March 30, 2020

Dear Fellow Shareholders:

We are pleased to report that Lifeloc Technologies experienced growth again in 2019 in both the top and bottom lines. Sales grew by 4% in 2019 to $8.752 million, with net income after taxes of $626 thousand, or $0.26 per share. This represented an increase of $314 thousand in revenue and $409 thousand in net income. The 2019 income included a one-time gain of $225 thousand from a licensing settlement. In addition to this one-time gain, new product releases also contributed to sales and profit increases.

2019 Highlights

- 2019 was our 18th consecutive profitable year with net income of $626 thousand.
- New LX9 and LT7 breath alcohol testers released.
- Second generation EASYCAL® Calibration Station released.

New Product Models

The release of the LX9 and LT7 breath alcohol testers represents the completion of a significant milestone for Lifeloc. These models, pictured on the inside cover of this annual report, have several important upgrades and features sought in one convenient package by our customers. Some of these features include new modes of communication for the LX9. In addition, both models have wide temperature use ranges, easy language localization, and are readily configurable for custom usages. Both models were added to the U.S. Department of Transportation's conforming product list in November 2019 and both are receiving positive customer reviews.

To accommodate these new breath alcohol testers, we have upgraded our EASYCAL calibration station. The upgraded EASYCAL calibration station maintains compatibility with our existing installed base. First introduced in 2014, the EASYCAL calibration station offers the industry's only automated calibration process. Now this patent-protected technology is available for use with all Lifeloc professional breath alcohol testers, including the passive FC5 tester. A key new feature of our automated calibration station includes RFID (radio frequency identification) registration of the calibration gas standards. This feature further automates the calibration process and separates Lifeloc from its competitors.

Real-Time Alcohol Detection and Reporting (R.A.D.A.R.®) Device

The newly upgraded Real-Time Alcohol Detection and Reporting (R.A.D.A.R.®) device has been released to manufacturing in the first quarter of 2020. This new R.A.D.A.R.® device features improved mechanics and 4G communication capabilities. These upgrades facilitate cellular reporting for real-time alcohol monitoring and improved database infrastructure (required for tabulating and managing subscriber behavior). Our patented biometric methodology will enable full automation and identity verification. We expect these improvements to provide better service and they will facilitate growth in our recurring revenue business model.

The R.A.D.A.R.® device was designed to be part of an offender supervision program as an alternative to incarceration. Offender supervision programs are becoming increasingly popular as a result of the recognition of the high costs of incarceration. Additionally, early releases driven by the attempt to control the spread of Covid-19 within the detention community have further increased the use of offender supervision programs. Improved automation of monitoring increases the efficiency and effectiveness of these devices for offenders and their supervisors. R.A.D.A.R.® devices are assigned to offenders as a condition of parole or probation and automated random testing and reporting occurs throughout the day to demonstrate an offender's compliance with supervision conditions. We intend to leverage our leading position in workplace testing to expand the use of the R.A.D.A.R.® device into the workplace as a tool for commercial fleet management.

Real-Time Drug Testing

The releases of the new breath alcohol testers and R.A.D.A.R.® devices mean that resources can be deployed for completing development of the SpinDx™ technology, also known as "Lab On A Disc". This technology will enable

fast on-site identification of drugs such as heroin, methamphetamine, fentanyl, marijuana and others. In combination with the LX9, this technology is expected to result in a marijuana breathalyzer. The continuous expansion of marijuana legalization increases the need to regulate driver and worker safety behavior. With expanding legalization, the ability to distinguish whether an individual is presently impaired by marijuana has become increasingly critical. The demand for a solution to rapidly quantify the level of delta-9-THC (the primary psychoactive component of marijuana) influencing a driver or worker at a given moment in time is higher than ever. We are very encouraged by our research supporting that delta-9-THC can be measured from a vapor sample utilizing the SpinDx technology. Lifeloc remains committed to completing development of the SpinDx™ technology as a marijuana breath tester operating as dependably and practically as the alcohol breath testers our customers have come to depend upon.

Our Vision

Lifeloc is committed to the vision of safer roads and workplaces worldwide. We have executed on that vision for decades by placing cost effective and reliable alcohol testing devices along with automated solutions in the hands of law enforcement and workplace security personnel. Our vision is to make Lifeloc Technologies the leader in real-time drug and alcohol testing and monitoring. The future is bright, as we believe we are putting the infrastructure and products in place to realize that vision. Growth will accompany it. We aim for industry-leading customer service by engaging with our customers and using their feedback to improve our business and product offerings.

On behalf of all our employees, I wish to thank our customers, the board of directors and our shareholders for their continued support as we execute on the critical mission of Lifeloc Technologies.

The year 2020 has begun with a new challenge as a result of the COVID-19 pandemic. We have seen disruption, both in the supply and demand sides of our business. An essential part of transportation and of public safety, Lifeloc is complying with governmental orders while continuing to operate under these demanding conditions. We continue to employ best practices to promote public safety and ensure the continuity of operations. At this time, these methods include reminding customers of the best practices to protect their operators, implementing social distancing, staggering work schedules, and converting to remote work when possible to protect our workers. As it has in the past, Lifeloc expects to prevail and to come back stronger than ever.

Sincerely,

Wayne Willkomm, Ph.D.
President and CEO
Lifeloc Technologies, Inc.

Cautionary Note Regarding Forward-Looking Statements

This letter contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include, among others, statements we make regarding our strategies, expectations about new and existing products, market demand, acceptance of new and existing products, technologies and opportunities, market size and growth, and return on investments in products and market. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. More details about these and other risks that may impact our business are included in our Form 10-K for the fiscal year ended December 31, 2018 and in our other SEC filings. You can locate these reports through our website at www.lifeloc.com. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.