inc.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
For the quarter ended November 30, 2021

	Preferred Stock		Common Stock		Common	Additional		Total
	Number of Shares	Amount	Number of Shares	Amount	Stock To Be Issued	Paid-In Capital	Accumulated Deficit	Stockholders' Equity (Deficit)
Balance, Aug. 31, 2021	-	$ -	368,197,656	$ 368,198	$ -	$ 55,757,751	$ (63,007,716)	$ (6,881,767)
Net income	-	-	-	-	70,000	(70,000)	589,755	589,755
Balance, Nov. 30, 2021	-	$ -	368,197,656	$ 368,198	$ 70,000	$ 55,687,751	$ (62,417,961)	$ (6,292,012)

The accompanying notes are an integral part of these financial statements.

Location Based Technologies, Inc.
STATEMENT OF CASH FLOWS
For the quarter ended November 30, 2021

		For the quarter ended November 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	589,755
Adjustment to reconcile net loss to net cash used in operating activities:		
Gain on sale of intangible assets		(850,000)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable		2,064
(Increase) decrease in inventory		(91,946)
(Increase) decrease in prepaid expenses and other assets		(3,966)
Increase (decrease) in accounts payable and accrued expenses		(41,452)
Increase (decrease) in accrued officer compensation		26,623
Increase (decrease) in deferred revenue		398
Increase (decrease) in accrued interest		53,951
Net cash used in operating activities		(314,573)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of intangible assets		475,000
Net cash provided by investing activities		104,035
Net increase in cash and cash equivalents		160,427
Cash and cash equivalents, beginning of year		5,093
Cash and cash equivalents, end of year	$	165,520
Supplemental disclosure of cash flow information:		
Income taxes paid	$	-
Interest paid	$	25,037

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The company supplies fleet trackers, a small, affordable, fully sealed vehicle tracking system (combined GPS, wireless and WiFi technology) designed to track and display vehicles and other mobile assets on the go. Designed to be quickly installed and features easy-to-use user interfaces including browser and apps. Our devices track vehicle location, speed and direction in near real time. This allows businesses to quickly and easily coordinate routing and re-routing of shipments, manage time delays and maximize fuel efficiency for company vehicles and both powered and non-powered trailers. PocketFinder's® wearable 4G LTE Cat M1/A-GPS / Wi-Fi / Cell ID smart trackers provide an ideal way for families and caregivers to keep track of people they love. Ideal for children heading to or from school, after school activities on their own or via public transportation and for seniors who value their independence. The PocketFinder® smart tracker can be accessed from a smart phone or computer to easily locate people and be alerted if they go too far.

Organization

Location Based Technologies, Inc. (formerly known as Springbank Resources, Inc.) (the "Company," "our," or "LBT") was incorporated under the laws of the State of Nevada on April 10, 2006.

Location Based Technologies, Corp. (formerly known as PocketFinder, Inc.) was incorporated under the laws of the State of California on September 16, 2005. On July 7, 2006, it established PocketFinder, LLC ("LLC"), a California Limited Liability Company. On May 29, 2007, PocketFinder, Inc. filed amended articles with the Secretary of State to change its name to Location Based Technologies, Corp., and in October 2007 was merged into LBT.

Going Concern

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has incurred net losses since inception, and as of November 30, 2021, had an accumulated deficit of $62,417,961 and negative working capital of $6,344,551. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management recognizes that the Company must generate additional resources to enable it to continue operations. Management intends to raise additional financing through debt and equity financing or through other means that it deems necessary, with a view to moving forward and sustaining prolonged growth in its strategy phases. However, no assurance can be given that the Company will be successful in raising additional capital. Further, even if the Company raises additional capital, there can be no assurance that the Company will achieve profitability or positive cash flow. If management is unable to raise additional capital and expected significant revenues do not result in positive cash flow, the Company will not be able to meet its obligations and may have to cease operations.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent gains and losses at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Critical estimates include management's judgments associated with reserves for sales returns and allowances, allowance for doubtful accounts, inventory reserves, valuation of intangible assets and income taxes. Actual results could differ from those estimates.

Cash and Cash Equivalents
For purposes of the balance sheets and statements of cash flows, the Company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Concentration of Credit Risk
Accounts Receivable – As of November 30, 2021, accounts receivable from the largest customer amounted to $5,055 or 98% of total accounts receivable.

Allowance for Doubtful Accounts
The allowance for doubtful accounts on accounts receivable is charged to operations in amounts sufficient to maintain the allowance for uncollectible accounts at a level management believes is adequate to cover any probable losses. Management determines the adequacy of the allowance based on historical write-off percentages and the status of accounts receivable. Accounts receivable are charged off against the allowance when collectability is determined to be permanently impaired. As of November 30, 2021, there was no allowance for doubtful accounts as all accounts receivable were deemed collectible.

Allowance for Sales returns
An allowance for sales returns is recorded as a reduction to revenue and based on management's judgment using historical experience and expectation of future conditions. As of November 30, 2021, there was no allowance for sales returns.

Inventory
Inventories are valued at the lower of cost (first-in, first-out) or market and consisted of finished goods for the Company's PocketFinder® products. Packaging costs are expensed as incurred. The Company provides for a lower-of-cost-or-market ("LCM") adjustment against gross inventory values.

Fair Value of Financial Instruments
Pursuant to FASB ASC 820 – *Fair Value Measurement and Disclosures*, the Company is required to estimate the fair value of all financial instruments included on its balance sheet. The carrying value of cash, accounts receivable, inventory, accounts payable and notes payable approximate their fair value due to the short period to maturity of these instruments.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method and with useful lives used in computing depreciation ranging from 1 to 5 years. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Expenditures for maintenance and repairs are charged to operations as incurred; additions, renewals and betterments are capitalized.

Intangible Assets – Trademarks
The Company capitalizes internally developed assets related to certain costs associated with trademarks. These costs include legal and registration fees needed to apply for and secure trademarks. The intangible assets acquired from other enterprises or individuals in an "arms length" transaction are recorded at cost. As of November 30, 2021, the Company capitalized $52,539 for trademark related expenditures.

Deferred Revenue
Deferred revenue is a liability related to revenue producing activity for which revenue has not yet been recognized. As of November 30, 2021, deferred revenue amounted to $2,591 and consisted of prepaid service revenue from subscribers.

Revenue Recognition
Revenue is recognized upon transfer of control of products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Device Sales Revenue – Revenue from the sales of PocketFinder® products is recognized upon shipment to website customers and upon delivery to distributors net of an allowance for estimated returns. The allowance for sales returns is estimated based on management's judgment using historical experience and expectation of future conditions.

Service Revenue – Service revenue consists of monthly service fees initiated by the customer upon activation of a PocketFinder® device. Services fees are billed and collected in advance of the service provided for that month. Service revenue is recognized upon billing the customer.

Shipping Costs
Amounts billed to customers related to shipping and handling are classified as revenue, and the Company's shipping and handling costs are included in cost of sales.

Advertising Costs
Advertising costs are expensed as incurred. For the quarter ended November 30, 2021, the Company incurred $3,864 of advertising costs.

Income Taxes
The Company accounts for income taxes under FASB ASC 740 – *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations. The Company has included its $800 minimum California state income tax in its provision for income taxes for the quarter ended November 30, 2021.

2. INVENTORY
Inventory is stated at the lower of cost (first-in, first-out) or market and consists of PocketFinder® devices.

3. PROPERTY AND EQUIPMENT
Property and equipment at November 30, 2021 consisted of the following:

	November 30, 2021
Machinery and equipment	$ 18,889
Computer software (mobile apps)	82,999
Computer software (internal)	27,275
Computer and video equipment	19,715
Office furniture	4,126
	153,003
Less: accumulated depreciation	(153,003)
	$ -

4. RELATED PARTY TRANSACTIONS

Advances from Officers – From time to time, the Company's officers advance funding to the Company to cover operating expenses. Cash advances from officers do not accrue interest and have no formal repayment terms. During the quarter ended November 30, 2021, there were no advances or repayments. Outstanding advances amounted to $298,000 as of November 30, 2021.

Related party notes payable – In 2014, the Company converted $1,138,987 of deferred compensation into notes payable that are due on demand and bear interest at 10% per annum. The related party notes payable balance and accrued interest amounted to $1,138,987 and $903,801, respectively, at November 30, 2021.

Related party convertible notes payable – In 2019, the Company received various loans totaling $197,300 from an entity owned by shareholders. These convertible notes are due on September 1, 2022, bear interest at 12% per annum and may be converted into shares of common stock at $0.05 per share. The convertible notes payable balance and accrued interest amounted to $197,300 and $54,901, respectively, at November 30, 2021.

Sale of intangible assets – In 2020 and 2021, the Company sold certain contract-related intangible assets to entities owned by shareholders. The proceeds and gain from these transactions amounted to $850,000 through November 30, 2021. In addition, the Company will issue 70 million shares of its common stock.

5. CONVERTIBLE NOTES PAYABLE

The Company entered into seven loans in 2012 and 2013 totaling $1,525,000. These convertible notes are due on demand and bear interest at 10% per annum. The convertible notes payable balance and accrued interest amounted to $1,525,000 and $925,329, respectively, at November 30, 2021.

6. PROVISION FOR INCOME TAXES

Deferred income taxes are reported using the liability method. Deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences arise from the difference between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and tax rates on the date of enactment.

The Company did not provide any current or deferred U.S. federal income taxes or benefits for any of the periods presented because the Company has experienced operating losses since inception. The Company provided a full valuation allowance on the net deferred tax asset, consisting of net operating loss carry forwards, because management has determined that it is more likely than not that we will not earn sufficient income to realize the deferred tax assets during the carry forward period.

The components of the Company's deferred tax asset as of November 30, 2021 are as follows:

	November 30, 2021
Net operating loss carry forward and deductible temporary differences	$ 24,864,000
Valuation allowance	(24,864,000)
Net deferred tax asset	$ -

A reconciliation of the combined federal and state statutory income taxes rate and the effective rate is as follows:

	November 30, 2021
Federal tax at statutory rate	34.00%
State income tax net of federal benefit	5.83%
Valuation allowance	(39.83%)
	-

As of November 30, 2021, the Company had federal and state net operating loss carryforwards which can be used to offset future income tax. Deferred tax assets resulting from the net operating losses are reduced by a valuation allowance, when, in the opinion of management, utilization is not reasonably assured. These carryforwards may be limited upon a change in ownership or consummation of a business combination under IRC Sections 381 and 382.