

Lifeloc Reports Third Quarter 2021 Results



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Lifeloc Technologies →

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WHEAT RIDGE, Colo., Oct. 28, 2021 /PRNewswire/ -- Lifeloc Technologies, Inc. (OTC: LCTC), a global leader in the development and manufacturing of breath alcohol and drug testing devices, has announced financial results for the third quarter ended September 30, 2021.

Third Quarter Financial Highlights

Lifeloc posted quarterly net revenue of \$1.887 million resulting in a quarterly net income of \$523 thousand, or \$0.21 per diluted share. These results compare to net revenue of \$1.555 million and net loss of \$(213) thousand, or \$(0.09) per diluted share, in the third quarter of 2020. Revenue for the current quarter increased 21% versus the third quarter last year. Income for the third quarter includes the benefit from the forgiveness of the second round Paycheck Protection Program (PPP) loan of \$471 thousand. For the first nine months of 2021, net revenue was \$5.427 million with a net income of \$816 thousand, or \$0.33 per diluted share, compared to net revenue of \$4.893 million and net loss of \$(728) thousand, or \$(0.30) per diluted share, for the same period last year. Income for the first nine months of 2021 includes the benefit from the forgiveness of the both the first and second round SBA Paycheck Protection Program (PPP) loans totaling \$936 thousand. The PPP loans and forgiveness helped offset a difficult business environment in 2020 and 2021 with minimal employee disruption.

Lifeloc took advantage of continued low interest rates, refinancing our building mortgage on September 30, 2021, replacing the prior 4.00% fixed rate (until October 2024) mortgage with a 2.95% mortgage fixed until September 2031. This refinancing was immediately cash flow



positive, and all refinance costs recovered through interest savings by early 2023, while eliminating the 2024 interest rate change risk from the prior mortgage.

Demand is growing for our new platform LX9 and LT7 devices. The features and performance of the new L-series products have driven penetration by meeting previously unaddressable market needs, such as wider temperature ranges and fast customization that incorporates local languages. We expect that most L-series sales will be incremental to FC-series devices rather than displacing FC sales. The L-series devices are meeting the requirements of the most modern registration standards, such as SAI's (Standards Australia International) latest AS 3547:2019 standards for Breath Alcohol Detectors.

We continue to invest in the significant growth opportunities of alcohol monitoring and drug detection. The monitoring opportunity will be addressed primarily through the redesigned Real-Time Alcohol Detection and Reporting (R.A.D.A.R.[®]) device. Manufacture of the second generation R.A.D.A.R. 200 prototype devices began in late 2020. Field testing of these redesigned R.A.D.A.R. devices and integration with the monitoring system has been extensive and has required additional modifications before final release. The design has now been finalized with several devices currently in field testing by key customers. Sales release of the R.A.D.A.R. 200 device is planned this year. Several upgrades have been made to the reporting system including migration to the cloud for higher reliability and an entirely new enrollment app to automate the enrollment process.

Our most important goal remains the convergence of the market's need for rapid detection of drugs of abuse with Lifeloc's capabilities. Additional personnel and new equipment resources have been committed to finalizing the development of the SpinDx[™] technology platform and the rapid, quantitative marijuana breathalyzer using the SpinDx platform for detection. We have improved the detection sensitivity for delta-9-THC as well as the robustness of the device. Work continues to develop this system into a device that can be used for roadside testing, as well as other contexts requiring fast response.

"Our sales continue to recover in our core business, and our sales team is converting new customers," commented Dr. Wayne Willkomm, President and CEO. "But our real growth driver is the strong pipeline of recent and upcoming product releases. The second generation Easycal[®] calibration station is yielding its best sales year ever. The L-series platform, a premium product already finding broad acceptance, is providing expanded features requested by various international law enforcement agencies. The redesigned R.A.D.A.R. 200 devices are in customers'



hands and expected to contribute revenue in the fourth quarter to begin a recurring revenue stream and fund growth. The next big milestone for Lifeloc will be completing the commercialization of the SpinDx platform – a major effort that will be prioritized over short-term profitability. We are hopeful that the SpinDx platform will begin making a revenue contribution by late 2022."

About Lifeloc Technologies

Lifeloc Technologies, Inc. (OTC: LCTC) is a trusted U.S. manufacturer of evidential breath alcohol testers and related training and supplies for Workplace, Law Enforcement, Corrections and International customers. Lifeloc stock trades over-the-counter under the symbol LCTC. We are a fully reporting Company with our SEC filings available on our web site, www.lifeloc.com/investor.

Forward Looking Statements

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which involve substantial risks and uncertainties that may cause actual results to differ materially from those indicated by the forward-looking statements. All forward-looking statements expressed or implied in this press release, including statements about 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, are based on information available to us on the date of this document, and we assume no obligation to update such forward-looking statements. Investors are strongly encouraged to review the section titled "Risk Factors" in our SEC filings.

R.A.D.A.R.[®] and EasyCal[®] are registered trademarks of Lifeloc Technologies, Inc.

SpinDx[™] is a trademark of Sandia Corporation.

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LIFELOC TECHNOLOGIES, INC.

Condensed Balance Sheets

ASSETS

| | September 30, 2021 (Unaudited) | December 31, 2020 |
|--|--------------------------------------|----------------------|
| CURRENT ASSETS: | | |
| Cash | \$ 2,556,282 | \$ 2,195,070 |
| Accounts receivable, net | 600,068 | 523,603 |
| Inventories, net | 2,586,117 | 2,498,126 |
| Income taxes receivable | 45,288 | 220,657 |
| Prepaid expenses and other | 89,392 | 77,962 |
| Total current assets | <u>5,877,147</u> | <u>5,515,418</u> |
| PROPERTY AND EQUIPMENT, at cost: | | |
| Land | 317,932 | 317,932 |
| Building | 1,928,795 | 1,928,795 |
| Real-time Alcohol Detection And Recognition equipment and software | 569,448 | 569,448 |
| Production equipment, software and space modifications | 958,785 | 958,785 |
| Training courses | 432,375 | 432,375 |
| Office equipment, software and space modifications | 216,618 | 216,618 |
| Sales and marketing equipment and space modifications | 226,356 | 226,356 |
| Research and development equipment, software and space modifications | 255,072 | 190,818 |
| Less accumulated depreciation | <u>(2,474,356)</u> | <u>(2,277,839)</u> |
| Total property and equipment, net | 2,431,025 | 2,563,288 |
| OTHER ASSETS: | | |
| Patents, net | 136,471 | 144,702 |
| Deposits and other | 163,480 | 164,798 |
| Deferred taxes | 135,215 | 148,142 |
| Total other assets | <u>435,166</u> | <u>457,642</u> |
| Total assets | <u>\$ 8,743,338</u> | <u>\$ 8,536,348</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|--|----------------|------------------|
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 230,572 | \$ 333,851 |
| Term loan payable, current portion | 48,141 | 46,936 |
| Paycheck Protection loan payable | - | 465,097 |
| Customer deposits | 158,375 | 155,295 |
| Accrued expenses | 194,486 | 266,266 |
| Deferred revenue, current portion | 45,731 | 41,053 |
| Reserve for warranty expense | 46,500 | 46,500 |
| Total current liabilities | <u>723,805</u> | <u>1,354,998</u> |
| TERM LOAN PAYABLE, net of current portion and debt issuance costs | | |
| | 1,280,358 | 1,277,531 |

| | | |
|---|--------------|--------------|
| DEFERRED REVENUE, net of current portion | 4,957 | 3,177 |
| | <hr/> | <hr/> |
| Total liabilities | 2,009,120 | 2,635,706 |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' EQUITY: | | |
| Common stock, no par value; 50,000,000 shares authorized, 2,454,116 shares outstanding | 4,650,812 | 4,633,655 |
| Retained earnings | 2,083,406 | 1,266,987 |
| | <hr/> | <hr/> |
| Total stockholders' equity | 6,734,218 | 5,900,642 |
| | <hr/> | <hr/> |
| Total liabilities and stockholders' equity | \$ 8,743,338 | \$ 8,536,348 |
| | <hr/> | <hr/> |

LIFELOC TECHNOLOGIES, INC.
Condensed Statements of Income (Unaudited)

| | Three Months Ended September 30, | |
|---|----------------------------------|------------------|
| | 2021 | 2020 |
| REVENUES: | | |
| Product sales | \$ 1,855,308 | \$ 1,502,034 |
| Royalties | 9,941 | 31,395 |
| Rental income | 22,239 | 21,639 |
| Total | 1,887,488 | 1,555,068 |
| COST OF SALES | 953,437 | 957,964 |
| GROSS PROFIT | 934,051 | 597,104 |
| OPERATING EXPENSES: | | |
| Research and development | 299,653 | 335,075 |
| Sales and marketing | 306,664 | 235,733 |
| General and administrative | 245,970 | 297,128 |
| Total | 852,287 | 867,936 |
| OPERATING INCOME (LOSS) | 81,764 | (270,832) |
| OTHER INCOME (EXPENSE): | | |
| Forgiveness of Paycheck Protection loan | 471,347 | - |
| Interest income | 1,347 | 2,598 |
| Interest expense | (13,568) | (14,051) |
| Total | 459,126 | (11,453) |
| NET INCOME BEFORE PROVISION FOR TAXES | 540,890 | (282,285) |
| BENEFIT FROM (PROVISION FOR) FEDERAL AND STATE INCOME TAXES | (18,230) | 69,519 |
| NET INCOME | \$ 522,660 | \$ (212,766) |
| NET INCOME PER SHARE, BASIC | \$ 0.21 | \$ (0.09) |
| NET INCOME PER SHARE, DILUTED | \$ 0.21 | \$ (0.09) |
| WEIGHTED AVERAGE SHARES, BASIC | 2,454,116 | 2,454,116 |
| WEIGHTED AVERAGE SHARES, DILUTED | 2,501,034 | 2,454,116 |

LIFELOC TECHNOLOGIES, INC.
Condensed Statements of Income (Unaudited)

| | Nine Months Ended September 30, | |
|---|---------------------------------|------------------|
| | 2021 | 2020 |
| REVENUES: | | |
| Product sales | \$ 5,304,800 | \$ 4,705,598 |
| Royalties | 56,157 | 123,527 |
| Rental income | 65,710 | 64,317 |
| Total | 5,426,667 | 4,893,442 |
| COST OF SALES | 3,063,321 | 3,190,193 |
| GROSS PROFIT | 2,363,346 | 1,703,249 |
| OPERATING EXPENSES: | | |
| Research and development | 873,498 | 814,457 |
| Sales and marketing | 751,266 | 837,077 |
| General and administrative | 852,998 | 978,056 |
| Total | 2,477,762 | 2,629,590 |
| OPERATING INCOME (LOSS) | (114,416) | (926,341) |
| OTHER INCOME (EXPENSE): | | |
| Forgiveness of Paycheck Protection loans | 936,444 | - |
| Interest income | 2,659 | 13,016 |
| Interest expense | (40,629) | (42,198) |
| Total | 898,474 | (29,182) |
| NET INCOME BEFORE PROVISION FOR TAXES | 784,058 | (955,523) |
| BENEFIT FROM (PROVISION FOR) FEDERAL AND STATE INCOME TAXES | 32,361 | 227,859 |
| NET INCOME | \$ 816,419 | \$ (727,664) |
| NET INCOME PER SHARE, BASIC | \$ 0.33 | \$ (0.30) |
| NET INCOME PER SHARE, DILUTED | \$ 0.33 | \$ (0.30) |
| WEIGHTED AVERAGE SHARES, BASIC | 2,454,116 | 2,454,116 |
| WEIGHTED AVERAGE SHARES, DILUTED | 2,493,492 | 2,454,116 |

Lifeloc Technologies, Inc.
Statements of Stockholders' Equity (Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|--------------|---------------------------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Total stockholders' equity, beginning balances | \$ 6,211,558 | \$ 6,309,746 | \$ 5,900,642 | \$ 6,792,221 |
| Common stock (no shares issued during periods): | | | | |
| Beginning balances | 4,650,812 | 4,635,727 | 4,633,655 | 4,603,304 |
| Stock based compensation expense related to stock options | - | 311 | 17,157 | 32,734 |
| Ending balances | 4,650,812 | 4,636,038 | 4,650,812 | 4,636,038 |
| Retained earnings: | | | | |
| Beginning balances | 1,560,746 | 1,674,019 | 1,266,987 | 2,188,917 |
| Net income (loss) | 522,660 | (212,766) | 816,419 | (727,664) |
| Ending balances | 2,083,406 | 1,461,253 | 2,083,406 | 1,461,253 |
| Total stockholders' equity, ending balances | \$ 6,734,218 | \$ 6,097,291 | \$ 6,734,218 | \$ 6,097,291 |

LIFELOC TECHNOLOGIES, INC.
Condensed Statements of Cash Flows (Unaudited)

| CASH FLOWS FROM OPERATING ACTIVITIES: | Nine Months Ended September 30, | |
|--|---------------------------------|--------------|
| | 2021 | 2020 |
| Net income (loss) | \$ 816,419 | \$ (727,664) |
| Adjustments to reconcile net income (loss) to net cash provided from (used in) operating activities- | | |
| Forgiveness of Paycheck Protection loans | (936,444) | - |
| Depreciation and amortization | 206,222 | 270,984 |
| Provision for doubtful accounts, net change | (49,000) | 3,899 |
| Provision for inventory obsolescence, net change | (5,000) | 48,943 |
| Deferred taxes, net change | 12,927 | (11,188) |
| Reserve for warranty expense, net change | - | 1,500 |
| Stock based compensation expense related to stock options | 17,157 | 32,734 |
| Changes in operating assets and liabilities- | | |
| Accounts receivable | (27,465) | 119,722 |
| Inventories | (82,991) | (581,640) |
| Income taxes receivable | 175,369 | (216,654) |
| Prepaid expenses and other | (11,430) | (49,059) |
| Deposits and other | 1,318 | (89,453) |
| Accounts payable | (103,279) | (4,055) |
| Customer deposits | 3,080 | (31,221) |
| Accrued expenses | (71,780) | (78,099) |
| Deferred revenue | 6,458 | (12,723) |
| Net cash provided from (used in) operating activities | (48,439) | (1,323,974) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | (64,254) | (9,088) |
| Patent filing expense | (661) | (18,772) |
| Net cash provided from (used in) investing activities | (64,915) | (27,860) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Principal payments made on term loan | (1,328,625) | (34,372) |
| Proceeds from refinancing term loan | 1,350,000 | - |
| Cost of refinancing term loan | (18,156) | - |
| Proceeds from Paycheck Protection loan (round 2) | 471,347 | 465,097 |
| Net cash provided from (used in) financing activities | 474,566 | 430,725 |
| NET INCREASE (DECREASE) IN CASH | 361,212 | (921,109) |
| CASH, BEGINNING OF PERIOD | 2,195,070 | 3,185,996 |
| CASH, END OF PERIOD | \$ 2,556,282 | \$ 2,264,887 |

SUPPLEMENTAL INFORMATION:



| | | |
|--------------------------|------------------|------------------|
| Cash paid for interest | \$ <u>39,815</u> | \$ <u>41,384</u> |
| Cash paid for income tax | \$ <u>-</u> | \$ <u>20,063</u> |

SOURCE Lifeloc Technologies

Related Links

<http://www.lifeloc.com>

