

Initiation Report

SOBR SAFE, INC.



SOBR Safe, Inc. – Disrupting Multi-billion-dollar Alcohol-consumption Detection and Prevention Market

SOBR Safe, Inc. (NASDAQ: SOBR)

Share Price: \$1.01

Valuation: \$5.07



Key Statistics

52 Week Range	\$0.80-\$9.75
Avg. Volume (3 months)	4.89M
Shares Outstanding	14.57M
Market Capitalization	\$14.72M
EV/Revenue	N/A
Cash Balance*	\$7.29M
Analyst Coverage	2

*Cash balance as of September 2022

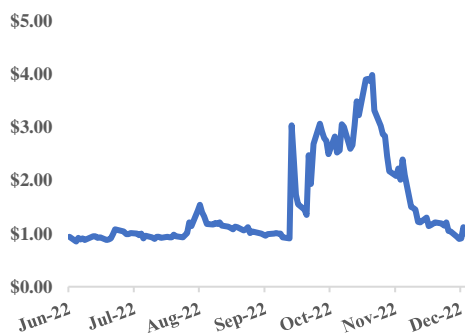
Revenue (in \$mm)

Dec - FY	2021A	2022E	2023E
1Q	0.00	0.00	0.64
2Q	0.00	0.00	0.76
3Q	0.00	0.01	0.88
4Q	0.00	0.53	1.02
FY	0.00	0.54	3.30

EPS (in \$)

Dec - FY	2021A	2022E	2023E
1Q	(0.12)	(0.65)	(0.13)
2Q	(0.18)	(0.02)	(0.11)
3Q	(0.23)	(1.06)	(0.09)
4Q	(0.38)	(0.20)	(0.09)
FY	(0.91)	(1.91)	(0.42)

Stock Price Chart



Hunter Diamond, CFA
research@diamondequityresearch.com

Investment Highlights

- Disruptive Technology with Applications Across Multiple Industries** - The company's SOBRcheck™ and SOBRsure™ products are equipped with its disruptive and award-winning SOBRsafe™ technology. The first-to-market monitoring technology holds the potential to meet an unattended need for an effective preventative solution as a passive, high-volume, uniform alcohol detection. Excessive alcohol use accrues a \$249 billion economic cost, with over 70% of the cost being attributed to lost workplace productivity. SOBRcheck™ provides a faster and more hygienic (touch-based) alternative to widely used breathalyzers and is also a much-better product market fit for high-value niche opportunities that include workplace, fleet management, and judicial system. SOBRsure™ is a continuous transdermal alcohol monitoring device created with the aim of helping prevent underage drinking and driving. Both these products being applied to multiple markets in need of reliable safety solutions represents a \$15 billion-plus market opportunity.
- Solutions to Benefit Multiple Stakeholders** - Excessive alcohol use has been costing businesses and employers in the form of high employee turnover, low workplace productivity, employee injuries, and fatalities. An estimated 50% of all workers' compensation claims are related to substance abuse. Wide adoption of the SOBRcheck™ has the potential to significantly reduce the incidence of alcohol-related incidents, benefiting the employee, employer, and insurance companies. The company has successfully demonstrated the technology's use case gaining support from multiple employers, DUI probation agencies, and insurers. The company is in talks with multiple insurance carriers to secure discounts upon integration of SOBRsafe™ solutions, thus making the technology cost-neutral for its clients.
- Established Efficient Supply Chain and Growing Demand Side Channel** - The company has adopted an asset-light model by partnering with leading industry players for manufacturing and customer service. BGM Electronic Services Inc. is the company's product realization partner ensuring efficient supply chain functions, from product design to manufacturing and testing. The company has also partnered with HELM Inc. to provide a slew of post-manufacturing services, from packaging and fulfillment to onboarding and customer service solutions. These partnerships support the company's growing customer portfolio in multiple market segments. The company has entered into SaaS agreements with five companies for SOBRcheck™ and two companies for SOBRsure™. Additionally, the company has also collaborated with four national distributors and signed reseller agreements to accelerate its growth.
- Ensuring Recurring Revenues through a SaaS-based Business Model** - The company's revenue model ensures a recurring stream of revenue based on the number of employees or users using the alcohol detection device. The per-unit cost of SOBRcheck™ and SOBRsure™ is \$500 and \$450, respectively, and the per-user monthly cost is \$30 for both devices. The subscription model ensures a steady flow of revenue with low customer acquisition costs compared to one-time breathalyzer purchases. The benefits of insurance incentives and liability reduction, in addition to continuous customer engagement, can potentially reduce churn and ensure higher customer retention.
- Valuation** – We have valued the company using DCF as our preferred methodology. Our valuation model incorporates the company's commercialized products, SOBRcheck™ and SOBRsure™. Our valuation methodology yielded a value of \$73.86 million or \$5.07 per share, contingent on successful execution by the company.

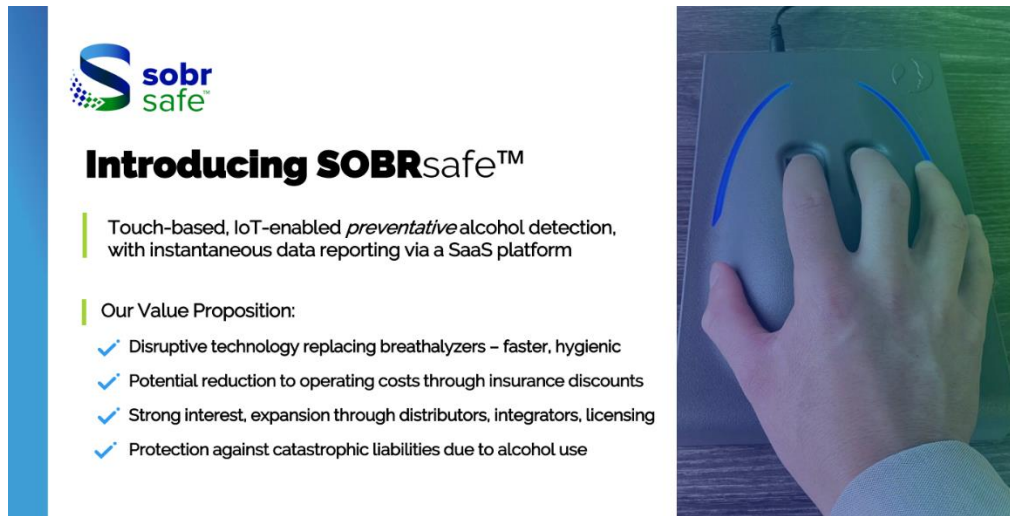
Company Description

SOBRsafe is a developer of the patented non-invasive alcohol detection system SOBRcheck™ and SOBRsure™. These are potentially disruptive solutions with anticipated applications in workplaces, school buses, commercial fleets, facility access control, and more.

Company Overview

SOBR Safe Inc. (NASDAQ: SOBR) (“SOBRsafe”) is a publicly listed company headquartered in Colorado, USA. SOBRsafe creates solutions for non-invasive detections of alcohol among employees and workers of businesses in order to ensure a safe work environment and mitigate risks of injury or death caused by inebriated personnel. The SOBRsafe™ software enables non-invasive detection of alcohol and identity verification. The products are integrated with the scalable SOBR data platform, which generates statistical and relevant user business data. The technology holds multiple applications that include vehicle fleets, manufacturing and warehouse facilities, and construction sites, and the technology also offers a wearable and portable format.

SOBR Safe, Inc. is a developer of the patented non-invasive alcohol detection system SOBRcheck™ and SOBRsure™. These are potentially disruptive solutions with anticipated potential applications in workplaces, school buses, commercial fleets, facility access control, and other markets



sobr safe

Introducing SOBRsafe™

Touch-based, IoT-enabled *preventative* alcohol detection, with instantaneous data reporting via a SaaS platform

Our Value Proposition:

- ✓ Disruptive technology replacing breathalyzers – faster, hygienic
- ✓ Potential reduction to operating costs through insurance discounts
- ✓ Strong interest, expansion through distributors, integrators, licensing
- ✓ Protection against catastrophic liabilities due to alcohol use

Exhibit 1: SOBRsafe Technology. Source: Company Presentation

Currently, the company has two provisional patents pending with the USPTO. SOBRcheck™, the company’s primary offering, is a frontline safety screening device that efficiently enables clients to monitor their substance abuse policy with the touch-based desktop device and online reporting mechanics. SOBRcheck™ is the potential solution for multiple safety use cases, including advanced spot testing, high-risk utilizations, and consistent screening on a daily basis. The device has been evaluated in multiple pilot testing, securing multiple SaaS-based sales agreements. The company has been the recipient of awards and recognition, including OH&S New Product of the Year and CSN Seal of Approval for its IoT-enabled SOBRcheck™ device.



sobr safe

Award-Winning Technology

OHS & S 2022 NEW PRODUCT OF THE YEAR

CHILD SAFETY NETWORK - SAFE FAMILIES SEAL OF APPROVAL SINCE 1989

excellence AWARDS 2022 FINALIST

Exhibit 2: Awards and Recognition. Source: Company Presentation

The SOBRsafe™ Software - Touch-based, IoT-enabled Preventative Alcohol Detection

SOBRsafe™ was developed as a data-based platform to provide real-time insights into alcohol-related parameters in the workforce. It leverages its proprietary, touch-based identity verification and cloud-based reporting system along with the espoused alcohol detection capability to deliver the end goal of results and reporting through product integration with other SOBRsafe™ offerings. It is also being positioned for telematics integration. The software is also IoT-enabled to facilitate live reporting and data analytics. It aims to reduce insurance costs, implement consistent safety measures and protect against disastrous liabilities caused by alcoholic influence. It enables transdermal sensor functioning, real-time analytics, and reporting, biometric identification as well as predictive analytics. SOBRsafe™ can be deployed across multiple additional devices for a host of uses, including possible integration with the existing telematics system and possible licensing by non-competitive third parties. The current plan is to deploy the SOBRsafe™ software in the two initial devices: SOBRcheck™ and the SOBRsure™ wearable band.

SOBRsafe™ leverages its proprietary, touch-based identity verification and cloud-based reporting system along with the espoused alcohol detection capability to deliver the end goal of results and reporting through product integration with other SOBRsafe™ offerings

Excessive Alcohol Consumption and its Economic Impact

Alcohol has been identified as a major risk factor exerting a substantial economic burden worldwide. The annual cost of alcohol abuse in the U.S. is estimated at \$249 billion¹ in the form of criminal-related costs, lower work productivity, and healthcare costs. Binge drinking is one of the common patterns of excessive alcohol consumption in the United States, with 20.8% of the adult workforce reporting binge drinking incidents. Excessive alcohol consumption causes 88,000 deaths annually in the United States. Heavy alcohol use among full-time workers varies across different industries ranging from 7.7% - 17.7% causing alcohol-related injuries and fatalities. Leveraging its proprietary SOBRsafe™ technology, the company aims to address the underlying condition of excessive alcohol consumption by creating reliable preventive solutions.

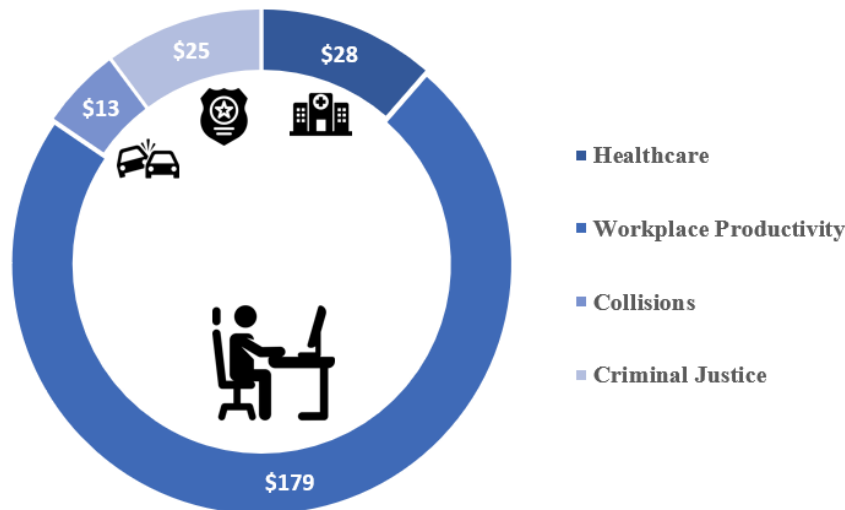


Exhibit 3: Cost of Excessive Alcohol Use (in \$ billion) Source: CDC, Diamond Equity Research

¹ Shockey, Taylor M, and Marissa B Esser. "Binge Drinking by Occupation Groups among Currently Employed U.S. Adults in 32 States, 2013-2016." Substance use & misuse vol. 55,12 (2020): 1968-1979. doi:10.1080/10826084.2020.1784947

SOBRcheck™ - A SOBRsafe™ Stationary Device

SOBRcheck™ is a stationary identification and alcohol monitoring product offering. The SOBRcheck™ facilitates rapid, hygienic, and reliable biometric finger scanning in order to conduct ID authentication and alcohol detection. The device provides employers and clients with live results, which are delivered securely in order to facilitate efficient management of the existing substance abuse policy. The device is meant to test the presence of alcohol at a specific point in time, and the results will be used as a complementary data source for employer alcohol policies. If alcohol is detected, the clients proceed according to their own policies, which also include additional assessments through blood tests or breathalyzer tests. The identified information related to the pass/fail tests will be compiled for evaluating and understanding trends in a company and/or industry. A structured approach to gathering market intelligence was initiated in Q1 2021, followed by the direct sales program launched in October 2021.

SOBRcheck™ facilitates rapid, hygienic, and reliable biometric finger scanning in order to conduct ID authentication and alcohol detection

Passive, Uniform Detection with SOBRcheck



- Hygienic – no blood, saliva or breath-based contaminants
- Fast – instantaneous results, employee throughput of 180 per hour
- Dependable – 93% accurate detection of alcohol
- Connected – powerful cloud-based reporting and data management

Exhibit 4: SOBRcheck™ Device. Source: Company Presentation

The SOBRcheck™ (patent-pending) device has successfully undergone several pilot testing programs as the first device with the SOBRsafe™ technology, which validated both the device and the software, leading to several customers in the pipeline in 2021 and successful delivery starting in January 2022. The initial debut of the commercialized product was delayed due to inadequate financial resources, enlisting pilot customers to test the technology, and COVID-19-related supply chain disruptions. The company has successfully commercialized the technology and has entered into software as a service (SaaS) agreement with multiple clients across its core markets to provide SOBRcheck™ preventative alcohol screening solutions.

Market Opportunity

SOBRcheck™ is a disruptive technology with high-needs multi-industry applications and with an ability to fulfill the pressing priority of creating a preventive and support solution to combat alcohol abuse for its client and society as a whole. The company's initial target market segments that it believes are in urgent need of an advanced safety solution are manufacturing and construction companies, last-mile fleet management and warehousing companies, and the American judicial system. In the past six months, the company has signed multiple customer and distributor agreements and, at the same time, expanded its sales force to boost its brand awareness. Furthermore, the distributor model allows the company to widen its geographical reach, increase direct customer contact and accelerate the technology's market penetration.

Manufacturing, Construction, and Oil and Gas Market - A Major Workplace Market Opportunity

Manufacturing and construction industry workers/employees have been found to have high rates of heavy alcohol use. 17.5% and 16.5% of the workers in the mining and construction industry, respectively, reported heavy alcohol use, which represents the highest rate among different occupational categories and double that of the national average, which is 8.7%. For the manufacturing industry, 9.7% of employees/workers were found to have reported heavy alcohol consumption. "Heavy" was defined in a SAMHSA study as drinking five or more drinks at the same time or within a couple of hours of each other on five or more days in the past 30 days.² A higher percentage of workers consuming alcohol often seems to be accompanied by low productivity, poor performance, adverse impact on the company's image, and, most importantly, safety concerns. Alcohol consumption is a leading contributor to workplace injuries and fatalities, with 40% of fatalities and 47% of injuries in industries linked to alcohol consumption and alcoholism.³

Workplace alcohol use and impairment directly affect 15% of the US workforce, and a higher rate of alcohol abuse was found in smaller organizations (< 25 employees) compared to larger organizations (> 500 employees).⁴ We believe that workplaces and specifically small and medium-sized manufacturing and construction companies (employee count: 20 - 499), represent a niche that can greatly benefit by adopting the SOBRcheck™ solution. Studies have shown the benefits of drug testing programs with lower costs to employers, increased productivity, lower absenteeism, and a decrease in net employee turnover.³ There are more than 130,000 firms (employee size - 20 - 499) employing over 7,400,000 workers in the manufacturing and construction industry which potentially converts to a multi-billion-dollar market. The company estimates the total addressable market (TAM) between these two industries to be more than \$7 billion.

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² "Substance Use and Substance Use Disorder By Industry." https://www.samhsa.gov/data/sites/default/files/report_1959/ShortReport-1959.html.

³ Knott, Barry. "The Business Case for Workplace Alcohol Prevention -- Occupational Health and Safety." Occupational Health & Safety, 1 Oct. 2012, ohsonline.com/articles/2012/10/01/the-business-case-for-workplace-alcohol-prevention.aspx.

⁴ Frone, Michael. "Prevalence and Distribution of Alcohol Use and Impairment in the Workplace: A U.S. National Survey." Journal of Studies on Alcohol, 4 Jan. 2015, www.jsad.com/doi/10.15288/jsa.2006.67.147.

The company recently announced its entry into the Oil and Gas Industry, which experiences the highest binge drinking rates in the United States aside from other safety-sensitive industries that include construction, maintenance & repair, production, and transportation. Across all occupations, these industries employ over 100,000 people. The company's entry into the underlying industry is marked by a demonstration agreement sponsored by TerraTech Services, a growing provider of Oilfield services and logistics across the US Lower 48 (all U.S. states except Alaska and Hawaii).

Schools and Local Fleet Management Companies - Addressing Alcohol Abuse on Roads

There are approximately 8.9 million people employed by trucking companies and warehouses, including 3.5 million truck drivers. Truck drivers, as an occupational category, remain vulnerable due to the factors such as fatigue and sleep deprivation involved in their job. They are more prone to risky lifestyle choices such as smoking, drinking, and use of psychoactive substances. A U.S. study indicated that 12.5% of truckers tested positive for alcohol, which is the highest rate of positive alcohol tests of all truckers worldwide. This equates to 437,500 truck drivers that could be driving under the influence, thus putting themselves and other drivers on the road in a dangerous situation. Trucking accidents not only involve loss of life or injury to the truck driver but also involve multiple costs that involve damage to the truck, tow truck cost, cost associated with damaged goods, loss of clients, hiring of replacement drivers, and salaries paid to the injured driver to name a few.

This represents a lucrative market for the SOBRcheck™ device that has the potential to reduce alcohol-related accidents involving truck drivers. A study done by researchers at Columbia University's Mailman School of Public Health indicated that mandatory alcohol testing of truck and bus drivers contributed to a reduction in alcohol-related fatal crashes by 23%.⁵ The company is currently focused on partnering with 257,000 Local fleet companies in the U.S. with a hyperfocus on growing sub-segment, Amazon delivery service partners (DSPs). Amazon has more than 3,000 DSPs around the world, employing more than 275,000 drivers and delivering more than 10 million customer packages every day. SOBRsafe™ has estimated the U.S. revenue opportunity or the total addressable market (TAM) for the Local fleet market at \$5.8 billion.

The estimated U.S. revenue opportunity or the total addressable market (TAM) for the Local fleet market is \$5.8 billion

Another niche market that the company is exploring is schools and school bus drivers. There are approximately 100,000 schools with 500,000 school buses and 25 million student passengers. The motivation behind targeting this nice market is also driven by the recent award of the Safe Family Seal of Approval by the Child Safety Network (CSN). CSN is a leading innovator in the effort to protect school buses, striving to increase security, reduce accidents and offer free guidance to all of America's school districts. It is advertising and endorsing the SOBRsafe™ technology connecting the company with the network of 100,000 schools. The company has estimated the annual revenue opportunity at approximately \$180 million.

⁵ Mandatory Alcohol Testing For Truck And Bus Drivers Reduces Alcohol Involvement In Fatal Crashes *Columbia University's Mailman School of Public Health*, <https://www.sciencedaily.com/releases/2009/09/090911114304.htm>

American Judicial System - Advancing Alcohol Screening for the Judicial Market

The company aims to replace the outdated pre-screening technology across multiple justice system programs. The use of aging technology, such as breathalyzers, remains unhygienic, with multiple cases of flawed and incorrect results, thus casting doubts over the reliability and accuracy of the traditional technology. Of the 3 million people on probation, 2 million participants are currently under probation-mandated alcohol testing. Based on the applicability of the SOBRcheck™ technology, the company estimates the total revenue opportunity for the judicial system at \$48 million.

Expanding Customer and Distributor Base - Building on Established Market Momentum

In the past six months, the company has converted successful pilot testing programs into multi-year software as a service (SaaS) agreement with multiple clients in different industries. As per the agreement, the company will provide them with its SOBRcheck™ alcohol screening technology to be used by workplace employees and clients, thus providing a reliable preventive solution. Additionally, the company has also signed reseller agreements with multiple distributors, significantly widening its reach across various markets. Leveraging the distributor’s network, the company will have access to various clients allowing it to market and demonstrate the disruptive use case of SOBRcheck™ technology. We believe the company can potentially continue to build clients' confidence within the SOBRcheck™ technology by demonstrating the use case and establishing a precedent that eventually converts into a multi-year SaaS agreement.

SOBR Safe has converted successful pilot testing programs into multi-year software as a service (SaaS) agreement with multiple clients in different industries

SaaS Partners			
Company	Industry	Users	Date
Advance Freight Traffic Service	Airways	-	May 2022
Continental Services	Workplace - Food Mgmt. Co.	1,800	July 2022
Aaron Consulting	Construction	25	July 2022
Alternatives Inc.,	American Judicial System	7,000	September 2022
A West Coast Construction Co.	Construction	400	October 2022
Distribution Agreements			
Distributor	Industry	Clients	Date
Recovery Trek	Justice, Workplace	-	June 2022
Reconnect	Justice	25	August 2022
Butterfield Onsite Drug Testing	Diversified	20	August 2022
ABW Compliance Services	Air, Rail, and Shipping	-	October 2022

Exhibit 5: SOBRcheck™ Customer Portfolio. Source: Company Filings

SOBRsure™ - A SOBRsafe™ Mobile Device

The SOBRsure™ carries the same revolutionary SOBRsafe™ technology in the form of a wearable band that serves as a means to accelerate intervention and boost recovery rates, enhancing the patient’s quality of life and reduce the insurers’ financial burden. The alcohol detection is conducted in a privacy-forward manner with continuous remote monitoring capabilities. The reports are facilitated via an app and are geolocation-enabled with the capability to alert removal. The product has use cases in commercial fleet and workforce monitoring as well as rehabilitation patient recovery. For the first time, patients have access to a streamlined and modernized solution for the proactive management and monitoring of their progress and milestones, all while telehealth practitioners can access additional insights for optimizing treatments virtually and in real-time.

Mobile Monitoring with SOBRsure™



- App-based reporting interface
- Continuous alcohol monitoring and GPS tracking
- Notifications to managers/parents upon alcohol detection
- Device removal and removal location alerts

Exhibit 6: SOBRsure™ Wearable Band. Source: Company Presentation

SOBRsure™ is a form of wearable band that serves as a means to monitor, prevent, and accelerate intervention to boost recovery rates, enhancing the patient’s quality of life and reduce the insurers’ financial burden

Market Opportunity

SOBRsure™ is equipped with the same technology found in the SOBRcheck™ device but provides a mobile and continuous use compared to a touch-and-go stationary device. SOBRsure™ is targeting a different set of populations that might require continuous monitoring and possibly round-the-clock care.

Underage Drinking and Young Drivers

Underage drinking is highly common in the United States and poses a significant health risk claiming 3,900 lives among the population group aged 21 years or below. The economic cost of underage drinking is estimated at \$24 billion.⁶ A 2019 Youth Risk Survey among high school students estimated that 14% of the students were engaged in binge drinking while 5% of students drove after drinking alcohol. The culture of drinking is highly prevalent among the younger

⁶ “Underage Drinking | CDC.” *Underage Drinking* / CDC, 26 Oct. 2022, www.cdc.gov/alcohol/fact-sheets/underage-drinking.htm

population age group, and driving under the influence of alcohol not only poses a significant risk to them but also to occupants of other vehicles, passengers of their own vehicles, and non-occupants on the road.

Young drivers (aged 15-20) accounted for 11.6 million, or 5.1% of all licensed drivers as of 2020. A total of 1,885 young driver fatalities and 189,950 injuries due to traffic crashes were reported in 2020.⁷ Young driver fatality is just 37% of the total fatality involving young driver crashes, indicating significant risk to other passengers and occupants. 29% of the young drivers who were killed in crashes had BACs of .01 g/dL or higher; 24% had BACs of .08 g/dL or higher. Assuming a 5% young driver population driving under the influence of alcohol equates to over half a million drivers on the road that have alcohol in their system. It should be noted that young drivers are just 5.1% of all licensed drivers but account for 20% of all alcohol-impaired driving traffic deaths. Continuous remote monitoring accompanied by other methods, including stricter laws relating to alcohol sales to minors, has the potential to drastically reduce the underlying risk. The company estimated the total addressable market based on the household income level of more than \$150,000, having teens aged 15-17 at approximately \$2.7 billion.

Alcohol Use Disorder Treatment and Rehabilitation

Another population segment that can potentially benefit from continuous monitoring are those undergoing alcohol use disorder (AUD) treatment and rehabilitation. There are nearly 15 million people ages 12 and older that are suffering from Alcohol Use Disorder (AUD) in the United States.⁸ It is estimated that just 7.2% of the patient population received any treatment for the underlying disease. Additionally, 90% of those who are treated for the disorder are estimated to relapse at least once within four years of the treatment, causing soaring insurance costs. Relapse prevention (RP) and brief intervention remain key strategies for reducing the likelihood of relapse. Real-time monitoring through SOBRsure™ has the potential to significantly reduce the severity of relapse. As of 2020, there are over 16,000 substance abuse treatment facilities, and over 95% of those are private non-profit, and for-profit. 480,236 patients affected by alcohol abuse were being treated in these facilities.⁹ These facilities represent an immediately addressable market for the SOBRsure™ band. The company estimates 2.5 million patients seek alcohol treatment each year, which potentially represents a \$1.3 billion revenue opportunity.

Customer Base

The company has entered into SaaS agreements with two U.S.-based companies to provide over 1,500 SOBRsure™ transdermal wearable bands. The SOBRsure™ technology will potentially benefit both establishments by enhancing the value proposition offered by their products and targeting an increase in consumer confidence in their product offerings.

⁷ "Traffic Safety Facts – 2020 Data" | <https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/813313>

⁸ "Alcohol Use in the United States" | <https://www.niaaa.nih.gov/publications/brochures-and-fact-sheets/alcohol-facts-and-statistics>

⁹ National Survey of Substance Abuse Treatment Services (N-SSATS): 2020 | https://www.samhsa.gov/data/sites/default/files/reports/rpt35313/2020_NSSATS_FINAL.pdf

SaaS Partners			
Company	Industry/Business	No. of Bands Indicated	Date
North-Star Care Inc.	Telehealth AUD Treatment	1,150	July 2022
RubiRides	Ridesharing	500	August 2022

Exhibit 7: SOBRsure™ Customer Portfolio. Source: Company Filings

Meaningful Targeted Insurance Savings

Alcohol-related accidents often lead to soaring insurance costs in many of the markets that the company believes need a reliable preventive solution. Approximately 38% to 50% of all workers' compensation claims are related to substance abuse in the workplace.¹⁰ It is estimated that substance abusers file 3x to 5x as many workers' compensation claims and incur 300% more medical costs than non-abusers. Furthermore, the cost to employers also increases with an increase in health insurance premiums and co-pays for an untreated substance abuser compared to those who are treated and those who never had SUDs. Increased trucking insurance costs and car Insurance rates are observed when found driving under the influence. For young drivers, the insurance costs can soar by \$2,700 - \$3,900 after a DUI.¹¹ The national average increase in auto insurance for drivers with a DUI is 74%, compared to an increase of just 21% after a speeding ticket and 41% after an accident.¹²

There is an urgent need for reliable preventive solutions for heavy alcohol use, workplace alcohol consumption, and drunk driving by young drivers. The SOBRsafe™ technology allows employers and other stakeholders to demonstrate compliance and empowers more accurate risk modeling. The company is currently engaged in talks with more than 10 insurers to secure discounts, thus making it cost-neutral for those adopting its technology. Additionally, SOBRsafe also has entered into an agreement with a Top 100 P&C insurance company to conduct two pilot tests with last-mile fleet customers, which is paid for by the insurer. The insurance company is evaluating the technology for nationwide integration.

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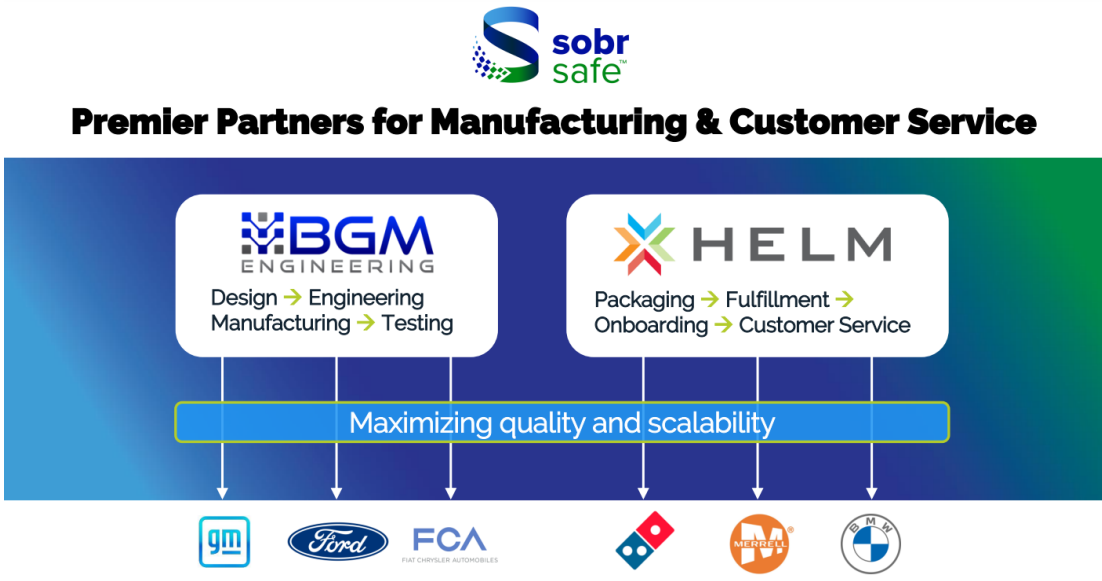
Premier Partners for Manufacturing & Customer Service - An Asset Light Model

SOBRsafe™ has established a supply chain and after-sale services network from product design to customer service providing a seamless experience to its current and potential customers. The company's product realization partner ensures on-time delivery and an ability to cope with disruption while its order management and fulfillment partner upholds the company's brand by involving direct interaction with customers. These partnerships have led to zero dependence of the company on heavy fixed capital investment creating an asset-light business model.

¹⁰ "Drug Free Workplace Program." *Department of Labor and Workforce Development*, www.tn.gov/workforce/injuries-at-work/employers/employers/drug-free-workplace-program/about-the-program.html. Accessed 2 Dec. 2022.

¹¹ "Teens With a DUI See Car Insurance Rates Spike by 48%." *ValuePenguin*, 12 July 2021, www.valuepenguin.com/dui-car-insurance-cost-underage-drivers.

¹² Gusner, Penny. "How Much Do Car Insurance Rates Go up After a DUI?" *Forbes Advisor*, 10 Nov. 2021, www.forbes.com/advisor/car-insurance/rate-increase-after-dui.



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Exhibit 8: Premier Partners for Manufacturing and Customer Service - The SOBRsafe™ Supply Chain Model.
Source: SOBR Investor Presentation

SOBRsafe has engaged with BGM Electronic Services Inc. as its preferred product realization partner. The partnership is executed via a Master Service Agreement (MSA), under which BGM undertakes design, engineering, component sourcing, manufacturing, and testing for SOBRsafe’s safety devices produced in the USA. BGM Electronic Services Inc. specializes in product development and engineering as well as testing. They deploy a team of electronic, software, and mechanical engineers to realize the ideas of clients in a prototype/POC form rapidly and achieve product readiness. They work with a number of industries, from consumer to automotive, industrial to mechanical, and IoT product suites. This enables them to leverage a trove of experience and relationships to complete projects in a timely and cost-efficient manner. It also handles the warranty inspection and failure analysis requirements by offering a lab equipped with modern equipment and expert technicians. Their portfolio customers include well-known brands such as Ford, FCA (Fiat Chrysler), and GM.

HELM Inc. is a leading provider of brand marketing solutions, supply chain services, branded merchandise programs, rewards and incentive programs, and full-field sales force solutions. The company has over 79 years of experience providing client-focused solutions, thus upholding and enhancing its brand loyalty. HELM inc. will provide a slew of post-manufacturing services, from packaging and fulfillment to onboarding and customer service solutions. The company has been providing its service to brands like Honda, Ford, Buick, Cadillac, Toyota, and Hyundai, to name a few.

Competitive Overview

The company faces competition from well-established players operating in the \$871 million breathalyzer market.¹³ The company’s primary competitors include SCRAM Systems Inc., BACtrack, Draeger U.S., SoberLink, Intoximeters, Inc., BI Incorporated, and Quest Products, Inc. Devices developed and marketed by most of these companies act as a breathalyzer which requires the person to blow into the device for blood alcohol content measurement. BI Incorporated’s BI TAD, BACtrack’s Skyn, and SCRAM’s continuous alcohol monitoring bracelet are a few of the products that provide 24/7 transdermal alcohol testing. Most of these companies are primarily focused on the Judicially mandated market that includes breathalyzers for blood alcohol content (BAC) measurement or court-ordered ankle monitors. Notably, the law enforcement agencies segment dominated the U.S. breath analyzers market and accounted for the largest revenue share of over 51.0% in 2021.¹³

Compared to traditional breathalyzers, SOBR offers comparatively hygienic, reliable, and much faster device with a throughput of 180 employees per hour

SOBRsafe is focused on areas where there is a need for preventive solutions, such as the workplace & fleet. Breathalyzers are used in case a person is suspected to be under the influence or as a preventive, personalized device if convicted of repetitive intoxicated offenses. SOBRcheck™ is a comparatively hygienic, reliable, and much faster device with a throughput of 180 employees per hour. The features and the technology of the SOBRcheck™ make it a much better product-market fit for opportunities that the company has targeted. Both devices can even be used together, complementing each other, with breathalyzers being used to confirm the results from the SOBRcheck™ device and SOBRcheck™ providing a potentially faster and much better cost-benefit alternative. Many of SOBRsafe’s competitors are well-established players and have invested in product innovation with the goal of reshaping the breathalyzer market. Even though SOBRsafe might gain a first-mover advantage in the niche that it is targeting, it might not be enough to fend off innovative technologies being developed by many of these competitors.

Management Overview

SOBRsafe is led by an experienced team with deep expertise and extensive experience in telecommunications, cybersecurity, technology, software, marketing, and commercializing in the technology devices industry. The management also has a vast specialization in the fields of fundraising and consulting and strives to develop a culture of prevention through their touch-based, IoT-enabled alcohol detection platform SOBRcheck™, featuring real-time remote reporting and data analytics.

- **Dave Gandini - Chairman & CEO**

Dave Gandini holds the position of Chief Executive Officer and Chairman at SOBRsafe. Dave is a serial entrepreneur and has spent his career identifying and seizing opportunities in telecommunications, technology, software, and automated packaging. In his role at

¹³ “U.S. Breath Analyzers Market Size Report, 2022-2030.” *Grand View Research*, www.grandviewresearch.com/industry-analysis/us-breath-analyzers-market-report.

SOBRsafe, he is responsible for capital creation, new business acquisition, business strategy & development, and partnership revenue generation. Before SOBRsafe, Dave served as President of IPS Denver, a bank card personalization and packaging entity, where he transformed the company into the leader in the US-secured gift market space. Before his engagement at IPS, Dave was the COO at First World Communications, a major US internet, and Data Centre provider, and participated in its successful IPO in 2000, raising over \$250 million. He graduated from Michigan State University with a degree in Telecommunications.

- **Jerry Wenzel - Chief Financial Officer**

Jerry Wenzel is the Chief Financial Officer at SOBRsafe. Jerry possesses an ideal skillset for an emerging-growth public company, bringing over 40 years of leadership experience in financial management and reporting, public accounting, and auditing. Before SOBRsafe, Jerry was a partner in the firm B2BCFO® from 2018 through 2021, providing strategic financial leadership to business owners regarding growth and transaction opportunities. Jerry earned his Bachelor of Science degree in Accountancy from the University of Wisconsin-LaCrosse; he has been a Certified Public Accountant (CPA) since 1980 and is a member of the American Institute of Certified Public Accountants (AICPA) and Colorado Society of CPAs (CSCPA).

- **Scott Bennett - EVP, Business Operations**

Scott holds the position of Executive Vice President, Business Operations at SOBRsafe. He has over 20 years of experience as a senior executive in technology-driven enterprises and has expertise in manufacturing process engineering, database architecture, interface programming, and more. Before joining SOBRsafe, Scott co-founded cybersecurity firm GBprotect and served as its COO until its successful sale to Nuspire. Scott earned his Bachelor's degree in Telecommunications Management from Michigan State University.

- **Michael Watson - Chief Revenue Officer, EVP**

Michael is the Chief Revenue Officer at SOBRsafe. He has over 25 years of experience in sales and marketing, with expertise across product advancement, customer acquisition, and partnership formation/optimization. Before SOBRsafe, Michael invented and successfully marketed a ground-breaking business services product for the healthcare industry. This solution has resulted in over \$1 billion in annual savings for Fortune 500 customers and over \$50 million in revenue. Michael graduated from the Michigan State Executive MBA program and earned a Bachelor of Science degree from Oakland University with a Marketing major. He is also a Professor of Management at the Oakland University School of Business and a Trustee for Detroit Public Television.

Revenue Model and Financial Positioning

The company derives revenue from two sources, i.e., the sale of SOBRcheck™ and SOBRsure™ devices and monthly per-user subscription revenue. The SaaS model, in our view, provides longevity in the form of reliable recurring revenue and an opportunity to upsell additional products. As the company onboards additional customers, we believe the subscription revenue to grow at an exponential rate contributes a major portion of the company’s total revenue. Furthermore, customer retention and reduced churn are expected to be supported by continuous customer engagement and the company’s strategy to partner with insurers to provide safety discounts making the company’s offering cost-neutral for its potential customers. The SOBRcheck™ and SOBRsure™ devices will cost \$500 and \$450, respectively, while the per-user monthly charge is \$30 for both variants.

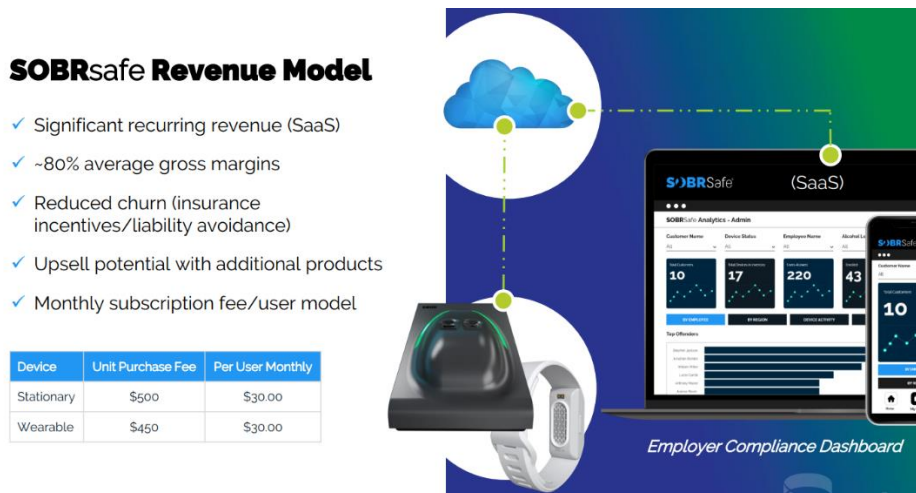


Exhibit 9: SOBR Safe, Inc. Revenue Model. Source: Company Presentation

In the past three quarters, the company has realized revenue of \$12,734 the majority of which was realized in Q3 2022. We expect the SaaS agreements signed in the past quarters and the commercialization of SOBRsure™ devices in September would likely materialize and reflect in its Q4 results. The company’s cash balance as of October 25, 2022, exceeds \$10 million, and an interest-bearing debt balance as of Q3 2022 is \$1.66 million, net of debt discounts and beneficial conversion features of \$0.54 million. The operating cash burn in the past nine months amounted to \$4.26 million, and for the year ended 2021, it was \$3.68 million. A cash balance of more than \$10 million puts the company in a comfortable position while supporting its commercialization efforts through 2023.

Financial Positioning

Year-end 31 Dec. (in \$mm)	2020A	2021A	2022E	2023E	2024E
INCOME STATEMENT					
Revenue	\$0.00	\$0.00	\$0.54	\$3.30	\$7.02
Gross Profit	\$0.00	\$0.00	\$0.29	\$1.97	\$4.35
EBITDA	(\$2.68)	(\$5.17)	(\$8.81)	(\$6.01)	(\$4.52)
Depreciation & Amortization	(\$0.23)	(\$0.39)	(\$0.39)	(\$0.39)	(\$0.39)
EBIT	(\$2.91)	(\$5.56)	(\$9.20)	(\$6.40)	(\$4.91)
Interest Income/Expense	(\$0.14)	(\$1.42)	(\$2.45)	(\$0.20)	(\$0.20)
Profit Before Tax (PBT)	(\$29.98)	(\$7.87)	(\$11.54)	(\$6.59)	(\$5.11)
Profit After Tax (PAT)	(\$30.09)	(\$7.87)	(\$20.04)	(\$6.59)	(\$5.11)
Basic Shares Outstanding (M)	5.13	8.66	10.47	15.70	19.63
EPS - basic	(\$5.86)	(\$0.91)	(\$1.91)	(\$0.42)	(\$0.26)
BALANCE SHEET					
Cash and cash equivalents	\$0.23	\$0.88	\$7.58	\$13.09	\$8.30
Other current assets	\$0.12	\$0.05	\$1.85	\$2.40	\$3.61
Total current assets	\$0.35	\$0.93	\$9.42	\$15.48	\$11.91
Non-current assets	\$3.64	\$3.27	\$2.89	\$2.50	\$2.12
Total Assets	\$3.99	\$4.21	\$12.31	\$17.99	\$14.03
Short-term borrowing	\$0.12	\$1.96	\$1.66	\$1.66	\$1.66
Other current liabilities	\$0.80	\$2.03	\$1.51	\$2.56	\$2.55
Total current liabilities	\$0.92	\$3.98	\$3.17	\$4.22	\$4.21
Long-term borrowing	\$0.03	\$0.71	\$0.00	\$0.00	\$0.00
Other non-current liabilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total liabilities	\$0.95	\$4.69	\$3.17	\$4.22	\$4.21
Total Equity	\$3.04	(\$0.48)	\$9.15	\$13.77	\$9.82
Total Liabilities & Equity	\$3.99	\$4.21	\$12.31	\$17.99	\$14.03

Exhibit 10: Income Statement Snapshot. Source: Diamond Equity Research

Valuation

The company is targeting a \$15 billion market with unique monitoring technology and product offering with a first-mover advantage. The current market value of the company barely reflects the value proposition being offered by the asset-light and SaaS-based business model, the underlying SOBRsafe Technology, and product validation exhibited by multiple SaaS agreements, successful pilot testing, and a well-established distributor base. We have valued the company using DCF as our preferred methodology accounting for the potential revenue generated by both products, SOBRcheck™ and SOBRsure™. We model exponential revenue growth in the next 4-5 years, which we have estimated to stabilize at 25%-30% by 2029-2030. As the company scales and with a significant portion of revenue being derived in the form of subscription revenue, we expect a considerable improvement in gross margin from 50%-55% in the initial years to 70%-75% by 2029-2030. We have discounted the free cash flows assuming a discount rate of approximately 17.5%, which we believe ideally reflects the risk-reward proposition being offered by the company and accounts for the current weak economic conditions. Our valuation methodology yielded a valuation of \$73.86 million or \$5.07 per share, contingent on successful execution by the company.

Products	Target Market	Status	Market Opportunity
SOBRcheck™	Workplace, Fleet Management	Commercialized	>\$14 billion
SOBRsure™	Young Drivers, Alcohol Rehabilitation	Commercialized	>\$3 billion

Calculated Equity Value (\$mm)		Approaches (in \$ mm)	Value (USD)	Weight	Wtd. Value (USD)
Enterprise Value	\$70.94	DCF	\$79.53	90%	\$71.58
- Debt and Preferred Stock	\$1.66	GPCM	\$22.83	10%	\$2.28
+ Cash	\$10.25	GTM	-	0%	\$0.00
Net Debt	\$8.59	Wtd. Avg. Equity Value (USD)			\$73.86
Equity Value	\$79.53	No of Diluted Shares Outstanding			14.57
		Intrinsic Value Per Share			\$5.07

Company Name	Ticker	Price	Currency	Country	Mkt Cap.	P/B*	P/S*
Abbott Laboratories	ABT	\$107.56	USD	US	\$188,184	5.30x	4.74x
Honeywell International Inc.	HON	\$218.81	USD	Ireland	\$146,156	8.30x	3.95x
Medtronic plc	MDT	\$79.51	USD	US	\$105,414	2.00x	3.34x
Stryker Corporation	SYK	\$242.00	USD	US	\$91,115	5.60x	4.75x
Garmin Ltd.	GRMN	\$93.75	USD	US	\$18,085	3.10x	3.49x
iRhythm Technologies, Inc.	IRTC	\$109.35	USD	US	\$3,263	13.80x	6.62x
AdaptHealth Corp.	AHCO	\$22.55	USD	US	\$5,264	1.40x	1.61x
NuVasive, Inc.	NUVA	\$39.84	USD	US	\$2,851	2.50x	2.23x
Sight Sciences, Inc.	SGHT	\$12.17	USD	US	\$586	3.40x	6.38x
Motus GI Holdings, Inc.	MOTS	\$1.31	USD	US	\$6	8.00x	1.45x
Median						4.35x	3.72x
Mean						5.34x	3.86x

Exhibit 11: Valuation Snapshot (in \$mm). Source: Diamond Equity Research

*P/B is based on LTM values, and P/S is based on FY23e sales estimates

Risks Profile

- **Technological Development Risks:** The success of the business heavily relies on the success of the technology trials and continued successful performance with an absence of defects and continuous rectification of issues - such as hand sanitizer errors. The product launches have and may be delayed by issues related to pilot testing. SOBRsafe products are based on new technologies, which make it difficult to predict the cost, timing, and results of product candidates, as well as zero in on potential client profiles. The entire success relies on SOBRsafe™ effectiveness in detecting alcohol in skin excretions; however, if proven ineffective, it could result in failures and potential litigation.
- **Financial/Dilution Risks:** SOBRsafe has a limited operating history which complicates profitability assessments. They are currently running on periods of recurring operating losses. Even if the product suite is successful, it will need further financing to develop new products and launch existing products in the pipeline. Additional rounds of financing run the risk of dilution and unfavourable terms. There is also the risk of scarce resources being concentrated on a tech product candidate that fails to yield returns and fails to capitalize on a profitable product.
- **Regulatory Risks:** The technology is susceptible to failing to meet regulatory requirements in all stages of the process - from pilot testing to commercialization and marketing. The reliance on third-party manufacturers also attaches to the risk of their regulatory non-compliance to the company.
- **Intellectual Property Risks:** SOBRsafe runs on one mode of commercialization: technology, which always needs to be patented, and the patents need to be protected. The company has the added problem of having some products under the “patent pending” category, bearing the risk of no patent protection at all. This also bears the risks of possible lawsuits filed against the firm for infringement by the firm to protect their own IP rights, potential hurdles along the patent filing channels, and the processes these IP products entail in different jurisdictions.
- **Strategic/Competitive Risk:** Growth depends on the products success in development and commercialization. Failure to do so would significantly hinder growth. Furthermore, competitive products could diminish or eliminate commercialization potential. With a company that solely deals with technology and technology-based patents, there comes a risk of a new and more efficient technology emerging from the competition. Additionally, as a company that has not previously commercialized a product to this extent, the added manufacturing and commercialization risks also pose possible obstacles to the company.

This list of risk factors is not comprehensive. For a full list, please refer to SOBRsafe’s latest prospectus and/or annual filings.

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