



January 12, 2023

SOBR SAFE, INC.

(NASDAQ: SOBR)

Industry: Technology

Price Target: \$4.00



SOBR SAFE, INC.

Innovative Firm to Transform Detection Methods in Multi-Billion Dollar Markets

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COMPANY SNAPSHOT

SOBR Safe, Inc. (“SOBRsafe™”) is a developer and provider of a cutting edge, proprietary touch-based offering that delivers identity verification, alcohol detection and cloud reporting. Available in multiple form factors, and targeting multiple billion dollar markets, SOBRsafe’s products are designed for deployment in commercial fleet & facilities, alcohol rehabilitation, and probation management, along with young drivers. The SOBRsafe products help identify and prevent workers or drivers from operating while intoxicated, thereby potentially saving lives and reducing company liabilities.

KEY STATISTICS

Price as of 1/11/23	\$0.9296
52 Week High – Low	\$9.75 - \$0.65
Est. Shares Outstanding	17.0M
Market Capitalization	\$15.8M
Average Volume	1,723,291
Exchange	NASDAQ

COMPANY INFORMATION

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INVESTMENT HIGHLIGHTS

With the origin of the first breathalyzer used for alcohol detection nearing 100 years ago, the market has been begging for a 21st century change for years. SOBRsafe is positioned to be a disruptive force in this alcohol detection and safety arena and could emerge as a new standard bearer in the coming years.

SOBRsafe’s devices and technology are just scratching the surface of deployment in multiple, billion dollar markets. The proprietary, preventative approach is swift, accurate, touch-based, hygienic, and could reduce insurance costs and liabilities.

Just launched in 2022, SOBRsafe has 9 distributors and 6 customers, with more in the pipeline. The Company now has access to 52,000 potential users via its current channels.

The Company’s SaaS-based recurring revenue model should lead to high gross margins and operational visibility. SaaS companies have enjoyed some of Wall Street’s highest valuation multiples.

Our current model projects exponential top-line growth. We forecast \$3.5M in revenue in 2023 leading to a 174% jump to \$9.6M in 2024, with operating profit set to commence in 2025.

Our \$4 twelve-month price target is a 4x jump increase from current levels but still below its 52-week high. This target is based on a SaaS industry index and their average forward 12-month price/revenue valuation.

COMPANY OVERVIEW

The View from 30,000 Feet

Colorado-based **SOBR Safe, Inc. (NASDAQ – SOBR)** (“SOBRsafe™”) is an innovative technology firm seeking to revolutionize the way in which alcohol detection and safety are performed. There has been little change in alcohol detection methods since the first breathalyzer was invented in 1927, and then introduced in its electronic form in 1967. While the concept and use of a breathalyzer are ubiquitous the features and functions of the device leave a lot to be desired. With clear advantages over the current methods, we believe SOBRsafe is on the path to begin replacing current solutions in the installed base across industries representing billions in annual market opportunities. Ultimately, we believe that SOBRsafe’s devices could replace many of the installed bases of breathalyzers in key industries, emerging as a new, standard bearer.

Competitive Advantages



The Company’s flagship, SOBRcheck™, is a first-to-market, proprietary touch-based device that provides subject identification via biometry, which is followed by alcohol detection. Results are provided in seconds and virtually reported instantaneously to the SaaS platform. The throughput of dozens of users is high, and has advantages over single use, disposable form factors, as well as larger on-site devices. Both of these form factors and standard approaches typically take longer to perform and report versus the several minutes for breathalyzers. As a touch-based device, the SOBRcheck is inherently hygienic and offers a 93% detection rate. Conversely, saliva or blood-based devices are less

hygienic, a key factor in the Covid era, and some users believe that the breathalyzers can be “tricked.”

SOBRsafe is set to launch SOBRsure™, a unique, personalized, wearable version of its technology, for which it already has 1,150 in orders. This offering targets the outpatient alcohol rehabilitation segment and customers are able to procure insurance reimbursements for them as SOBRsure provides continuous monitoring, GPS tracking, and other notifications.

Big Opportunities, Big Markets

The low-hanging fruit for the Company includes the Justice sector (parole and probation) which represents 5.7 million people, many of whom are required users of alcohol detection and a \$75 million market. The Fleet & Facility markets, which management estimates is as large as \$9.5 billion annually, includes fleet, warehouses, manufacturing, and construction. Importantly, some insurers have offered insurance discounts to firms using the device as the data confirms safety compliance. As a result, the insurance cost savings only adds to the underlying ROI for this segment and could serve as a secondary deployment driver. The alcohol rehabilitation and treatment market mentioned above is roughly \$875 million in size. SOBRsure is designed for both this segment and for youth/young adult drivers.

Looking Ahead

The Company's revenue model is largely SaaS-based, with a monthly subscription fee per user, and a flat fee for the SOBRcheck stationary device and the SOBRsure wearable. While the Company is focused on its "hit list" of 9 distributors, half of which focus on the sale of alcohol detection products, SOBRsafe plans to add 15-20 new distributors in 2023, hundreds of new potential customers, and perhaps hundreds of thousands of prospective users. Going forward, we believe SOBRsafe will sign on new customers with small deployments leading to broad-based breathalyzer replacements 90-120 days later. Thus, meaningful sales will include hardware device sales along with subscription revenue, as the Company begins to build its infrastructure, reputation, standing, etc.

We currently forecast \$3.5M in 2023 revenue, with top-line slated to leap to \$9.6M in 2024, and operating profit to occur in 2025. Based on our due diligence, recent multiples SaaS public companies and associated indices indicate that the average multiple on 12-month forward revenue is around 7.5x, a figure we believe will be higher by year-end 2023. Against this backdrop, we have elected to use this multiple on the Company's projected 2024E revenue as a 12-month price target, even though a higher figure could be considered considering the disruptive and high growth nature of the SOBRsafe business versus other SaaS companies. Therefore, we project that by year-end 2023, SOBR's shares could jump from under \$1.00 currently to the \$4.00 level.

SOBRSAFE: A GAME-CHANGER

Following considerable development, in 2022 SOBRsafe formally introduced its scalable, patent-pending hardware/software platform for non-invasive alcohol detection and identity verification. This solution represents potential, inherent game-changing applications in commercial vehicle fleets, manufacturing and warehousing, construction, DUI probation, third-party alcohol testing, outpatient alcohol rehabilitation and youth drivers. In addition to its high degree of accuracy, hygienic, touch-based features, and rapid cloud-based reporting, SOBRsafe device use could lead to material insurance savings across workers' compensation, general liability, umbrella and fleet policies.

The platform currently includes two commercially available devices: SOBRcheck, a stationary identification and alcohol monitoring solution and a wearable wristband SOBRsure, utilizes the same SOBRsafe hardware/software platform. When installed, SOBRcheck enables a rapid, hygienic biometric finger scan to authenticate ID and determine the presence or absence of alcohol. The SOBRcheck provides the employer with real-time results, delivered securely, to more efficiently manage its existing substance abuse policy. The wearable band becomes commercially available in early 2023. The transdermal, alcohol-detecting wearable band contains SOBRsafe technology for ongoing, real-time alcohol monitoring and device removal alerts and locations. Design, manufacturing, quality testing and distribution of SOBRsafe devices are performed in the U.S., in an effort to eliminate or reduce any supply chain issues.

The cost for SOBRcheck is \$600 and \$450 for SOBRsure. The monthly subscription fee for each devices is \$30.



Figure 1: SOBRcheck
Source: SOBRsafe



Figure 2: SOBRsure
Source: SOBRsafe

The patent-pending alcohol detection platform and its products solution help 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. Workplace intoxication and other alcohol abuse remain a core issue across the country. The annual cost of alcohol abuse in the U.S. is estimated to be \$249 billion, according to SOBRsafe. 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). Today, the primary firms in this space are breathalyzer firms. These include SCRAM, BACTRACK, BI TAD, Soberlink, Smart Start, Intoxalock and others primarily focused on the judicially mandated market, i.e., breathalyzers for breath alcohol content (BrAC) measurement, or court-ordered ankle monitors.

The Latest

In recent months, management attended 9 alcohol and drug testing-related conferences which led to the introduction of SOBRsafe's platform to approximately 10,000 companies and approximately 2,000 product demonstrations conducted. Plus, SOBRsafe collected 600+ qualified customer leads and qualified over 50 distributors and developed its wholesale model.

At present, SOBRsafe is in the early revenue/post-development phase with 6 customers and 9 distributors signed; the latter gives SOBRsafe access to 525 potential customers and 52,000 prospective users. Currently most of the customers are in the justice space as well as in fleet & facility, along with oil and gas verticals. All told, these target markets represent over \$10 billion in combined revenue opportunities. While we believe that SOBRsafe is well positioned to gain a series of wins throughout 2023, we believe that many of the near-term wins will be in the justice segment.

Still, prospects in all core target markets are robust and strong potential businesses appear to be in the offing for 2023. Plus, SOBRsafe received a purchase order for 1,150 units to enter the alcohol rehabilitation market via SOBRsure, which commercially launches in 1Q23. This has led to integration with the leading providers of

alcohol rehab solutions, which places SOBRsafe in a great position to broadly rollout SOBRsure. Finally, management established a partnership to deploy SOBRsure in the rideshare market upon product launch. Looking ahead, SOBRsafe is set to add 15-20 new distributors, which represent 900 potential customers.

THE SOBRSAFE LEADERSHIP TEAM

Dave Gandini, Chairman, Chief Executive Officer

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 SOBR Safe, he is responsible for capital creation, new business acquisition, business strategy & development and partnership revenue generation.

Dave most recently 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 – growing the company from concept to \$46 million in revenue. IPS was acquired by a public company in 2014. Prior to his engagement at IPS, Dave was the COO at First World Communications, a major US internet and Data Center provider, and participated in its successful IPO in 2000, raising over \$250 million. Previously, Dave founded Pace Network Services, providing carrier SS7 signaling to US long distance providers and facilitated a successful exit to ICG Communications. He also co-founded Detroit-based Digital Signal in the fiber optic long haul market sector, where he executed a successful exit to SP Telecom.

Dave is a father of three boys, and resides with his wife in Denver, Colorado. He graduated from Michigan State University with a degree in Telecommunications. He was a scholarship NCAA Division I Hockey player and was a member of the US Junior National Team and a US Junior All-American.

Jerry Wenzel, Chief Financial Officer

With more than 40 years of leadership experience in financial management and reporting, public accounting and auditing, Jerry brings to SOBRsafe the ideal skillset for an emerging growth public company. Prior to 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. From 2016 to 2018, he was the Chief Financial Officer for PRIDE Centric Resources, Inc., a national commercial food service equipment buying group. In this position, Jerry was responsible for all financial reporting responsibilities, including vendor rebate programs, cash management, internal controls and reporting to the Audit Committee and Board of Directors.

From 1998 to 2016 he served as Chief Financial Officer for several manufacturing businesses and a residential real estate franchisee servicing Colorado's Front Range. Prior to his Chief Financial Officer positions, Jerry was an audit and consulting partner in two Denver-based practices and a national CPA firm.

He earned his Bachelor of Science degree in Accountancy from the University of Wisconsin-LaCrosse, where he was a three-year letterman in basketball. Jerry has been a Certified Public Accountant since 1980, and is a member of the American Institute of Certified Public Accountants (AICPA) and Colorado Society of CPAs (CSCPA) and past member of the AICPA SEC Division for Firms Peer Review Committee and CSCPA Quality

Review Board. He and his wife live in the Denver area, and he enjoys the outdoors, cycling and traveling with his three sons.

Scott Bennett, EVP, Business Operations

With more than 20 years as a senior executive in technology-driven enterprises, Scott is uniquely qualified to lead all aspects of an emerging growth public company, with expertise across manufacturing process engineering, database architecture, interface programming and more.

Prior to joining SOBRsafe, Scott co-founded cybersecurity firm GBprotect, and served as its COO until its successful sale to Nuspire. In addition to his technical contributions to GBprotect, Scott was also responsible for key business functions such as quality assurance, inventory management and customer service. Scott previously served as CTO/CISO of fintech businesses Catalyst Card Company and Integrated Printing Solutions.

Scott earned his bachelor's degree in Telecommunications Management from Michigan State University.

Michael Watson, Chief Revenue Officer, EVP

With more than 25 years as a sales and marketing executive in cutting-edge organizations, Michael is uniquely qualified to lead all aspects of revenue generation for an emerging growth technology company, with expertise across product advancement, customer acquisition and partnership formation/optimization.

Prior to 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 to date. Michael is accomplished in building sales systems and executing product rollouts in both B2B and B2C environments.

Michael graduated from the Michigan State Executive MBA program and earned a Bachelor of Science degree from Oakland University, Marketing major. He has been an industry expert contributor to the Wall Street Journal, Newsweek and others. Michael is a Professor of Management at the Oakland University School of Business, and a Trustee for Detroit Public Television.

Non-Executive Board Members

Ford Fay, Board Member

Mr. Fay has served as a member of the Board of Directors since June 2020. Mr. Fay is currently the Director at Crown Castle International Corp., a large fiber-based telecommunications company. In this position Mr. Fay manages all aspects of Network Access Life Cycle for the company. He has held this position since 2020. From 2017 to 2020, Mr. Fay was a principal with Eagle Bay Advisors, LLC, a telecommunications consulting firm. In this position, Mr. Fay assisted clients with cost and efficiency improvements in Access Management across the life cycle spectrum of Access. From 2015 to 2017, Mr. Fay was the Vice President, Access Management for Zayo Communications. In this position Mr. Fay created and managed most aspects of offnet costs, such as, vendor selection, contracting, procurement, quoting, operationalization, vendor management, offnet ordering, offnet grooming and optimization. In this position, Mr. Fay also planned and executed the network integrations

of the \$1.4B acquisition of Electric Lightwave and the \$350M acquisition of Canadian-based Allstream. Mr. Fay received his Bachelor of Science in Operations Research & Industrial Engineering from Cornell University, and his Master of Business Administration from University of Rochester, Simon School of Business.

J. Steven Beabout, Board Member

Mr. Beabout has served as a member of the Board of Directors since August 2020 and serves as the Chairperson of the Compensation Committee of our Board of Directors. Since 2018, Mr. Beabout has been consulting with various start-up companies and involved in real estate investing. From 2016-2018, Mr. Beabout was General Counsel of Tectonic, LLC, a SaaS company specializing in big data analytics and customer relationship management (CRM). In this position, Mr. Beabout was in charge of Tectonic's legal department and negotiated deals with large companies like Coca-Cola, Anheuser-Busch and Wyndham Hotels. From 1996 to 2015, Mr. Beabout was General Counsel and a member of the strategic management team (executive vice-president) of Starz, a company listed on NASDAQ that competes with HBO and Netflix. During his time there, Mr. Beabout assisted with other key management personnel to grow the business from a start-up with \$100M in losses to a multi-billion-dollar public company. As part of strategic management team, Mr. Beabout was involved in the company's strategic business decisions and as General Counsel he was responsible for all legal aspects of business, including, but not limited to, negotiation of billion dollar plus contracts with major studios (Universal, Disney and Sony), and distributors (Comcast, Time- Warner, DIRECTV, DISH Networks, Netflix, etc.), human resources and related matters, general corporate matters, post-IPO public board matters, and reviewing filings with the Securities and Exchange Commission.

Noreen Butler, Board Member

Ms. Butler joined as a member of the Board of Directors on October 3, 2022. Ms. Butler combines over 12 years of experience in senior management and recruitment, following a 7-year career in business development. She is currently the Founder and Chief Executive Officer of RubiCorp Technologies, Inc., a private ridesharing company focused on safely transporting children ages 7+ for busy families and those in need of a safe, trusted ride. Previously, Ms. Butler had been involved in several companies in real estate, biotechnology and the technology industry, holding positions including Senior Advisor, Director of Business Development and Chief Executive Officer. From 2015 through June 2016, Ms. Butler was the Director of Business Development for Frozen Egg Bank Network, a division of global fertility company Donor Egg Bank. From 2016 to 2018, she was a Senior Advisor for Cresa, an international commercial real estate company. Ms. Butler has an undergraduate degree in Communications from Pine Manor College.

Sandy Shoemaker, Board Member

Ms. Shoemaker has served as a member of the Board of Directors since December 2021 and serves as Chairperson of the audit committee of our Board of Directors. Ms. Shoemaker retired from public accounting in June 2021 to focus on consulting with small-medium sized companies. She was a partner in the audit service area of EKS&H/Plante Moran and was involved in public accounting since 1990, serving publicly traded and privately held companies. She led the EKS&H SEC practice for several years. Ms. Shoemaker's experience includes initial and secondary public offerings, reverse mergers, annual and quarterly audits of public companies, responses to SEC comment letters, assisting with implementation of new accounting pronouncements, business

acquisitions, stock-based compensation, and internal controls. Ms. Shoemaker has provided services to companies in the various industries such as biotech, franchising, distribution, manufacturing, medical-device, restaurants and real estate industries. She also has extensive experience in working with employee-owned companies. Ms. Shoemaker has numerous professional affiliations including, but limited to, American Institute of Certified Public Accountants (AICPA), the Colorado Society of Certified Public Accountants (CSCPA), and the National Center for Employee Ownership (NCEO). Ms. Shoemaker received her B.S. in Accounting, graduating cum laude, from Southwest Missouri State University.

FINANCIALS SNAPSHOT

It should be noted that 2022, and namely the fourth quarter of the year, represented the first material sales of the Company's flagship SOBRcheck product. While we are forecasting revenue for the period, the bulk of our financials snapshot centers on 2023E and 2024E business.

2022

For 2022, we estimate total revenue of \$162,734 with gross margin of 50.2%. This low margin reflects a one-off expectation of costs associated with hardware device production and little subscription revenue. Our model assumes a nominal number of active customers in the fourth quarter and full year, with material figures noted in our forecast for 2023 below. The Company's financial position is solid, given the roughly \$10M in cash as a result of the first and second half 2022 fundings and NASDAQ up-list. We have elected to use a basic versus fully diluted shares outstanding figure since most of the options, warrants, etc. are out of the money. We expect that the opex line items will be reduced as a percentage of sales and their growth slow as sales growth occurs in 2023 and beyond. Our current projection calls for an operating loss of approximately **(\$9.487 million)**.

2023

As noted above, in our view, 2023 is a building year and financial results should reflect this scenario. For example, hardware sales are expected to represent a meaningful (although still minority) percentage of total revenue as stationary device (SOBRcheck) are sold and delivered to distributors on behalf of third-party customers in a variety of markets and industries. The throughput usage per customer is a bit unclear at this juncture and it will play a role in the number of device sales per customer. For example, the number of users per stationary device could be 35, 50, or 70 users. We believe that a 40-50 users per device number may be a good baseline until a material number of devices are actively deployed in the field. Separately, given the favorable price tag for the wearable devices, and the fact that are sold and used on an individual basis means that this segment can provide a material contributor to sales, even though we project the bulk of users will be on the SOBRcheck side.

We currently forecast \$3.5 million in total revenue for 2023, with gross margin of 65% and an operating loss of **(\$5.975 million)**. SOBR is already off to a terrific start as it has received, but not yet booked, SOBRsure device sales or subscription revenue from a 1,150 order received in 2022. With this sizable deal in hand, management has some visibility going forward, which enables the Company to boast a sizable, referenceable account for a product whose official launch is 1Q23.

During the course of the year, we believe that SOBRcheck sales will be led by the low-hanging Justice market, with secondary markets such as oil and gas, and fleet serving as key contributors. As it is early in the process, we believe that additional SOBRsure wins and deployments will occur in the latter part of the year with staged deployments by customers, especially in the rehabilitation segment. We recommend that investors focus on the Company adding distributors as a key metric and scope of work, which would then be followed by the number of customers, underlying markets and users. We expect that most initial orders will be for either small customers or local/regional deployments for product, prior to broad implementation. This approach is typical of larger firms. Therefore, it is reasonable to project that follow-on orders/deployments from certain customers could occur 90-120 days following the initial phase.

While it is difficult to project the number of users of SOBRsafe's flagship devices, we believe that as many as 25,000 active users could be in the cards in what would be the de facto Year 1 of infrastructure and sales for the Company. As noted above, we believe that SOBRcheck will reflect the dominant number of users this year.

2024

With a full year of infrastructure, sales, and market feedback behind it, we project that SOBRsafe will begin to truly enjoy the typical growth associated with SaaS companies. Our 2024 revenue estimate calls for \$9.6M recorded for the year. This figure is a 174% jump from our 2023 estimate and reflects greater existing customer deployment and meaningful, new SOBRsure implementation. Gross margin should rise to 73%, representing the higher subscription rate but also the fact that new customers require the devices. Operating loss of **(\$2.592 million)** is a substantial improvement from the 2023 expected performance. The number of active subscribers could more than double (50,000 or more) due to the aspects outlined above. Clearly, a product that is swift, accurate, and can reduce insurance costs and other liabilities will enjoy a bump from what we believe will be a happy installed base. Users, meanwhile, will enjoy not using competing breathalyzers and similar unhygienic devices, thereby helping deployment as well.

We should note that new, disruptive devices and approaches entering new markets always have some sort of customer or user churn rate. This churn rate does not necessarily demonstrate efficacy issues. It could simply be a reduced number of active users at a given time. For example, the people using devices in parole and probation, or alcohol rehab/treatment (in-patient and out-patient) facilities will not use them in perpetuity. Conversely, a driver or someone in a workplace environment that has or will have years of service will use them for years. As a result, it will be difficult to read into quarterly user number changes until perhaps 2025.

Still, if management succeeds in its marketing plan, 2025 could be the year in which SOBRsafe begins to operate profitably and begin to truly enjoy hockey-stick type user growth. After all, word-of-mouth and feedback from customers and users alike could be poised to drive a deployment phase that removes the "ancient" installed base of breathalyzers and replaces them with a 21st century device and system.

RISK FACTORS

In our view, the Company's biggest risk relates to its sales and deployment execution. Given that the SOBRsafe technology and approach is a new method of alcohol detection, an education process must be borne by the Company and its distributors to prospective customers, in order to achieve its initial sales goals. The installed base of customers overwhelmingly uses breathalyzers as the primary or even single method of alcohol detection. In fact, its use is so prevalent that it is ingrained as the standard bearer in the corporate world and society. Therefore, initial sales cycles could be lengthened in key industries and/or initial customer deployments could be staged in order for the customer to experience the swift, highly accurate capabilities. In addition, while the consistent use of wearables is a huge opportunity for SOBRsafe, it is possible that this market may also take time to build as a comfort level in wearing the device occurs. As a result, the timing and magnitude of the Company's overall sales and marketing ramp, and subsequent broad implementation/utilization could be choppy, with an occasional noteworthy churn rate.

Separately, a new device or approach could be developed and introduced to compete with SOBRsafe. This risk could come from larger competitors, existing firms, or new entrants. Still, all of these future concerns are consistent with firms of SOBRsafe's size and standing. Moreover, we believe that SOBRsafe's seasoned management team is prepared to overcome these hurdles and generate significant top-line growth and SaaS revenue via broad implementations.

Volatility and liquidity are typical concerns for microcap stocks that trade on NASDAQ, particularly news-driven companies. SOBR is now in the sales execution stage; thus, we believe that deployments and financial performance will drive the share price movements. An overriding financial benefit as a public company is the favorable access to and the availability of capital to fund product launches, consistent marketing campaigns and other initiatives. Given that SOBR completed two offerings in 2022 and has enough cash on hand to fund operations into 2024, we do not foresee any dilutive effect from such near-term future fundings.

VALUATION

SOBRsafe is expected to generate exponential growth in monthly subscriber services revenue, along with its modestly accompanied hardware sales. Given that the subscription model which covers high-margin software services including monitoring and reporting, we believe that a SaaS company valuation is the most appropriate valuation metric. The annual forward run-rate revenue (ARR) price/revenue valuation is the primary valuation metric for SaaS companies.

According to the SaaS Capital Index, which comprises dozens of publicly traded SaaS companies, the index components' median price/ARR monthly multiple averaged 11.9x ARR for the past 24 months. Given the downturn in the stock market, recent multiples for SaaS Capital and other SaaS followers indicate that the average multiple on 12-month forward revenue is around 7.5x, a figure we believe will be higher by year-end 2023. Against this backdrop, we have elected to use this multiple on the Company's projected 2024E revenue as a 12-month price target, even though a higher figure could be considered considering the disruptive and high growth nature of the SOBR business versus other SaaS companies. Therefore, we project that by year-end

2023, SOBR's shares could jump from under \$1.00 currently to the \$4.00 level. At this target price, SOBR would trade only 7.5x 2024 estimated revenue of \$9.6M.

CONCLUSION

With the origin of the first breathalyzer used for alcohol detection nearing 100 years, the market has been begging for a 21st century change for years. SOBRsafe is positioned to be a disruptive force in this alcohol detection and safety arena and could emerge as a new standard bearer in the coming years. SOBRsafe's devices and technology are just scratching the surface of deployment in multiple, billion-dollar markets. The Company's proprietary and preventative approach is swift, accurate, touch-based, hygienic, and could reduce insurance costs and other liabilities.

Just launched in 2022, SOBRsafe has 9 distributors and 6 customers, with more in the pipeline. The Company now has access to 52,000 potential users via its current channels. The Company's SaaS-based recurring revenue model should lead to high gross margins and operational visibility. Moreover, SaaS companies have enjoyed some of Wall Street's highest valuation multiples.

Our current model projects exponential top-line growth. We forecast \$3.5M in revenue in 2023 leading to a 174% jump to \$9.6M in 2024, with operating profit set to commence in 2025. Our \$4 twelve-month price target is a 4x increase from current levels but still below its 52-week high. This target is based on an index of SaaS industry players and their average forward 12-month price/revenue valuation.

Table I. SOBR Safe, Inc.
Pro Forma Income Statement

	FY21A	1Q22A	2Q22A	3Q22A	4Q22E	FY22E	FY23E	FY24E
Revenue	\$0	\$1,500	\$1,500	\$9,734	\$150,000	\$162,734	\$3,500,000	\$9,600,000
Cost of Goods	\$0	\$1.100	\$0	\$4.950	\$75,000	\$81,050	\$1,225,000	\$2,592,000
Gross Profit	\$0	\$400	\$1,500	\$4,784	\$75,000	\$81,684	\$2,275,000	\$7,008,000
Gross Margin	N/A	N/A	N/A	49.1%	50.0%	50.2%	65.0%	73.0%
Operating Expenses:								
General & Admin	\$3,756,455	\$2,269,175	\$878,861	\$1,997,822	\$1,500,000	\$6,645,858	\$6,000,000	\$7,000,000
Stock-based comp	\$473,748	\$442,784	\$308,823	\$329,323	\$350,000	\$1,430,930	\$1,600,000	\$1,800,000
Research & Dev	\$1,198,780	\$47,459	\$485,184	\$459,847	\$500,000	\$1,492,490	\$650,000	\$800,000
Total Operating Expenses	\$5,428,983	\$2,759,418	\$1,672,868	\$2,786,992	\$2,350,000	\$9,569,278	\$8,250,000	\$9,600,000
Operating Income	(\$5,428,983)	(\$2,759,018)	(\$1,671,368)	(\$2,782,208)	(\$2,275,000)	(\$9,487,594)	(\$5,975,000)	(\$2,592,000)
Operating Income Margin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Income								
Other income (exp), net	\$0	\$27	\$216,402	\$1,292	\$1,000	\$218,721	\$300,000	\$200,000
Gain on debt exting, net	\$0	(\$864,000)	\$1,109,105	\$0	\$0	\$0	\$0	\$0
Gain on FV adj -deriv, net	(\$60,000)	(\$340,000)	\$1,380,000	\$0	\$0	\$0	\$0	\$0
Interest exp	(\$1,420,063)	(\$1,026,471)	(\$1,111,671)	(\$201,943)	(\$250,000)	(\$2,590,085)	(\$1,200,000)	(\$1,000,000)
Amort of interest-debt disc	(\$835,081)	(\$580,221)	(\$110,849)	(\$115,831)	(\$100,000)	(\$326,680)	(\$350,000)	(\$375,000)
Total Other Income (Expense)	(\$2,315,144)	(\$2,810,665)	\$1,482,987	(\$316,482)	(\$100,000)	(\$1,744,160)	(\$1,250,000)	(\$1,175,000)
Pre-Tax Income (Loss)	(\$7,744,126)	(\$5,569,683)	(\$188,381)	(\$3,098,690)	(\$2,375,000)	(\$11,231,754)	(\$7,225,000)	(\$3,767,000)
Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tax Rate	N/A	N/A	N/A	N/A	N/A	0.0%	N/A	N/A
Net Income (Loss)	(\$7,744,126)	(\$5,569,683)	(\$188,381)	(\$3,098,690)	(\$2,375,000)	(\$11,231,754)	(\$7,225,000)	(\$3,767,000)
Net Loss attr to non-control int	\$160	\$4	\$5	\$4	\$5	\$18	\$10	\$15
Net Loss attr to SOBR Safe	(\$7,743,966)	\$0	\$0	(\$3,098,686)	\$0	\$0	\$0	\$0
Deemed div related to warr down round		\$0	\$0	(\$5,005,857)	\$0	\$0	\$0	\$0
Deemed div related to New warr down round		\$0	\$0	(\$3,495,583)	\$0	\$0	\$0	\$0
Net Loss attr to common shareholders	(\$7,743,966)	(\$5,569,679)	(\$188,376)	(\$11,600,126)	(\$2,375,000)	(\$11,231,736)	(\$7,224,990)	(\$3,766,985)
Earnings (Loss) Per Share	(\$0.30)	(\$0.65)	(\$0.02)	(\$1.06)	(\$0.14)	(\$0.99)	(\$0.41)	(\$0.21)
Basic Shares Outstanding	25,975,847	8,550,490	8,998,031	10,973,759	17,000,000	11,380,570	17,500,000	18,000,000

Sources: SBOR, SEC.gov, and Goldman Small Cap Research

Balance Sheet: 9/30/22	
Current Assets	
Cash	\$7,248,677
Accounts Receivable	\$8,484
Inventory	\$196,764
Prepaid exp	\$656,140
Total Current Assets	\$8,110,065
Non-Current Assets	
SOBR Safe Intel Tech, net of amort	\$2,955,259
Other Assets	\$27,427
Total Non Current Assets	\$2,982,686
TOTAL ASSETS	\$11,092,751
Current Liabilities	
Accounts payable	\$166,024
Accrued exp	\$382,345
Accrued interest payable	\$424,453
Related party payables	\$1,887
Common stock payable	\$70,500
Deriv liab	\$0
Conv debenture payable	\$1,659,427
Total Current Liabilities	\$2,704,636
TOTAL LIABILITIES	\$2,704,636
SHAREHOLDER'S EQUITY	
Series B conv pref	30
Common stock	129
Add'l paid-in capital	83,271,278
Accumulated deficit	(\$74,829,673)
Total SOBR Safe equity/deficit	\$8,441,764
Noncontrolling interest	(\$53,649)
TOTAL EQUITY	\$8,388,115
TOTAL LIABILITIES & EQUITY	\$11,092,751
Sources: SOBR and Goldman Small Cap Research	

RECENT TRADING HISTORY FOR SOBR

(Source: www.StockCharts.com)





SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 25 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

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