

## SOBRsafe Reports Full Year 2022 Results

**DENVER, CO / March 31, 2023** / SOBR Safe, Inc. (NASDAQ:SOBR) (“SOBRsafe” or the “Company”), providers of industry-leading alcohol detection solutions, today announced financial results for the full year ended December 31, 2022.

### 2022 Highlights

- **Capital Markets** – SOBRsafe raised a total of \$19.5 million in 2022, in historically challenging market conditions. As of December 31, 2022, total capital raised since 2019 exceeded \$25 million.
- **Building the Sales Pipeline** – SOBRsafe sales professionals attended 10 alcohol and drug-related conferences, introducing its technology to approximately 10,000 companies and conducting approximately 2,000 SOBRcheck™ demonstrations – yielding more than 600 qualified customer leads.
- **Outsourcing of Manufacturing and Customer Support** – in order to minimize fixed costs and maximize quality and scalability on Day 1, SOBRsafe outsourced these functions to proven providers BGM Electronic Services and Helm, respectively. Specifically, BGM manages SOBRsafe’s design, engineering, manufacturing and testing, and other customers include GM, Ford and Stellantis (Chrysler-Fiat). Helm manages the Company’s packaging, fulfillment, onboarding and customer service, and other customers include Domino’s, Merrell and BMW.
- **Product Recognition** – SOBRcheck was awarded the *Occupational Health & Safety* 2022 New Product of the Year – Safety Monitoring Devices, and the Company received the Child Safety Network Safe Family Seal of Approval.
- **Key Markets Entered:**

**Fleet and Facility** – In July 2022, SOBRsafe entered the fleet market via a software-as-a-service (SaaS) agreement with Continental Services, Michigan’s largest food management company. Through that process Continental realized material savings on its insurance premiums. The Company also signed an agreement with a Top 100 Property & Casualty insurance company to test the technology with fleet customers. The A-Rated carrier is evaluating SOBRsafe as a potential embedded safety solution for customer discounts.

**Oil and Gas** – In December 2022, SOBRsafe entered the oil and market via a SaaS agreement with TerraTech Services, one of the world’s largest oilfield services and logistics providers. SOBRcheck™ was installed in two of TerraTech’s 17 locations, with an indicated opportunity to expand within 3-5 months. Oil and gas is a critical market for SOBRsafe, as it experiences the highest rate of binge drinking of any industry in the United States.

**Justice** – In September 2022, SOBRsafe entered the justice market with first industry customer Alternatives, Inc., a leader in innovative corrections and re-entry strategies. Initially

installed in one community corrections facility to replace breathalyzers for access control, SOBRcheck use was expanded to a second facility within just 60 days.

- **SOBRsure™ Wearable Band** – Even in its final stages of development in 2022, there was strong demonstrated demand for SOBRsure. In July an innovative in-home, comprehensive alcohol treatment program submitted a pre-order for 1,150 white label bands. In addition, a specialized, member-based rideshare company committed to equipping its rigorously vetted drivers with SOBRsure upon the band’s commercial launch.
- **Scaling Sales Capacity** – In 2022 SOBRsafe tripled its in-house sales staff, adding specialists in justice, commercial fleet and captive insurance. The Company also deployed its “force multiplier” distributor strategy, leveraging these groups’ trust-based relationships with alcohol detection buyers to accelerate SOBRcheck sales to early adopters and innovators, at no fixed cost to SOBRsafe. By December 31, 2022, SOBRsafe had signed agreements with 10 distributors, representing 30 U.S. sales professionals, approximately 525 established customers and up to 52,000 potential users.

## **Management Commentary**

“As a former D-I and National Team athlete, I derive much of my management philosophy from competitive athletics,” said David Gandini, Chairman & CEO of SOBRsafe. “I can draw innumerable parallels between our progress with SOBRsafe and what it takes to be a world class sports organization – and in 2022 we believe SOBRsafe had a tremendous ‘preseason’.

“Consider the substantial groundwork necessary before a team enters the season (or in our case, initiates widespread commercial sales):

- You have to optimize your economics to afford the tools of success – we raised \$19.5 million.
- You have to recruit and construct a team of stars and specialists – we assembled the best leadership group in my 40-year career, and we tripled our sales staff with an emphasis on expertise in key verticals.
- You have to practice rigorously to fine tune your team strategy – through exhaustive quality control and field testing we proved our technology’s detection precision and ease of use.
- You have to align with the right broadcast partners to cultivate an extensive fan base – we signed 10 distributors giving us immediate nationwide exposure to tens of thousands of potential users.
- You have to play some exhibition games to evaluate and tweak your system under live conditions – we signed 6 early adopter customers, whose experience and feedback formed our 2023 sales strategy and product enhancement roadmap.

- You must look out to the mid-season to innovate *now* for future opponents/opportunities – we did not pause to celebrate the launch of SOBRcheck; we immediately went to work miniaturizing the technology and perfecting the form factor for our fitness-style wearable band SOBRsure.

“2022 was foundational for SOBRsafe. We are now equipped as a team and proven as a product to take the field under the bright lights. We consider 2023 as the start of our ‘regular season’, and I believe we are well-positioned to succeed in the commercial arena.”

## Full Year 2022 Financial Results

- The Company’s cash position improved to \$8.6 million, an 872% increase from \$882,268 in the prior year period. The increase was the result of two successful capital raises in 2022, and the exercise of warrants.
- SOBRsafe’s Total Stockholders’ Equity increased commensurately to \$9.1 million, from a \$(483,593) Deficit at the end of the prior year.
- In our early revenue phase, commercial sales effectively began in June 2022, upon completion of the Nasdaq uplist and financing. The quarter ended December 31, 2022, represented approximately 64% of our 2022 revenue.
- The Company demonstrated initial low-production volume gross margins of 45%, on \$16,007 of gross profit. SOBRsafe anticipates gross margins will climb to approximately 80% as economies of scale are achieved at higher levels of sales and production.
- G&A expenses increased to \$7.6 million, from \$3.9 million in the prior year period. The increased G&A expenses was primarily the result of adding critical staff to accommodate product launch and market growth, as well as due to professional services and transaction expenses associated with its two capital raises.
- R&D expenses increased to \$1.4 million, from \$1.2 million in the prior year period. The increase was primarily the result of the Company’s final push to launch SOBRcheck for commercial sale (accomplished in 2022), and the accelerated development of its SOBRsure wearable band (anticipated launch second quarter 2023).
- Operating expenses increased to \$10.4 million, from \$5.6 million in the prior year period. The increase in operating expenses was primarily the result of the increase in G&A expenses previously noted and stock-based compensation expense increase of approximately \$1.0 million from 2021 to 2022.
- Net loss increased to \$12.4 million, from \$7.9 million in the prior year period. The increase in net loss was primarily the result of the increase in G&A expenses previously noted.

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## About SOBRsafe™ (NASDAQ:SOBR)

The annual cost of alcohol abuse in the U.S. is **\$249 billion**. Nearly half of all industrial

accidents with injuries are alcohol-related, and 1-in-10 U.S. commercial drivers test positive for alcohol (the highest rate worldwide). In response, SOBRsafe™ has developed a proprietary, touch-based identity verification, alcohol detection and cloud-based reporting system. The technology is transferable across innumerable form factors, including stationary access control, personal wearables and telematics integration.

A preventative solution in historically reactive industries, it is being deployed for commercial fleets, workplaces, alcohol rehabilitation and probation management; other intended applications include air and rail, and young drivers. This patent-pending alcohol detection solution helps prevent an intoxicated worker from taking the factory floor or a driver from receiving the keys to a truck, bus or rideshare vehicle. An offender is immediately flagged, and an administrator is empowered to take the appropriate corrective actions. At SOBRsafe, we are **creating a culture of prevention and support**. To learn more, visit [www.sobrsafe.com](http://www.sobrsafe.com).

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### **Safe Harbor Statement**

Our prospects here at SOBRsafe are subject to uncertainties and risks. This press release contains forward-looking statements that involve substantial uncertainties and risks. These forward-looking statements are based upon our current expectations, estimates and projections about our business, and reflect our beliefs and assumptions based upon information available to us at the date of this press release. In some cases, you can identify these statements by words such as “if,” “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue,” and other similar terms. These forward-looking statements include, among other things, plans for proposed operations, descriptions of our strategies, our product and market development plans, and other objectives, expectations and intentions, the trends we anticipate in our business and the markets in which we operate, and the competitive nature and anticipated growth of those markets. We caution readers that forward-looking statements are predictions based on our current expectations about future events. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Our actual results, performance or achievements could differ materially from those expressed or implied by the forward-looking statements as a result of a number of factors including, but not limited to, the risks and uncertainties discussed under risk factors in our registration statement on Form S-1, (File No. 333-267882) as well as our other filings with the SEC. We undertake no obligation to revise or update any forward-looking statement for any reason.

**SOURCE:** SOBR Safe, Inc.

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