UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2022

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________.

Commission file number: 000-53316

SOBR SAFE, INC.

(Exact name of registrant as specified in its charter)

Delaware	**26-0731818**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6400 S. Fiddlers Green Circle, Suite 1400 Greenwood Village, Colorado	**80111**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (844) 762-7723

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.00001 par value	SOBR	The Nasdaq Market (NASDAQ)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated Filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

Applicable only to corporate issuers:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of November 10, 2022, there were14,571,120 shares of common stock, $0.00001 par value, issued and outstanding.

SOBR SAFE, INC.

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PART I – FINANCIAL INFORMATION

Forward-Looking Statement Disclaimer

This Quarterly Report includes forward-looking statements within the meaning of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements are based on management's beliefs and assumptions, and on information currently available to management. Forward-looking statements include the information concerning our possible or assumed future results of operations set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements also include statements in which words such as "expect," "anticipate," "intend," "plan," "believe," "estimate," "consider," or similar expressions are used.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties, and assumptions. Our future results and shareholder values may differ materially from those expressed in these forward-looking statements. Readers are cautioned not to put undue reliance on any forward-looking statements.

ITEM 1 Condensed Consolidated Financial Statements

The condensed consolidated balance sheets as of September 30, 2022, and December 31, 2021, the condensed consolidated statements of operations for the three and nine-months ended September 30, 2022, and 2021, the condensed consolidated statements of changes in stockholders' equity (deficit) for the three and nine-months ended September 30, 2022, and 2021, and the condensed consolidated statements of cash flows for the nine-months ended September 30, and 2021, follow. The unaudited condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. All such adjustments are of a normal and recurring nature.

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SOBR SAFE, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current assets		
Cash	$ 7,248,677	$ 882,268
Accounts receivable	8,484	-
Inventory	196,764	39,461
Prepaid expenses	656,140	12,553
Total current assets	8,110,065	934,282
SOBR Safe Intellectual Technology, net of accumulated amortization of $899,416 and $610,318 at September 30, 2022 and December 31, 2021, respectively	2,955,259	3,244,357
Other assets	27,427	30,576
Total Assets	$ 11,092,751	$ 4,209,215
LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	$ 166,024	$ 270,150
Accrued expenses	382,345	463,900
Accrued interest payable	424,453	252,110
Related party payables	1,887	82,883
Common stock payable	70,500	-
Derivative liability	-	1,040,000
Convertible debenture payable * Includes unamortized debt discount related to warrants, beneficial conversion feature and embedded conversion feature of none and $1,291,882 at September 30, 2022 and December 31, 2021, respectively	-*	1,756,899*
Current portion notes payable - related parties * Includes unamortized debt discount related to warrants and beneficial conversion features of $271,575 and none at September 30, 2022 and December 31, 2021, respectively	740,235*	11,810*
Current portion notes payable - non-related parties * Includes unamortized debt discount related to warrants and beneficial conversion features of $271,147 and none at September 30, 2022 and December 31, 2021, respectively	919,192*	104,183*
Total current liabilities	2,704,636	3,981,935
Notes payable -related parties-less current portion * Includes unamortized debt discount related to warrants and beneficial conversion features of none and $645,547 at September 30, 2022 and December 31, 2021, respectively	-*	354,453*
Notes payable -non-related parties-less current portion * Includes unamortized debt discount related to warrants and beneficial conversion features of none and $648,580 at September 30, 2022 and December 31, 2021, respectively	-*	356,420*
Total Liabilities	2,704,636	4,692,808
Stockholders' Equity (Deficit)		
Preferred stock, $0.00001 par value; 16,300,000 and 19,300,000 shares authorized at September 30, 2022 and December 31, 2021, respectively, no shares issued or outstanding at September 30, 2022 and December 31, 2021	-	-
Series A Convertible Preferred stock, $0.00001 par value; 3,000,000 shares authorized, no shares issued or outstanding at September 30, 2022 and December 31, 2021	-	-
Series A-1 Convertible Preferred stock, $0.00001 par value; 2,700,000 shares authorized, no shares issued or outstanding as of September 30, 2022 and December 31, 2021	-	-
Series B Convertible Preferred stock, 3,000,000 shares authorized, 3,000,000 shares issued and outstanding at September 30, 2022 and none at December 31, 2021, respectively	30	-
Common stock, $0.00001 par value; 100,000,000 shares authorized; 12,899,436 and 8,778,555 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	129	88
Additional paid-in capital	83,271,278	57,041,447
Accumulated deficit	(74,829,673)	(57,471,492)
Total SOBR Safe, Inc. stockholders' equity (deficit)	8,441,764	(429,957)
Noncontrolling interest	(53,649)	(53,636)
Total Stockholders' Equity (Deficit)	8,388,115	(483,593)
Total Liabilities and Stockholders' Equity (Deficit)	$ 11,092,751	$ 4,209,215

The accompanying notes are an integral part of the condensed consolidated financial statements.

SOBR SAFE, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For The Three-Months Ended September 30,		For The Nine-Months Ended September 30,	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	$ 9,734	$ -	$ 12,734	$ -
Cost of Goods Sold	4,950	-	6,050	-
Gross Profit	4,784	-	6,684	-
Operating expenses:				
General and administrative	1,997,822	949,293	5,145,857	2,557,935
Stock-based compensation expense	329,323	147,163	1,080,930	334,228
Research and development	459,847	566,655	992,491	1,052,650
Total operating expenses	2,786,992	1,663,111	7,219,278	3,944,813
Loss from operations	(2,782,208)	(1,663,111)	(7,212,594)	(3,944,813)
Other income (expense):				
Other income (expense), net	1,292	-	217,722	-
Gain on debt extinguishment, net	-	-	245,105	-
Gain on fair value adjustment – derivatives, net	-	-	1,040,000	-
Interest expense	(201,943)	(227,475)	(2,340,085)	(399,381)
Amortization of interest – debt discount	(115,831)	(130,830)	(806,902)	(222,373)
Total other income (expense), net	(316,482)	(358,305)	(1,644,160)	(621,754)
Loss before provision for income taxes	(3,098,690)	(2,021,416)	(8,856,754)	(4,566,567)
Provision for income tax	-	-	-	-
Net loss	(3,098,690)	(2,021,416)	(8,856,754)	(4,566,567)
Net loss attributable to noncontrolling interest	4	4	13	102
Net loss attributable to SOBR Safe, Inc.	(3,098,686)	(2,021,412)	(8,856,741)	(4,566,465)
Deemed dividends related to underwritten public offering warrants down round provision	(5,005,857)	-	(5,005,857)	-
Deemed dividends related to Original Warrants and New Warrant down round provision	(3,495,583)	-	(3,495,583)	-
Net loss attributable to common stockholders	$ (11,600,126)	$ (2,021,412)	$ (17,358,181)	$ (4,566,465)
Basic and diluted loss per common share	$ (1.06)	$ (0.23)	$ (1.82)	$ (0.53)
Weighted average number of common shares outstanding	10,973,759	8,660,401	9,516,637	8,658,014

The accompanying notes are an integral part of the condensed consolidated financial statements.

SOBR SAFE, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
(Unaudited)

	Common Stock		Preferred Stock						
	Shares	Amount ($0.00001 Par)	Shares	Amount ($0.00001 Par)	Additional Paid-in Capital	Accumulated Deficit	(Deficit) SOBR Safe, Inc.	Noncontrolling Interest	Total Stockholders' Equity (Deficit)
Balances at January 1, 2021	**8,640,678**	**$ 86**	**-**	**$ -**	**$ 52,694,148**	**$ (49,601,220)**	**$ 3,093,014**	**$ (53,530)**	**$ 3,039,484**
Common stock issued to settle dividends – Series A-1 Convertible Preferred stock	14,390	-	-	-	107,880	-	107,880	-	107,880
Paid-in capital – fair value of stock options and restricted stock units vested	-	-	-	-	105,013	-	105,013	-	105,013
Paid-in capital – relative fair value of stock warrants granted	-	-	-	-	619,381	-	619,381	-	619,381
Paid-in capital – beneficial conversion feature	-	-	-	-	480,619	-	480,619	-	480,619
Net loss	-	-	-	-	-	(1,002,340)	(1,002,340)	(94)	(1,002,434)
Balances at March 31, 2021	**8,655,068**	**$ 86**	**-**	**$ -**	**$ 54,007,041**	**$ (50,603,560)**	**$ 3,403,567**	**$ (53,624)**	**$ 3,349,943**
Common stock issued for facility lease	5,333	-	-	-	49,600	-	49,600	-	49,600
Paid-in capital – fair value of stock options and RSU vested	-	-	-	-	138,010	-	138,010	-	138,010
Paid-in capital – relative fair value of stock warrants granted	-	-	-	-	473,327	-	473,327	-	473,327
Paid-in capital – beneficial conversion feature	-	-	-	-	428,595	-	428,595	-	428,595
Net loss	-	-	-	-	-	(1,542,713)	(1,542,713)	(4)	(1,542,717)
Balances at June 30, 2021	**8,660,401**	**$ 86**	**-**	**$ -**	**$ 55,096,573**	**$ (52,146,273)**	**$ 2,950,386**	**$ (53,628)**	**$ 2,896,758**
Paid-in capital – fair value of stock options and RSU vested	-	-	-	-	387,003	-	387,003	-	387,003
Paid-in capital – relative fair value of stock warrants granted	-	-	-	-	847,048	-	847,048	-	847,048
Net loss	-	-	-	-	-	(2,021,412)	(2,021,412)	(4)	(2,021,416)
Balances at September 30, 2021	**8,660,401**	**$ 86**	**-**	**$ -**	**$ 56,330,624**	**$ (54,167,685)**	**$ 2,163,025**	**$ (53,632)**	**$ 2,109,393**

	Common Stock		Preferred Stock						
	Shares	Amount ($0.00001 Par)	Shares	Amount ($0.00001 Par)	Additional Paid-in Capital	Accumulated Deficit	Stockholders' (Deficit) SOBR Safe, Inc.	Noncontrolling Interest	Total Stockholders' Equity (Deficit)
Balances at January 1, 2022	**8,779,567**	**$ 88**	**-**	**$ -**	**$ 57,041,447**	**$ (57,471,492)**	**$ (429,957)**	**$ (53,636)**	**$ (483,593)**
Common stock issued for restricted stock units vested	16,667	-	-	-	-	-	-	-	-
Common stock issued for convertible debt	7,917	-	-	-	47,500	-	47,500	-	47,500
Common stock issued to settle common stock subscriptions payable	(1,000,000)	(10)	3,000,000	30	(20)	-	-	-	-

Paid-in capital – fair value of stock options and restricted stock units vested	-	-	-	-	934,225	-	934,225	-	934,225
Paid-in capital – relative fair value of stock warrants granted	-	-	-	-	864,000	-	864,000	-	864,000
Net loss	-	-	-	-	-	(5,569,679)	(5,569,679)	(4)	(5,569,683)
Balances at March 31, 2022	**7,804,151**	**$ 78**	**3,000,000**	**$ 30**	**$ 58,887,152**	**$ (63,041,171)**	**$ (4,153,911)**	**$ (53,640)**	**$ (4,207,551)**
Common stock issued in financing transaction, net of issuance costs	2,352,942	24	-	-	8,694,339	-	8,694,363	-	8,694,363
Common stock issued for financial services	800,000	8	-	-	718,992	-	719,000	-	719,000
Common Stock issued for restricted stock units vested	16,666	-	-	-	-	-	-	-	-
Paid-in capital – fair value of stock options and restricted stock units vested	-	-	-	-	761,437	-	761,437	-	761,437
Net loss	-	-	-	-	-	(188,376)	(188,376)	(5)	(188,381)
Balances at June 30, 2022	**10,973,759**	**$ 110**	**3,000,000**	**$ 30**	**$ 69,044,321**	**$ (63,229,547)**	**$ 5,814,914**	**$ (53,645)**	**$ 5,761,269**
Common stock issued in financing transaction, net of issuance costs	1,925,677	19	-	-	5,130,754	-	5,130,773	-	5,130,773
Paid-in capital – fair value of stock options and restricted stock units vested	-	-	-	-	594,763	-	594,763	-	594,763
Deemed dividends related to underwritten public offering warrants down round provision	-	-	-	-	5,005,857	(5,005,857)	-	-	
Deemed dividends related to Original Warrants and New Warrant down round provision	-	-	-	-	3,495,583	(3,495,583)	-	-	
Net loss	-	-	-	-	-	(3,098,686)	(3,098,686)	(4)	(3,098,690)
Balances at September 30, 2022	**12,899,436**	**$ 129**	**3,000,000**	**$ 30**	**$ 83,271,278**	**$ (74,829,673)**	**$ 8,441,764**	**$ (53,649)**	**$ 8,388,115**

The accompanying notes are an integral part of the condensed consolidated financial statements.

SOBR SAFE, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Nine Months Ended September 30, 2022 (Unaudited)	For The Nine Months Ended September 30, 2021 (Unaudited)
Operating Activities:		
Net loss	$ (8,856,754)	$ (4,566,567)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization	289,098	289,098
Amortization of interest - conversion features	848,329	222,373
Amortization of interest	423,782	275,052
Loss on extinguishment of debt	(245,105)	-
Change in fair value of derivative liability	(1,040,000)	-
Stock warrants expense	771,177	-
Stock options expense	1,262,396	399,259
Stock-based compensation expense	1,010,430	334,228
Changes in assets and liabilities:		
Accounts receivable	(8,484)	-
Inventory	(157,303)	-
Prepaid expenses	375,001	(19,361)
Other assets	3,149	(7,146)
Accounts payable	(149,145)	604,834
Accrued expenses	1,027,548	(6,961)
Accrued interest payable	172,343	58,733
Related party payables	(60,976)	780
Stock subscriptions payable	70,500	138,069
Net cash used in operating activities	(4,264,014)	(2,277,609)
Financing Activities:		
Proceeds from public equity offering	10,004,264	-
Cost of public equity offering	(1,309,882)	-
Proceeds from private equity offering	5,997,854	-
Cost of private equity offering	(867,100)	-
Repayments of convertible debenture payable	(3,048,781)	-
Proceeds from notes payable - related parties	-	1,030,000
Repayments of notes payable - related parties	-	(30,000)
Proceeds from notes payable - non-related parties	-	1,005,000
Repayments of notes payable - non-related parties	(145,932)	-
Proceeds from convertible debenture payable	-	2,500,000
Debt issuance costs	-	(275,000)
Net cash provided by financing activities	10,630,423	4,230,000
Net Change In Cash	6,366,409	1,952,391
Cash At The Beginning Of The Period	882,268	232,842
Cash At The End Of The Period	$ 7,248,677	$ 2,185,233
Schedule Of Non-Cash Investing And Financing Activities:		
Deemed dividends related to underwritten public offering warrants down round provision	$ (5,005,857)	$ -
Deemed dividends related to Original Warrants and New Warrant down round provision	(3,495,583)	$ -
Derecognition of convertible debenture	$ 3,048,781	$ -
Reacquisition value of convertible debenture	$ (3,912,781)	$ -
Shares issued for prepaid services	$ (719,000)	$ -
Financing of prepaid insurance	$ (274,589)	$ -
Non-related party debt converted to capital	$ 47,500	$ -
Reclassification of common shares from reverse stock split	$ 155	$ -
Reclassification of elective shareholder conversion of common shares to preferred shares	$ 30	$ -
Relative fair value of stock warrants granted	$ -	$ 1,939,756
Intrinsic value-beneficial conversion feature	$ -	$ 909,214
Fair value of embedded conversion feature	$ -	$ 980,000
Convertible debenture payable discount	$ -	$ 823,781
Issuance of common stock for prior year accrued dividends	$ -	$ 107,880
Issuance of common stock for rent	$ -	$ 49,600
Supplemental Disclosure:		
Cash paid for interest	$ 15,986	$ 67,618
Cash paid for income taxes	$ -	$ -

The accompanying notes are an integral part of the condensed consolidated financial statements.

SOBR SAFE, Inc.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022

NOTE 1. ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SOBR Safe, Inc. ("SOBR Safe"), formerly TransBiotec, Inc., was incorporated as Imagine Media LTD. in August 2007 in the State of Delaware. A corporation also named TransBiotec, Inc. ("TransBiotec – CA") was formed in the state of California July 4, 2004. Effective September 19, 2011, TransBiotec was acquired by TransBiotec - CA in a transaction classified as a reverse acquisition as the shareholders of TransBiotec - CA retained the majority of the outstanding common stock of TransBiotec after the share exchange. The consolidated financial statements represent the activity of TransBiotec - CA from July 4, 2004 forward, and the consolidated activity of SOBR Safe and TransBiotec - CA from September 19, 2011 forward. SOBR Safe and TransBiotec - CA are hereinafter referred to collectively as the "Company" or "We". The Company has developed and began selling a non-invasive alcohol sensing device in 2022.

On January 7, 2022, our stockholders approved an amendment to our Articles of Incorporation to effect a reverse stock split of our outstanding common stock at a ratio between of 1-for-2 and 1-for-3 in connection with our planned listing on Nasdaq. On March 4, 2022 the Board of Directors approved the reverse split ratio of 1-for-3 with the anticipated effective date of the reverse split on or about March 28, 2022. The 1-for-3 reverse stock split went effective with the State of Delaware, FINRA and OTC Markets on April 28, 2022. All share and per share amounts have been adjusted in these condensed consolidated financial statements to reflect the effect of the reverse stock split.

Also on January 7, 2022, our stockholders also approved an amendment to our 2019 Equity Incentive Plan to increase the shares authorized to be issued under the Plan from 1,282,823 shares to 1,733,333 shares.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements included herein have been prepared in accordance with generally accepted accounting principles ("GAAP") as promulgated in the United States of America and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). These unaudited condensed consolidated financial statements and the notes thereto should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2021, included in the Company's Annual Report on Form 10-K filed with the SEC on March 11, 2022.

In management's opinion, the unaudited condensed consolidated financial statements reflect all adjustments (including reclassifications and normal recurring adjustments) necessary to present fairly the financial position as of September 30, 2022 and December 31, 2021, the results of operations for the three and nine-month periods ended September 30, 2022 and 2021, and statement of cash flows for the nine-month period ended September 30, 2022 and 2021.

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its majority owned subsidiary, TransBiotec-CA. We have eliminated all intercompany transactions and balances between entities consolidated in these unaudited condensed financial statements.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically, such estimates were made by the Company for the recoverability and useful lives of long-lived assets, the intellectual technology, the valuation of the derivative liabilities, beneficial conversion feature expenses, stock-based compensation and the valuation allowance related to deferred tax assets. Actual results could differ from those estimates.

Financial Instruments

Pursuant to Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures*, and ASC 825, *Financial Instruments*, an entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 and 825 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 and 825 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets: quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist primarily of cash, accounts payable, accrued expenses, accrued interest payable, related party payables, notes payable, convertible debentures, and other liabilities. Pursuant to ASC 820 and 825, the fair value of our derivative liabilities is determined based on "Level 3" inputs. We believe that the recorded values of all of our other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

The following table presents assets and liabilities that are measured and recognized at fair value as of September 30, 2022 and December 31, 2021:

September 30, 2022	**Level 1**	**Level 2**	**Level 3**
Derivative liabilities	$ -	$ -	$ -

December 31, 2021	**Level 1**	**Level 2**	**Level 3**
Derivative liabilities	$ -	$ -	$ 1,040,000

Cash

The Company considers all highly liquid investments with an original maturity of three months or less as cash equivalents. The Company does not have any cash equivalents as of September 30, 2022 and December 31, 2021.

Accounts Receivable

Accounts receivable is derived from sales to a limited number of customers at September 30, 2022. Customer accounts are monitored for potential credit losses based upon management's assessment of expected collectability and the allowance for doubtful accounts is reviewed periodically to assess the adequacy of the allowance. In making this assessment, management takes into consideration any circumstances of which the Company is aware regarding a customer's inability to meet its financial obligations to the Company, and any potential prevailing economic conditions and their impact on the Company's customers. The Company had no allowance for doubtful accounts at September 30, 2022 and December 31, 2021.

Inventory
Inventory is valued at the lower of cost or net realizable value. The cost of substantially all the Company's inventory is determined by the FIFO cost method. Inventory is comprised primarily of finished products intended for sale to customers. The Company evaluates the need for reserves for excess or obsolete inventory determined primarily based upon estimates of future demand for the Company's products. At September 30, 2022 and December 31, 2021 the Company had no reserves for obsolescence.

Prepaid Expenses
Amounts incurred in advance of contractual performance or coverage periods are recorded as prepaid assets and recognized as expense in the period service or coverage is provided.

Beneficial Conversion Features
From time to time, the Company may issue convertible notes that may contain a beneficial conversion feature. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of the warrants, if related warrants have been granted. The intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid-in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

Derivative Instruments
The Company evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instruments are initially recorded at their fair values and are then re-valued at each reporting date, with changes in the fair value reported in the unaudited condensed consolidated statements of operations under other income (expense). The accounting treatment of derivative financial instruments requires that the Company record the embedded conversion option at its fair value as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. As a result of entering into warrant agreements, for which such instruments contained a variable conversion feature with no floor, the Company has adopted a sequencing policy in accordance with ASC 815-40-35-12 whereby all future instruments may be classified as a derivative liability with the exception of instruments related to share-based compensation issued to employees or directors. For stock-based derivative financial instruments, the Company uses a Monte Carlo Simulation model to value the derivative instruments at inception and on subsequent valuation dates.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Debt Issuance Costs
Debt issuance costs incurred in connection with the issuance of debt are capitalized and amortized to interest expense over the term of the debt using the effective interest method. The unamortized amount is presented as a reduction of debt on the balance sheet.

Preferred Stock
We apply the guidance enumerated in ASC 480 "Distinguishing Liabilities from Equity" when determining the classification and measurement of preferred stock. Preferred shares subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. We classify conditionally redeemable preferred shares (if any), which includes preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control, as temporary equity. At all other times, we classified our preferred shares in stockholders' equity.

Minority Interest (Noncontrolling Interest)
A subsidiary of the Company has minority members representing ownership interests of1.38% at September 30, 2022 and December 31, 2021. The Company accounts for these minority, or noncontrolling interests, pursuant to ASC 810-10-65 whereby gains and losses in a subsidiary with a noncontrolling interest are allocated to the noncontrolling interest based on the ownership percentage of the noncontrolling interest, even if that allocation results in a deficit noncontrolling interest balance.

Impairment of Long-Lived Assets
Long-lived assets and identifiable intangibles held for use are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of undiscounted expected future cash flows is less than the carrying amount of the asset or if changes in facts and circumstances indicate, an impairment loss is recognized and measured using the asset's fair value. No impairment loss was recognized during the nine-month periods ended September 30, 2022 and 2021.

Revenue Recognition
The Company enters contracts with customers and generates revenue through various combinations of software products and services which include the sale of cloud-based software solutions, detection and data collection hardware devices, and cloud-based data reporting and analysis services. Depending on the combination of products and services detailed in the respective customer contract, the identifiable components may be highly interdependent and interrelated with each other such that each is required to provide the substance of the value of SOBR's offering and accounted for as a combined performance obligation, or the specific components may be generally distinct and accounted for as separate performance obligations. Revenue is recognized when control of these software products and/or services are transferred to the customer in an amount that reflects the consideration the Company expects to be entitled in exchange for these respective services and devices.

Revenue is recognized in conjunction with guidance provided by Accounting Standards Codification Topic 606, Revenue from Contracts with Customers ("ASC 606") issued by the Financial Accounting Standards Board in May 2014. The company determines revenue recognition through five steps outlined in ASC 606 which include (1) the identification of the contract or contracts with a customer, (2) identification of individual or combined performance obligations contained in the contract, (3) determination of the transaction price detailed within the contract, (4) allocation of the transaction price to the specific performance obligations, and (5) finally, recognition of revenue as the Company's performance obligations are satisfied according to the terms of the contract.

Contracts with a Single License/Service Performance Obligation
For contracts with a single performance obligation consisting of a license and/or data services, the entire transaction price is allocated to the single performance obligation. Where the Company provides a performance obligation as licensed software or data services, revenue is recognized upon delivery of the software or services ratably over the respective term of the contract.

Contracts for Purchase of Hardware Devices Only
Where hardware devices are sold separately by the Company, the entire transaction price is allocated to the device as an individual performance obligation and revenue recognized at a point in time when either legal title, physical possession or the risks and rewards of ownership have transferred to the customer. Generally, these requirements are satisfied at the point in time the Company ships the product, as this is when the customer obtains control of the asset under SOBR's standard terms and conditions of the purchase.

Contracts with Multiple Performance Obligations
Where a Company's contract with a respective customer contains multiple performance obligations and due to the interdependent and interrelated nature of the licensed software, hardware devices and data reporting services, the Company accounts for the individual performance obligations if they are distinct in nature and the transaction price is allocated to each distinct performance obligations on a directly observable standalone sales price basis. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgment. Standalone selling prices are primarily based upon the price at which the performance obligation is sold separately. The Company may be able to establish a standalone sales price based upon observable products or services sold or priced separately in comparable circumstances, competitor pricing or similar customers. Where the performance obligations are either not distinct or directly observable, the Company estimates the standalone sales price of the performance obligations based upon the overall pricing objectives taking into consideration the value of the contract arrangement, number of licenses, number and types of hardware devices and the length of term of the contract. Professional judgement may be required to determine the standalone sales price for each performance obligation where not directly observable. Revenue for Contracts with Multiple Performance Obligations is recognized on a ratable basis for each respective performance obligation as allocated under the prescribed Transaction Price identification model applied.

The Company requires customers to make payments related to subscribed software licenses and data services on a monthly basis via authorized bank account ACH withdrawal or an automatic credit card charge during the approved term of the respective agreement. The collectability of future cash flows are reasonably assured with any potential non-payment easily identified with future services being discontinued or suspended due to non-payment.

The Company's contracts are generally twelve to thirty-six months in duration, are billed monthly in advance and are non-cancelable. The timing of revenue recognition may differ from the timing of invoicing to customers. The Company generally has an unconditional right to consideration when customers are invoiced and a receivable is recorded. A contract asset (unbilled revenue) is recognized when revenue is recognized prior to invoicing, or a contract liability (deferred revenue) when revenue will be recognized subsequent to invoicing.

The Company has elected to charge shipping, freight and delivery to customers as a source of revenue to offset respective costs when control has transferred to the customer.

We report revenue net of sales and other taxes collected from customers to be remitted to government authorities.

Estimated costs for the Company's standard one-year warranty are charged to cost of products sold when revenue is recorded for the related product. Royalties are also charged to cost of products sold.

Stock-based Compensation
The Company follows the guidance of the accounting provisions of ASC 718, *Share-based Compensation*, which requires the use of the fair-value based method to determine compensation for all arrangements under which employees and others receive shares of stock or equity instruments (warrants, options, and restricted stock units). The fair value of each warrant and option is estimated on the date of grant using the Black-Scholes options pricing model that uses assumptions for expected volatility, expected dividends, expected term, and the risk-free interest rate. The Company has not paid dividends historically and does not expect to pay them in the future. Expected volatilities are based on weighted averages of the historical volatility of the Company's common stock estimated over the expected term of the awards. The expected term of options granted is derived using the "simplified method" which computes expected term as the average of the sum of the vesting term plus the contract term as historically the Company had limited activity surrounding its awards. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the period of the expected term. The grant date fair value of a restricted stock unit equals the closing price of our common stock on the trading day of the grant date.

Research and Development
The Company accounts for its research and development costs pursuant to ASC 730, whereby it requires the Company to disclose the amounts of costs for company and customer-sponsored research and development activities, if material. Research and development costs are expensed as incurred. The Company incurred research and development costs as it acquired new knowledge to bring about significant improvements in the functionality and design of its SOBR product. Research and development costs were $992,491 and $1,052,650 during the nine-month periods ended September 30, 2022 and 2021, respectively. Research and development costs were $459,847 and $566,655 during the three-month periods ended September 30, 2022 and 2021, respectively.

Advertising and Marketing Costs
Advertising and marketing costs are charged to operations as incurred. Advertising and marketing costs were $75,147 and $70,692 during the nine-month periods ended September 30, 2022 and 2021, respectively, and are included in general and administrative expenses in the consolidated statements of operations. Advertising and marketing costs are charged to operations as incurred. Advertising and marketing costs were $29,628 and $12,438 during the three-month periods ended September 30, 2022 and 2021, respectively.

Income Tax

The Company accounts for income taxes pursuant to ASC 740. Under ASC 740 deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The Company has not recorded any deferred tax assets or liabilities at September 30, 2022 and December 31, 2021 as these have been offset by a 100% valuation allowance.

Net Loss Per Share

Basic net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted loss per share gives the effect to all dilutive potential common shares outstanding during the period, including stock options, warrants and convertible instruments. Diluted net loss per share excludes all potentially issuable shares if their effect is anti-dilutive. Because the effect of the Company's dilutive securities is anti-dilutive, diluted net loss per share is the same as basic loss per share for the periods presented.

Concentration of Credit Risk

Credit Risk – Financial instruments that potentially subject the Company to concentration of credit risk consisted primarily of cash. The Company maintains its cash at one domestic financial institution. The Company is exposed to credit risk in the event of a default by the financial institution to the extent that cash is in excess of the amount insured by the Federal Deposit Insurance Corporation. The Company places its cash with high-credit quality financial institutions and are managed within established guidelines to mitigate risk. To date, the Company has not experienced any loss on its cash.

Concentration of Customers – The Company has conducted limited sales during the nine-months ended September 30, 2022 to six customers. Should the Company continue to conduct sales to a limited number of customers and remain highly concentrated, revenue may experience significant period to period shifts and may decline if the Company were to lose one or more of its customers, or if the Company were unable to obtain new customers upon the completion of sales agreements.

Concentration of Suppliers – The Company relies on a limited number of components and contract suppliers to assemble its product. If supplier shortages occur, or quality problems arise, production schedules could be significantly delayed or costs significantly increased, which could in turn have a material adverse effect on the Company's financial condition, results of operations and cash flow.

Related Parties

Related parties are any entities or individuals that, through employment, ownership, or other means, possess the ability to direct or cause the direction of the management and policies of the Company.

Recently Issued Accounting Guidance

The Company has reviewed recently issued, but not yet effective, accounting pronouncements and does not believe the future adoptions of any such pronouncements will be expected to cause a material impact on its financial condition or the results of operations.

NOTE 2. GOING CONCERN

The Company has incurred recurring losses from operations. Future capital requirements will depend on many factors, including the Company's ability to sell and develop products, cash flow from operations, and competing market developments. The Company may need additional capital in the future.

As of September 30, 2022, the Company has an accumulated deficit of ($74,829,673). During the nine-months ended September 30, 2022, the Company also experienced negative cash flows from operating activities of ($4,264,014) and generated nominal revenue from product and subscription sales. It appears these principal conditions or events, considered in the aggregate, indicate it is probable that the Company will be unable to meet its obligations as they become due within one year after the date the financial statements are issued. As such, there is substantial doubt about the entity's ability to continue as a going concern.

The Company has identified factors that mitigate the probable conditions that have raised substantial doubt about the entity's ability to continue as a going concern.

Underwritten Public Offering
On May 13, 2022, the Company entered into an Underwriting Agreement in which the Company agreed to complete an underwritten public offering with an Underwriter to sell 2,352,942 units (Units) at a public offering price of $4.25 per Unit, with each Unit consisting of one share of the Company's Common Stock, with a par value $0.00001, and two warrants (the "Common Warrants) each to purchase one share of Common Stock. The Common Warrants included in the Units are exercisable immediately and have an exercise price of $4.25 per share (100% of the price per Unit sold in the offering). The Company's Common Stock began trading on the Nasdaq Capital Market under the symbol SOBR on May 16, 2022. The Warrants have not been listed for trading and will expire five years from the date of their issuance. Further, pursuant to the terms of the Underwriting Agreement and related "lock-up" agreements, the Company, each director and executive officer of the Company, and certain stockholders have agreed with the Underwriter not to offer for sale, issue, sell, contract to sell, pledge or otherwise dispose of any of our Common Stock or securities convertible into Common Stock for a period of 180 days (24 months for the Company) commencing on the May 13, 2022, the date of the final prospectus.

On May 18, 2022, the Underwriter to the public offering was granted a 45-day option, exercisable in one or more times in whole or in part, to purchase up to an additional 352,941 shares of Common Stock and/or up to an additional705,882 Warrants (the "Underwriter Warrants") solely to cover over-allotments. The over-allotment shares of Common Stock can be purchased at the public offering price of the Units ($4.25), less the underwriting discounts payable by the Company, and the Underwriter Warrants can be purchased for $0.01 per Warrant. Each purchased Underwriter Warrant can be exercised at the public offering price of the Units ($4.25). The Underwriter purchased 424,116 Underwriter Warrants during the 45-day option which expired on July 2, 2022 and did exercise its option to purchase Common Stock or additional Underwriter Warrants.

Further on May 18, 2022, pursuant to the Underwriting Agreement, the Company issued Representative's Warrants to purchase up to an aggregate of 141,177 shares of Common Stock (the "Representative's Warrants"). The Representative's Warrants are exercisable beginning on November 17, 2022, until May 17, 2027. The initial exercise price of Representative's Warrants is $5.3125 per share, which is equivalent to 125% of the public offering price per Unit in the public offering.

On May 18, 2022, the Company received approximately $8,780,000 of net proceeds from the underwritten public offering.

On May 19, 2022, the principal balance of the Armistice Capital Master Fund, Ltd 18% Original Issue Discount Convertible Debenture in default at March 31, 2022 of $3,048,781, was paid in full on May 19, 2022 satisfying all amounts due and accrued under the default, including penalty, damages and interest provisions of the loan agreement (see Note 8).

Private Investment in Public Equity Offering ("PIPE Offering")
On September 28, 2022, the Company entered into a PIPE Offering pursuant to a Securities Purchase Agreement (the "Agreement") and Registration Rights Agreement (the "Registration Rights Agreement") with institutional investors for aggregate gross proceeds of approximately $6,000,000, before deducting fees to the placement agent and other expenses payable by the Company. The PIPE Offering closed on September 30, 2022.

In connection with the PIPE Offering, the Company issued 1,925,677 Non-Prefunded Units and 2,128,378 Prefunded Units at a purchase price of $1.48 per unit priced at-the-market under Nasdaq rules. The Prefunded Units were sold at the same price less the Prefunded Warrant exercise price of $0.001.

Each Non-Prefunded Unit consists of one share of common stock and one non-tradable Non-Prefunded Warrant exercisable for one share of common stock, at a price of $1.35, subject to adjustments pursuant to the non-prefunded warrant agreement ("Non-Prefunded Warrant Agreement"). Each Prefunded Unit consists of one share of a Non-Prefunded Warrant and one non-tradable Prefunded Warrant exercisable for one share of common stock, at a price of $1.35 less the Prefunded Warrant exercise price of $0.001, subject to adjustments pursuant to the prefunded warrant agreement ("Prefunded Warrant Agreement"). The Non-Prefunded Warrants are exercisable immediately upon issuance and will expire seven years from the issuance date, and the Prefunded Warrants are exercisable immediately upon issuance and expire when fully exercised.

On September 30, 2022, the Company received approximately $5,140,000 of net proceeds from the PIPE Offering.

Management believes that the net offering proceeds of approximately $13,920,000 from the underwritten public offering and the PIPE Offering, after the payment of the defaulted loan balance of $3,048,781, providing for a cash balance at September 30, 2022 of approximately $7,250,000 provides adequate working capital for operating activities for the next twelve months after the date the financial statements are issued. However, the Company is responsible for convertible notes payable plus interest at 12% per annum due 24 months from issuance in the first half of 2021. Total principal balances of the convertible notes at September 30, 2022 are $2,005,000 and are due $1,100,000, $155,000 and $750,000 in March 2023, April 2023 and May 2023, respectively. The notes are convertible at $9.00 per share of the Company's common stock. The notes contain both voluntary and automatic conversion features. The notes may be convertible at any time, by the holders, beginning on the date of issuance. The notes automatically convert into shares of the Company's common stock if the Company's common stock closes at or above $6.00 per share for five (5) consecutive trading days while listed on Nasdaq. Should the notes not automatically convert or a significant portion of the note holders voluntarily not convert the notes to our common stock, we may need additional funds beyond the funds raised in the underwritten public offering and the PIPE offering.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak and related variants continues to evolve as of the date of this report. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak, its variants and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022. However, if the pandemic continues, it may have an adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2022.

Management believes the net proceeds received from the underwritten public offering, PIPE Offering and actions presently being taken to generate product and services revenues provide the opportunity for the Company to continue as a going concern; however, these plans are contingent upon actions to be performed by the Company and these conditions have not been met on or before September 30, 2022. Additionally, the COVID-19 outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown, which could impair the Company's ability to raise needed funds to continue as a going concern. As such, substantial doubt about the entity's ability to continue as a going concern was not alleviated as of September 30, 2022.

NOTE 3. INVENTORY

Inventory at September 30, 2022 and December 31, 2021 consisted of the following:

	September 30, 2022	December 31, 2021
Raw materials	$ 82,914	$ -
Work in process	-	-
Finished goods	113,850	39,461
Inventory, net	**$ 196,764**	**$ 39,461**

NOTE 4. PREPAID EXPENSES

Prepaid expenses at September 30, 2022 and December 31, 2021 consist of the following:

	September 30, 2022	December 31, 2021
Insurance	$ 240,291	$ 4,286
Deposits	32,236	-
Consulting services	383,613	8,267
Prepaid expenses	**$ 656,140**	**$ 12,553**

On February 26, 2021, the Company entered into a lease agreement for use of an office facility for a 12-month term beginning March 1, 2021 through February 28, 2022. In addition to monthly base rent of $6,000, the agreement required the issuance of 5,333 shares of its common stock valued at $49,600. Stock-based compensation expense related to this agreement for the nine-month periods ended September 30, 2022 and 2021 are $8,267 and $28,933, respectively.

On May 25, 2022, the Company purchased Directors & Officers insurance prepaying annual premiums of $349,455 through a nine-month financing arrangement (see Note 9). The Company recorded $87,364 and $116,485 of insurance expense related to the prepaid Directors & Officers insurance for the three and nine-month periods ended September 30, 2022, respectively.

In June and July 2022, the Company purchased General Liability, Workers' Compensation, Property and Automobile insurance prepaying annual premiums of $ 10,335. The Company recorded $2,478 and $3013 of insurance expense related to these prepaid policies for the three and nine-month periods ending September 30, 2022, respectively.

On May 31, 2022, the Company entered into a new office facility lease agreement for a 12-month term beginning July 1, 2022 through June 30, 2023 with a monthly base rent of $15,736. The lease agreement required a deposit equivalent to one month's base rent to be held by the lessor for the term of the lease.

On April 1, 2022, the Company made a payment of $300,000 to a consultant as a prepayment for strategic advisory and digital marketing services to be provided during a nine - month period beginning on May 16, 2022 through November 15, 2022. In addition, the Company issued 500,000 common shares on June 29, 2022 to the consultant as additional compensation for the services to be provided at $0.91 per share with a fair value on the date of issuance of $455,000. The Company recorded professional consulting service expense of $377,500 and $566,250 for the three and nine-month periods ended September 30, 3022, respectively.

On May 16, 2022, the Company made a payment of $100,000 to a consultant as prepayment for business development consulting services to be provided during a six-month period beginning on May 16, 2022 through November 15, 2022. In addition, the Company issued 300,000 common shares on June 8, 2022 to the consultant as additional compensation for services to be provided at $0.88 per share with a fair value on the date of issuance of $264,000. The Company recorded professional consulting service expense of $182,000 and $273,000 for the three and nine-month periods ended September 30, 2022, respectively.

NOTE 5. INTANGIBLE ASSETS

Intangible assets consist of the following at December 31, 2021:

	Gross Carrying Amount	Accumulated Amortization	Net Intangible Asset	Amortization Period (in years)
SOBR Safe				
Intellectual Technology	$ 3,854,675	$ 610,318	$ 3,244,357	10

Intangible assets consist of the following at September 30, 2022:

	Gross Carrying Amount	Accumulated Amortization	Net Intangible Asset	Amortization Period (in years)
SOBR Safe				
Intellectual Technology	$ 3,854,675	$ 899,416	$ 2,955,259	10

Amortization expense for the nine-month periods ended September 30, 2022 and 2021 was $298,098 and $298,098, respectively, and is included in general and administrative expenses in the condensed consolidated statements of operations. Amortization expense for the three-month periods ended September 30, 2022 and 2021 was $99,366 and $99,366, respectively.

Estimated future amortization expense for device technology intangible assets is as follows:

2023	2024	2025	2026	2027	Thereafter
$ 385,467	$ 385,467	$ 385,467	$ 385,467	$ 385,467	$ 1,027,924

NOTE 6. RELATED PARTY TRANSACTIONS

On February 12, 2021, the Company entered into a note payable agreement with David Gandini, an officer and shareholder, under which Mr. Gandini advanced the Company $30,000 for working capital purposes. The unsecured note carried interest at 0% and was paid in April 2021.

On March 30, 2021, the Company received notification from IDTEC that it was exercising a portion of the 106,667 warrants issued resulting from the 2020 Waiver Under Asset Purchase Agreement and Post-Closing Covenant Agreement with IDTEC. The warrant exercise price is $ 1.50 per share. With the proceeds of the exercise, the Company paid $88,469 during the three-month period ended December 31, 2021 to settle an outstanding judgement against the Company which was considered as a non-permitted liability under the Post-Closing Covenant Agreement. We issued 58,980 shares of our common stock for the $88,470 we received from IDTEC to pay the settlement. As the shares had not been issued by March 31, 2021, the amount received from IDTEC was included in the common stock subscriptions payable balance at March 31, 2021.

On March 3 and 31, 2021, the Company issued convertible notes payable (see Note 9) totaling $350,000 to existing shareholders holding a direct or indirect interest in the Company and $200,000 to a Company's director and another director's family member. The principal amount of the secured convertible debentures are convertible at $9.00 per share, and include warrants to purchase in total 91,667 shares of the Company's common stock at $9.00 per share.

On May 31, 2021, the Company issued convertible notes payable (see Note 9) totaling $400,000 to existing shareholders holding a direct or indirect interest in the Company and $50,000 to a Company's officer. The principal amount of the secured convertible debentures are convertible at $9.00 per share, and include warrants to purchase in total 75,000 shares of the Company's common stock at $9.00 per share.

On March 1, 2022 the Board of Directors approved the designation of 3,000,000 shares of the Company's Preferred Stock as "Series B Convertible Preferred Stock". The Series B Convertible Preferred Stock shares were issued in exchange for 333,333 shares of the Company's common stock held by the Company's CEO David Gandini and 666,667 shares of the Company's common stock held by IDTEC SPV, LLC, an entity controlled by a beneficial owner of the Company (see Note 13).

On July 25, 2022, the Company entered into a Consulting Agreement with a beneficial owner of the Company. The Consulting Agreement commenced on the effective date and will continue through March 1, 2023. The Company is committed to issue 75,000 restricted shares of the Company's Common Stock to the Consultant for the professional services (See Note 11).

NOTE 7. ACCRUED EXPENSES

Accrued expenses at September 30, 2022 and December 31, 2021 consist of the following:

	September 30, 2022	December 31, 2021
Registration rights and default damages and penalties (see Note 8)	$ -	$ 189,663
Consulting services	203,647	163,647
Other	178,698	110,590
Accrued expenses	**$ 382,345**	**$ 463,900**

NOTE 8. CONVERTIBLE DEBENTURE PAYABLE

Convertible debenture payable at September 30, 2022 and December 31, 2021 consist of the following:

	September 30, 2022	December 31, 2021
Convertible Debenture Payable with Detached Free-standing Warrant	$ -	$ 3,048,781
Unamortized Debt Discount	-	(1,291,882)
Net Convertible Debenture Payable	**$ -**	**$ 1,756,899**

On September 28, 2021, (the "Closing Date") the Company completed a financing transaction under a Securities Purchase Agreement (the "SPA") and corresponding 18% Original Issue Discount Convertible Debenture (the "Debenture"), Common Stock Purchase Warrant (the "Original Warrant") and Registration Rights Agreement ("RRA"). Under the terms of the SPA, the Company received $2,500,000 from the Purchaser and in exchange issued the Debenture in the principal amount of $3,048,781 and Original Warrants to purchase up to 406,504 shares of the Company's common stock. The Debenture is convertible voluntarily by the Purchaser at any time into shares of our common stock, at the lesser of $7.50, representing 100% of the closing price of our common stock on the trading day immediately prior to the Closing Date, or 75% of the average VWAP of our common stock during the 5 trading day period immediately prior to the conversion date (the "Conversion Price"), or automatically upon the occurrence of a single public offering of our common stock which results in the listing of our common stock on a national securities exchange as defined in the Exchange Act (the "Qualified Offering") into shares of our common stock at the lesser of the Conversion Price, or 75% of the offering price of the securities offered in the Qualified Offering. The Debenture due date is March 27, 2022, does not accrue interest unless there is an event of default under the terms of the Debenture. The Original Warrant is exercisable at any time through September 28, 2026 into shares of our common stock at an exercise price of $6.00 per share, unless an event of default occurs, at which time the exercise price will adjust to $3.00 per share. The Original Warrant contains a cashless exercise provision but only in the event the Company fails to have an effective registration statement registering the common shares underlying the Original Warrant at any time beginning six months from the Closing Date. The RRA requires the Company to register for resale and maintain effectiveness of such Registration Statement for such all of the registrable securities under the terms of the Debenture and Original Warrant, within defined time frames. Should the Company fail to meet the RRA requirements, until the date causing such event of noncompliance is cured, Company shall pay to the Purchaser as partial liquidated damages equal to the product of 2% of the principal amount not to exceed 24% of the aggregate principal. If the Company fails to pay of the liquidated damages within seven days after the date payable, the Company will pay interest at 18% until such amounts are paid in full. The filing date requirements were cured in February 2022. Total RRA damages and estimated related costs are approximately $195,105. Damages and accrued interest expense are included in general and administrative expenses in the Condensed Consolidated Statement of Operations. The Company recorded interest expense of $5,443 and none for the nine-months ended September 30, 2022 and 2021.

The Debenture matured on March 27, 2022 and the Company did not make the required principal payment putting the Company in default under the terms of the Debenture. On March 30, 2022, we entered into a Waiver Agreement with the Purchaser, under which the Purchaser granted the Company a waiver of the default penalties under the Debenture such that any default penalties will not be charged and/or due until April 17, 2022 (the "Waiver"). Default penalties at the Purchaser's election are due and payable at the Mandatory Default Amount defined as the sum of (a) the greater of (i) the outstanding principal amount of this Debenture, plus all accrued and unpaid interest hereon, divided by the Conversion Price on the date the Mandatory Default Amount is either (A) demanded or otherwise due or (B) paid in full, whichever has a lower Conversion Price, multiplied by the VWAP on the date the Mandatory Default Amount is either (x) demanded or otherwise due or (y) paid in full, whichever has a higher VWAP, or (ii) 130% of the outstanding principal amount of this Debenture, plus 100% of accrued and unpaid interest hereon, and (b) all other amounts, costs, expenses and liquidated damages due in respect of this Debenture, As the default had not been cured through the Waiver date, mandatory default penalties of $914,634 are included in general and administrative expense in the Condensed Consolidated Statement of Operations for the nine-months ended September 30, 2022.

In exchange for the Waiver of the default penalties the Company agreed to: (i) amend that certain Common Stock Warrant (the "Original Warrant") issued by the Company to the Purchaser dated September 27, 2021 to extend the Termination Date (as defined in the Original Warrant) from September 28, 2026 to September 28, 2028; and (ii) issue the Purchaser a second Common Stock Purchase Warrant (the "New Warrant") entitling the Purchaser to subscribe for and purchase up to an additional 101,626 shares of our common stock, expiring March 29, 2029, with all other terms of the warrant the same as the Original Warrant. We also agreed, within thirty (30) days of the date of the Waiver, to file a Registration Statement on Form S-1 (or, if such form is unavailable for such a registration, on such other form as is available for such registration), covering the resale of all of the shares underlying the New Warrant. As a result of the default event, Debenture's automatic conversion features upon the occurrence of a Qualified Offering no longer apply and interest accrues at 18% per annum on the principal amount.

The Company evaluated the Debenture for derivative embedded and beneficial conversion features and determined that its embedded conversion feature carried a debt discount. The total conversion feature debt discount of $980,000 is amortized over the life of the convertible debenture. The debt discount amortization expense recorded as amortization of interest in the Condensed Consolidated Statements of Operations was $465,635 and $16,245 for the nine-month periods ended September 30, 2022 and 2021, respectively.

On September 28, 2022, the Company entered into a PIPE Offering pursuant to a Securities Purchase Agreement (the "Agreement") and Registration Rights Agreement (the "Registration Rights Agreement") where the Company agreed to issue Non-Prefunded and Prefunded PIPE Units consisting of one share of common stock and one non-tradeable warrant exercisable for one common share at a price of $1.35 per warrant (See Note 2). Pursuant to agreements related to the issuance of Debenture Original Warrants and New Warrants both warrants contain an adjustment provision (the "Adjustment") whereby upon a Dilutive Issuance (as defined in the Original Warrant and the New Warrant), the holder of such warrants shall be entitled to receive shares of common stock at an effective price per share that is less than the Exercise Price (as defined in the warrants), and such issuance shall be deemed to have occurred for less than the Exercise Price on such date of the Dilutive Issuance at such effective price. Entering into the PIPE Offering initiated the Adjustment and an aggregate 1,750,225 warrants the (the "Armistice Warrants") consisting of (i) 1,400,180 warrants pursuant to the Adjustment terms under the Original Warrant, and (ii) 350,045 warrants pursuant to the Adjustment terms of New Warrants.

As of September 30, 2022 and 2021, the debenture carries outstanding warrants of2,258,355 and 406,504, respectively. The relative fair market value of the related stock warrants granted during the nine-month periods ended September 30, 2022 and 2021 was $4,359,583 and $847,048, respectively.

The unamortized discount at September 30, 2022 and December 31, 2021 was none and $402,465, respectively. Stock warrants amortization expense recorded as interest expense was $465,635 and $14,039 for the nine-month periods ended September 30, 2022 and 2021, respectively.

The Company incurred $548,781 of Original Issue Discount and $275,000 of debt issuance costs related to the Debenture which is being amortized to interest expense over the term of the debt using the effective interest method. The unamortized discount and issuance costs at September 30, 2022 and December 31, 2021 was none and $423,782, respectively. Interest expense related to the Original Issue Discount and debt issuance costs was $423,782 and none for the nine-month periods ended September 30, 2022 and 2021, respectively.

On May 19, 2022, the principal balance of the Debenture in default of $3,048,781, was paid in full satisfying all amounts due and accrued under the default, including penalty, damages and interest provisions of the agreement. Where the Company was not required to pay the penalty, damages and interest provision of the agreement, a gain on extinguishment of debt of $1,109,105 was recorded during the nine-month period ended September 30, 2022.

NOTE 9. NOTES PAYABLE

RELATED PARTIES

Related party notes payable at September 30, 2022 and December 31, 2021 consist of the following:

	September 30, 2022	December 31, 2021
Convertible Notes Payable with Detached Free-standing Warrants	$ 1,000,000	$ 1,000,000
Conventional Non-Convertible Notes Payable	11,810	11,810
Unamortized Debt Discount	(271,575)	(645,547)
Net Related Party Notes Payable	$ 740,235	$ 366,263
Current Portion	(740,235)	(11,810)
Net Long-Term Portion	**$ -**	**$ 354,453**

Total interest expense for related party notes was $89,753 and $55,151 for the nine-month periods ended September 30, 2022 and 2021, respectively.

Related Party Convertible Notes Payable with Warrants

The Company has thirteen convertible notes payable to related parties, each with detached free-standing warrants to purchase the Company's common stock at $9.00 per share, that have a total principal balance of $1,000,000 as of September 30, 2022. The notes, secured by the Company's patents and patents applications, include interest at 12%, are convertible at $9.00 per share of the Company's common stock and are due 24 months after issuance. The note holders may elect to have the interest paid in cash monthly or have the interest accrue and be payable on the maturity date. Interest elected to be accrued will be paid in cash or may be converted into shares of our common stock under the same terms as the principal amount on the maturity date. The notes contain both voluntary and automatic conversion features. The notes will be convertible at any time, by the holders, beginning on the date of issuance. However, the holders may not convert any outstanding amounts due under the note if at the time of such conversion the amount of common stock issued for the conversion, when added to other shares of Company common stock owned by the holders or which can be acquired by holders upon exercise or conversion of any other instrument, would cause the holder to own more than 4.9% of the Company's outstanding common stock. Beginning on the issuance date, the outstanding principal amount of the note, and any accrued interest, will automatically convert into shares of the Company's common stock if the Company's common stock closes at or above $6.00 per share for five (5) consecutive trading days while listed on NASDAQ. The Company evaluated the convertible notes payable for derivative embedded and beneficial conversion features. The Company determined that there were beneficial conversion features to record. The total beneficial conversion feature debt discount of $448,999 is amortized over the life of the convertible notes payable.

The debt discount amortization expense recorded as amortization of interest – beneficial conversion feature in the Condensed Consolidated Statements of Operations was $167,913 and $101,070 for the nine-month periods ended September 30, 2022 and 2021, respectively. The unamortized beneficial conversion feature was $123,429 and $291,343 at September 30, 2022 and December 31, 2021, respectively. As of September 30, 2022, these notes carry outstanding warrants of 166,667. The relative fair market value of the related stock warrants granted during the nine-month periods ended September 30, 2022 and December 31, 2021 was none and $551,001, respectively. Stock warrants amortization expense recorded as interest expense was $206,059 and $127,354 for the nine-month periods ended September 30, 2022 and 2021, respectively. The unamortized discount at September 30, 2022 and December 31, 2021 is $148,146 and $354,205, respectively.

Related Party Non-Convertible Notes Payable

The Company has one non-convertible note payable to a related party that has a principal balance of $11,810 as of September 30, 2022 and December 31, 2021. The note carries an interest rate at 0%. The note payable had a due date of December 31, 2012 and is currently in default.

NON-RELATED PARTIES

Non-related party notes payable at September 30, 2022 and December 31, 2021 consist of the following:

	September 30, 2022	December 31, 2021
Convertible Notes Payable with Detached Free-Standing Warrants	$ 1,005,000	$ 1,005,000
Convertible Notes Payable	9,183	56,683
Non-Convertible Notes Payable	176,156	42,500
Notes Payable with Detached Free-Standing Warrants	-	5,000
Unamortized Debt Discount	(271,147)	(648,580)
Net Non-Related Party Notes Payable	$ 919,192	$ 460,603
Current Portion	(919,192)	(104,183)
Net Long-Term Portion	**$ -**	**$ 356,420**

Total interest expense for non-related party notes was $100,687 and $31,614 for the nine-month periods ended September 30, 2022 and 2021, respectively.

Convertible Notes Payable with Detached Free-Standing Warrants

The Company has sixteen convertible notes payable to non-related parties, each with detached free-standing warrants to purchase the Company's common stock at $9.00 per share, that have a total principal balance of $1,005,000 as of September 30, 2022 and December 31, 2021. The notes, secured by the Company's patents and patents applications, include interest at 12%, are convertible at $9.00 per share of the Company's common stock and are due 24 months after issuance. The note holders may elect to have the interest paid in cash monthly or have the interest accrue and be payable on the maturity date. Interest elected to be accrued will be paid in cash or may be converted into shares of our common stock under the same terms as the principal amount on the maturity date. The notes contain both voluntary and automatic conversion features. The notes will be convertible at any time, by the holders, beginning on the date of issuance. However, the holders may not convert any outstanding amounts due under the note if at the time of such conversion the amount of common stock issued for the conversion, when added to other shares of Company common stock owned by the holders or which can be acquired by holders upon exercise or conversion of any other instrument, would cause the holder to own more than 4.9% of the Company's outstanding common stock. Beginning on the issuance date, the outstanding principal amount of the note, and any accrued interest, will automatically convert into shares of the Company's common stock if the Company's common stock closes at or above $6.00 per share for five (5) consecutive trading days while listed on NASDAQ. The Company evaluated the convertible notes payable for derivative embedded and beneficial conversion features. The Company determined that there were beneficial conversion features to record. The total beneficial conversion feature debt discount of $460,215 is amortized over the life of the convertible notes payable.

The debt discount recorded as amortization of interest – beneficial conversion feature in the consolidated statements of operations was $173,353 and $105,060 for the nine-month periods ended September 30, 2022 and 2021. The unamortized beneficial conversion feature was $123,803 and $297,156 at September 30, 2022 and December 31, 2021, respectively. As of September 30, 2022, these notes carry outstanding warrants of 167,500. The relative fair market value of the related stock warrants granted during the nine-month periods ended September 30, 2022 and 2021 was none and $541,707, respectively. Stock warrants amortization expense recorded as interest expense was $204,080 and $122,012 for the nine-month periods ended September 30, 2022 and 2021. The unamortized discount at September 30, 2022 and December 31, 2021 was $147,345 and $351,425, respectively.

Convertible Notes Payable

The Company has two convertible notes payable to non-related parties that have a principal balance of $9,183 as of September 30, 2022 and three convertible notes payable to non-related parties that have a principal balance of $56,683 as of December 31, 2021. These notes carry interest rates ranging from 5% - 12% and have due dates ranging from February 2013 to March 2022. Two of the three notes are currently in default. These notes carry a conversion price of $6.00 to $32.29 per share. On March 3, 2022 the Company authorized the issuance of 7,917 shares of common stock under the terms of a $47,500 convertible note payable issued March 6, 2020 with interest at 5%, due March 6, 2022 and convertible at $6.00 per share. The Company evaluated these convertible notes payable for derivative embedded and beneficial conversion features. The Company determined that there were beneficial conversion features to record. The conversion features were either fully amortized upon grant or over the life of the convertible notes payable.

Non-convertible Notes Payable

The Company has two non-convertible notes payable to non-related parties that have a principal balance of $17,500 as of September 30, 2022, and December 31, 2021. These notes carry interest rates ranging from 9% - 10% and have due dates ranging from December 2013 to November 2015 of which the two notes are currently in default.

On May 25, 2022, the Company entered into a financing agreement for payment of annual Directors & Officers insurance premiums for coverage from May 2022 through May 2023 totaling $349,455. The financing agreement required an initial down payment of $74,866 with the remaining amount of $274,559 financed for a nine-month period at an annual interest rate of 4.37% with monthly payments of $31,068 beginning in June 2022 through February 2023. The Company recorded $2,355 and $3,340 of insurance expense related to the prepaid insurance for the three and nine-month periods ending September 30, 2022.

Notes Payable with Detached Free-Standing Warrants

The Company has one note payable with detached free-standing warrants to a non-related party that has a principal balance of $5,000 as of September 30, 2022 and December 31, 2021. This note carries an interest rate of 10% and had a due date of September 2014. This note is currently in default. The detached free-standing warrants for this note payable were not exercised by the note holder and expired in 2019.

NOTE 10. DERIVATIVE LIABILITY

Warrants Issued with Convertible Debenture

In September 2021, the Company completed a financing transition and received $2,500,000 from the Purchaser and in exchange issued an 18% Original Issue Discount Convertible Debenture in the principal amount of $3,048,781. The debenture includes voluntary and automatic conversion features at a variable conversion prices convertible into the Company's common shares at an undetermined future date. The Company analyzed the conversion features of the debenture agreement for derivative accounting consideration under ASU 2017-11 (ASC 815-15, *Derivatives and Hedging*), and determined the embedded conversion features should be classified as a derivative because the exercise price of the convertible note is subject to a variable conversion rate and should therefore be accounted for at fair value under ASC 820, *Fair Value Measurements and Disclosures,* and ASC 825, *Financial Instruments*. In accordance with ASC 815-15, the Company bifurcated the conversion feature of the debenture and recorded a derivative liability.

The embedded derivative for the debenture is carried on the Company's balance sheet at fair value. The derivative liability is marked to market each measurement period and any unrealized change in fair value is recorded as a component of the consolidated statement of operations and the associated fair value carrying amount on the balance sheet was adjusted by the change. The Company fair valued the embedded derivative using a Monte Carlo simulation model based on the following assumptions: (1) expected volatility of 120%, (2) risk-free interest rate of 0.05%, and (3) expected life from 4 to 6 months. On September 28, 2021, the Closing Date of the transaction, the fair value of the embedded derivative was $980,000 and is amortized to interest expense over the term of the Debenture.

Upon completing a cash payment of the principal balance of the Convertible Debenture on May 19, 2022, the voluntary and automatic conversion feature associated with the derivative liability no longer existed. Utilizing level 3 inputs, the Company recorded a fair market value net gain of $1,040,000 for the nine-month period ended September 30, 2022. The fair value of the embedded derivative recorded on the balance sheet as a liability was none at September 30, 2022.

A summary of the activity of the derivative liability is shown below:

Balance at December 31, 2021	**$**	**1,040,000**
Fair value of derivatives issued		-
Fair value adjustments, net		(1,040,000)
Balance at September 30, 2022	**$**	**-**

NOTE 11. COMMON STOCK SUBSCRIPTION PAYABLE

On July 25, 2022, the Company entered into a Consulting Agreement for professional services primarily focused on business development opportunities to enhance exposure to the Company's devices and detection systems. The Consultant is operated by a beneficial owner of the Company. The Consulting Agreement commenced on the effective date and will continue through March 1, 2023. The Company is committed to issue 75,000 restricted shares of the Company's Common Stock to the Consultant for the professional services. The restricted shares are to be issued no later than 30-days from the signing of the Consulting Agreement, or August 24, 2022. As of September 30, 2022, the restricted common shares had not been issue d resulting in a common stock subscription payable due of $70,500.

NOTE 12. COMMON STOCK

The Company's common stock transactions for the nine-months ended September 30, 2021, consist of the following:

The Company issued 14,390 shares of its common stock to SOBR Safe, LLC, an entity controlled by a beneficial owner of the Company, in full satisfaction of $107,880 of accrued dividends resulting from the December 2020 conversion of the Series A-1 Convertible Preferred Stock into common shares.

The Company issued 16,000 shares of its common stock valued at $49,600 to its landlord under the terms of a lease agreement expiring in February 2022. The amount has been recorded as prepaid expense and amortized monthly over the lease term as general and administrative expense in the consolidated statement of operations.

The Company's common stock transactions for the nine-months ended September 30, 2022, consist of the following:

The Company issued 16,667 shares of its common stock for RSUs vested during 2021.

The Company issued 7,917 shares of common stock under the terms of a $47,500 convertible note payable.

On March 1, 2022, the Company exchanged 1,000,000 shares of common stock for 3,000,000 shares of Series B convertible preferred stock (see Note 13).

On May 18, 2022, the Company issued 2,352,942 shares of common stock in connection with a completed underwritten public offering. The Company received approximately $8,779,000 of net proceeds from the sale of an underwritten public offering of 2,352,942 units (Units) at a public offering price of $4.25 per Unit, with each Unit consisting of one share of our Common Stock, par value $0.00001, and two warrants each to purchase one share of Common Stock.

The Company issued 16,667 shares of its common stock for RSUs vested during 2022.

The Company issued 500,000 shares of its common stock to a consultant as a prepayment for strategic advisory and digital marketing services. The common shares were issued at $0.91 per share with a fair value on the date of issuance of $455,000.

The Company issued 300,000 shares of its common stock to a consultant as prepayment for business development consulting services. The common shares were issued at $0.88 per share with a fair value on the date of issuance of $264,000.

On September 30, 2022, the Company issued 1,925,677 shares of common stock in connection with a completed PIPE Offering. The Company received approximately $5,140,000 of net proceeds from the sale of 4,054,055 PIPE units at an offering price of $1.48 per PIPE unit. In connection with the PIPE Offering, the Company issued 1,925,677 Non-Prefunded Units and 2,128,378 Prefunded Units at a purchase price of $1.48 per unit priced at-the-market under Nasdaq rules. The Prefunded Units were sold at the same price less the Prefunded Warrant exercise price of $0.001. Each Non-Prefunded Unit consists of one share of common stock and one non-tradable Non-Prefunded Warrant exercisable for one share of common stock, at a price of $1.35, subject to adjustments pursuant to the non-prefunded warrant agreement ("Non-Prefunded Warrant Agreement"). Each Prefunded Unit consists of one share of a Non-Prefunded Warrant and one non-tradable Prefunded Warrant exercisable for one share of common stock, at a price of $1.35 less the Prefunded Warrant exercise price of $0.001, subject to adjustments pursuant to the prefunded warrant agreement ("Prefunded Warrant Agreement").

NOTE 13. PREFERRED STOCK

On March 1, 2022 the Board of Directors approved the designation of 3,000,000 shares of the Company's Preferred Stock as "Series B Convertible Preferred Stock". The 3,000,000 Series B Convertible Preferred Stock shares were issued in exchange for 333,333 shares of the Company's common stock held by the Company's CEO David Gandini and 666,667 shares of the Company's common stock held by IDTEC SPV, LLC, an entity controlled by a beneficial owner of the Company. The Company entered into the Share Exchange Agreements to provide certain changes to its capital structure in connection with the planned underwriting offering and listing on Nasdaq. The rights and preferences of the Series B Convertible Preferred Stock are as follows: (a) dividends shall not be mandatory or cumulative, (b) liquidation preference over the Company's common stock, (c) each three shares of Series B Convertible Preferred Stock shall be convertible, at the option of the holder, beginning on the date that is six months from the date the Holder acquired the shares of Series B Convertible Preferred Stock, and without the payment of additional consideration by the holder , into one share of common stock, (d) no redemption rights by the Company, (e) no call rights by the Company, and (f) each share of Series B Convertible Preferred Stock will vote on an "as converted" basis.

NOTE 14. STOCK WARRANTS, STOCK OPTIONS AND RESTRICTED STOCK UNITS

The Company accounts for share-based compensation stock options and restricted stock units, and non-employee stock warrants under ASC 718, whereby costs are recorded based on the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable, utilizing either the Black-Scholes pricing model or the Monte Carlo simulation option pricing model for stock options and warrants, and the closing price of our common stock on the grant date for restricted stock units. Unless otherwise provided for, the Company covers equity instrument exercises by issuing new shares.

Stock Warrants

During March, April and May 2021, the Company issued through the Offering convertible notes payable with warrants, (see Note 9), to purchase up to 334,167 shares of our common stock at an exercise price of $9.00 per share. The warrants expire two years after the date of issuance.

On September 28, 2021 and March 30, 2022 the Company issued through the sale of the Debenture Original Warrants and New Warrants, (see Note 8), to purchase up to 406,504 and 101,626, respectively, shares of our common stock at an exercise price of $6.00 per share. The Original Warrants and New Warrants expire seven years after the date of issuance and were valued using the Monte Carlo simulation option pricing model at approximately $847,000 and $864,000, respectively.

On May 18, 2022, the Company issued through an underwritten public offering 4,705,884 (the "Offering Warrants"), 424,116 Underwriter Warrants, and 141,177 Representative Warrants to purchase common stock of the Company at exercise prices of $4.25, $4.25 and $5.3125, respectively. The Warrants expire five years from the date of issuance and were valued at approximately $5,700,000 using the Monte Carlo simulation option pricing model.

On August 3, 2022, the Company issued 10,000 warrants, in exchange for professional services rendered, to purchase common stock of the Company at an exercise price of $4.25 per warrant. The warrants expire three years from the date of issuance and were valued at approximately $6,000 using the Black Scholes option pricing model.

On September 28, 2022, the Company entered into a private investment in public equity offering (the "PIPE Offering") pursuant to a Securities Purchase Agreement (the "Agreement") and Registration Rights Agreement (the "Registration Rights Agreement") where the Company agreed to issue Non-Prefunded and Prefunded PIPE Units consisting of one share of common stock and one non-tradeable warrant exercisable for one common share at a price of $1.35 per warrant (See Note 2). Pursuant to agreements related to the issuance of Debenture Original Warrants and New Warrants both warrants contain an adjustment provision (the "Adjustment") whereby upon a Dilutive Issuance (as defined in the Original Warrant and the New Warrant), the holder of such warrants shall be entitled to receive shares of common stock at an effective price per share that is less than the Exercise Price (as defined in the warrants), and such issuance shall be deemed to have occurred for less than the Exercise Price on such date of the Dilutive Issuance at such effective price. Entering into the PIPE Offering initiated the Adjustment and an aggregate 1,750,225 warrants the (the "Armistice Warrants") consisting of (i) 1,400,180 warrants pursuant to the Adjustment terms under the Original Warrant, and (ii) 350,045 warrants pursuant to the Adjustment terms of New Warrants. The additional issuance of the Original Warrants and New Warrants expire seven years from the date of original issuance on September 28, 2021, and March 30, 2022, respectively. The additional Original Warrants and New Warrants were valued at approximately $3,495,000 using the Monte Carlo simulation option pricing model.

As of September 30, 2022, the Convertible Debenture carries outstanding warrants in the form of Original Warrants and New Warrants of 2,258,355, in aggregate with a relative fair market value of the related stock warrants granted of approximately $5,200,000.

On September 30, 2022, the Company issued through the PIPE Offering 4,054,055 warrants (the "PIPE Warrants") to purchase common stock of the Company at an exercise price of $1.35 per warrant. The PIPE Warrants expire seven years from the date of issuance and were valued at approximately $9,300,000 using the Monte Carlo simulation option pricing model.

Also on September 30, 2022, the Company issued through the PIPE Offering 2,128,378 Prefunded Warrants to purchase common stock of the Company at an exercise price of $0.001 per warrant. The Prefunded Warrants are exercisable immediately upon issuance and expire when exercised in full.

The Prefunded Warrants are classified as a component of permanent stockholders' equity within additional paid-in capital and were recorded at the issuance date using a relative fair value allocation method. The Prefunded Warrants are equity classified because they (i) are freestanding financial instruments that are legally detachable and separately exercisable from the equity instruments, (ii) are immediately exercisable, (iii) do not embody an obligation for the Company to repurchase its shares, (iv) permit the holders to receive a fixed number of shares of common stock upon exercise, (v) are indexed to the Company's common stock and (vi) meet the equity classification criteria. In addition, such Prefunded Warrants do not provide any guarantee of value or return. The Company valued the Prefunded Warrants at issuance concluding the purchase price approximated the fair value and allocated net proceeds from the purchase proportionately to the common stock and Prefunded Warrants, of which $3,150,000 was allocated to the Prefunded Warrants and recorded as a component of Additional Paid-in-Capital.

The total outstanding balance of all stock warrants in the Company is 14,151,925 and 836,464 at September 30, 2022 and December 31 2021, respectively. There were 13,315,461 detached free-standing stock warrants granted during the nine-month period ended September 30, 2022, and 740,671 detached free-standing stock warrants granted during the nine-month period ended September 30, 2021. The fair value of these non-employee stock warrants granted during the nine-month periods ended September 30, 2022 and 2021 totaled $27,540,584 and $1,939,756, respectively, and were determined using the Monte Carlo simulation and Black-Scholes option pricing models based on the following assumptions:

	September 30, 2022	September 30, 2021
Exercise Price	$1.35 – 6.00	$6.00 – 9.00
Dividend Yield	0%	0%
Volatility	110 – 160%	120 – 158%
Risk-free Interest Rate	2.45 – 3.88%	0.14 – 0.98%
Life of Warrants	3 – 7 Years	2 – 5 Years

The following table summarizes the changes in the Company's outstanding warrants during the nine-month periods ended September 30, 2022 and 2021:

	Warrants Outstanding Number of Shares	Exercise Price Per Share	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Balance at December 31, 2020	194,773	$ 1.50 – 6.00	3.80 Years	$ 2.82	$ 1,173,737
Warrants Granted	740,671	$ 6.00 – 9.00	3.40 Years	$ 7.35	$ 108,506
Warrants Exercised	(58,980)	$ 1.50		$ 1.50	
Warrants Expired	-				
Balance at September 30, 2021	876,464	$ 1.50 – 9.00	3.30 Years	$ 6.75	$ 665,424

	Warrants Outstanding Number of Shares	Exercise Price Per Share	Weighted Average Remaining Contractual Life(1)	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Balance at December 31, 2021	836,464	$ 1.50 – 9.00	3.04 Years	$ 6.78	$ 1,784,838
Warrants Granted	13,315,461	$ 1.35 – 5.31	5.80 Years	$ 1.94	$ 9,896,694
Warrants Exercised	-				
Warrants Expired/Forfeited	-				
Balance at September 30, 2022	14,151,925	$ 1.35 – 9.00	5.66 Years	$ 1.62	$ 14,934,593

(1) The September 30, 2022 Prefunded Warrants granted are exercisable immediately upon issuance and expire when exercised in full, thus having no definitive expiration date. As such, the Prefunded Warrants have been excluded from the Weighted Average Remaining Contractual Life calculations.

Share-Based Compensation

On October 24, 2019, the Company's 2019 Equity Incentive Plan (the *"Plan")* went effective authorizing 1,282,823 shares of Company common stock for issuance as stock options and restricted stock units ("*RSUs")* to employees, directors or consultants. The Plan was approved by the Company's Board of Directors and the holders of a majority of the Company's voting stock on September 9, 2019. In January 2022, the stockholders ratified a further authorization of shares of common stock for a total of 1,733,333 shares subject to the Plan.

The Company generally recognizes share-based compensation expense on the grant date and over the period of vesting or period that services will be provided.

Stock Options

As of September 30, 2022 and December 31, 2021, the Company has granted stock options to acquire 1,084,921 and 1,036,588 shares of common stock under the plan, respectively. As of September 30, 2022, the plan has 844,977 vested options and 256,712 non-vested options. As of December 31, 2021, the plan had 618,841 vested shares and 417,747 non-vested shares. The stock options are held by our officers, directors, employees, and certain key consultants.

In total for the nine-months ended September 30, 2022 and 2021, the Company recorded in general and administrative expense $1,262,396 and $630,027, respectively, of share-based compensation expense related to stock options. The unrecognized compensation expense as of September 30, 2022, was approximately $1,371,614 for non-vested share-based awards to be recognized over periods of approximately one month to two years and four months.

In applying the Black-Scholes options pricing model, assumptions used to compute the fair value of the stock options granted during the nine-month periods ended September 30, 2022 and 2021 were as follows:

	September 30, 2022	September 30, 2021
Exercise Price	$ 8.25 – 9.08	$ 7.50 – 10.74
Dividend Yield	0%	0%
Volatility	191% - 192%%	44% - 185%
Risk-free Interest Rate	0.78% - 1.52%	0.16% – 1.69%
Life of Options	2 – 3 Years	1.3 – 7 Years

The following table summarizes the changes in the Company's outstanding stock options during the nine-month periods ended September 30, 2022 and 2021:

	Options Outstanding Number of Shares	Exercise Price Per Share	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Balance at December 31, 2020	857,409	$ 0.79 – 9.90	7.45 Years	$ 1.50	$ 6,302,277
Options Granted	203,509	7.50 – 10.73	2.58 Years	9.53	(414,147)
Options Exercised	-				
Options Cancelled	(70,196)	0.79 – 9.87		8.91	
Options Expired/Forfeited	-				
Balance at September 30, 2021	990,722	$ 0.79 – 10.73	6.15 Years	$ 2.63	$ 4,829,417

	Options Outstanding Number of Shares	Exercise Price Per Share	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Balance at December 31, 2021	1,053,356	$ 0.79 – 10.74	6.21 Years	$ 3.39	$ 5,804,517
Options Granted	70,000	$ 8.25 – 9.08	1.58 Years	$ 8.29	$ -
Options Exercised	-				
Options Cancelled	-				
Options Expired/Forfeited	(21,667)	$ 4.94 – 10.73		$ 9.33	
Balance at September 30, 2022	1,101,689	$ 0.79 – 10.30	5.28 Years	$ 3.59	$ 559,146

	Options Outstanding Number of Shares	Exercise Price Per Share	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Exercisable at December 31, 2021	635,609	$ 0.79 - 10.74	6.70 Years	$ 1.59	$ 4,655,089
Exercisable at September 30, 2022	844,977	$ 0.79 – 10.30	6.06 Years	$ 2.02	$ 599,156

Restricted Stock Units

The Plan provides for the grant of RSUs. RSUs are settled in shares of the Company's common stock as the RSUs become vested. In January and February 2022, the Company granted 16,667 service based RSUs to an executive officer and 25,000 service based RSUs to a director, respectively. All RSUs granted in 2022 vest the earlier of the expiration of any lock-up period that includes the securities of the Company owned by the Plan participant after the up list of the Company to a national exchange or January 1, 2023. On January 12, 2022, 16,667 shares of the Company's common stock were issued for the RSUs vested during 2021. On June 8, 2022, 16,667 shares of the Company's common stock were issued to a consultant for RSUs vested in May 2022.

The following table summarizes RSU activity under the Plan for the nine-month periods ended September 30, 2022 and 2021:

	RSUs	Weighted Average Grant Date Fair Value Per Share	Weighted Average Vesting Period
Unvested at December 31, 2020	71,667	$ 8.75	1.70 Years
Granted	61,918	8.51	1.36 Years
Vested	-		
Unvested at September 30, 2021	133,585	$ 8.63	1.08 Years

	RSUs	Weighted Average Grant Date Fair Value Per Share	Weighted Average Vesting Period
Unvested at December 31, 2021	133,585	$ 8.56	1.66 Years
Granted	41,667	6.92	0.96 Years
Vested	(16,667)	7.50	
Unvested at September 30, 2022	158,585	$ 8.24	0.25 Years

In total for the nine-months ended September 30, 2022 and 2021, the Company recorded in general and administrative expense $960,430 and $308,361, respectively, of share-based compensation expense related to RSU's. As of September 30, 2022, total estimated compensation costs of RSUs granted and outstanding but not yet vested was $ 257,118 which is expected to be recognized over the weighted average period of 3 months.

Executive Officers Stock Options and RSUs

The Company has 357,542 and 823,482 outstanding executive officers stock options exercisable at $0.79 to $10.14 and $0.79 to $10.14 per shareas of September 30, 2022 and December 31, 2021, respectively. The Company has 57,626 and 61,919 unvested RSUs granted to executive officers as of September 30, 2022 and December 31, 2021, respectively.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Operating Leases
On February 26, 2021 the Company executed an office lease, effective for a12-month term beginning March 1, 2021. The lease requires monthly base rent payments of $6,000 and the issuance of 5,333 shares of the Company's common stock. The value of the common stock of $49,600 is amortized to rent expense on a monthly basis over the lease term. This lease was not renewed. The Company leased shared office space on a monthly basis with monthly rents approximating $4,500 through June 30, 2022. The Company also leased an office space for approximately $5,000 per month on a short-term (month to month) basis through a related party which terminated on June 30, 2022. The Company entered into a lease agreement to rent office space for a twelve-month period beginning July 1, 2022 with a monthly base rent of $15,736. Rent expense under office leases, including CAM charges, was $110,570 and $106,997 for the nine-month periods ended September 30, 2022 and 2021, respectively.

Legal Proceedings
On December 6, 2006, Orange County Valet and Security Patrol, Inc. filed a lawsuit against the Company in Orange County California State Superior Court for Breach of Contract in the amount of $11,164. A default judgment was taken against the Company in this matter. In mid-2013 we learned the Plaintiff's perfected the judgment against the Company, but we have not heard from the Plaintiffs as of the date of this report. As of September 30, 2022, and December 31, 2021, the Company has accrued $11,164 plus accrued interest of approximately $18,000. In the event we pay any money related to this lawsuit, IDTEC agreed to pay the amount for the Company in exchange for shares of our common stock.

NOTE 16. SUBSEQUENT EVENTS

The Company has evaluated subsequent events for recognition and disclosure through November 14, 2022, which is the date the condensed consolidated financial statements were available to be issued, and has determined the following are material subsequent events that require recognition or disclosure in the accompanying condensed consolidated financial statements.

The Company entered into a PIPE Offering on September 28, 2022 pursuant to a Securities Purchase Agreement and Registration Rights Agreement with institutional investors issuing 1,925,677 Non-Prefunded Units and 2,128,378 Prefunded Units at a purchase price of $1.48 per unit, with each Non-Prefunded Unit and Prefunded Unit consisting of one common share and one non-tradeable warrant at a price of $1.35. Pursuant to the Underwriting Agreement of the Underwritten Public Offering completed on May 18, 2022, the Common Warrants and Underwriter Warrants each to purchase one share of common stock for an exercise price of $4.25 contain an adjustment provision whereby upon a Dilutive Issuance (as defined in the Underwriting Agreement) when the dilutive the exercise price is lower than the exercise price of the public offering, the exercise price shall be reduced to either the lower amount not to be adjusted lower than an exercise price of $2.125. Subsequent to September 30, 2022 and as of November 14, 2022, the Company has received net proceeds of approximately $3,550,000 from the exercise of approximately 1,670,000 public offering Common Warrants.

On November 4, 2022, the Board of Directors approved a Unanimous Written Consent Resolution to reprice 305,000 stock options granted under the Company's 2019 Equity Incentive Plan at 110% for employees and 100% for Board members of the November 4, 2022 closing stock price. At this time of the filing of this Form 10Q the Company had not assessed the accounting treatment or impact for the repriced values.

ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

Disclaimer Regarding Forward Looking Statements

Our Management's Discussion and Analysis or Plan of Operations contains not only statements that are historical facts, but also statements that are forward-looking. Forward-looking statements are, by their very nature, uncertain and risky. These risks and uncertainties include international, national and local general economic and market conditions; demographic changes; our ability to sustain, manage, or forecast growth; our ability to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other risks that might be detailed from time to time in our filings with the Securities and Exchange Commission ("SEC").

Although the forward-looking statements in this Quarterly Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by them. Consequently, and because forward-looking statements are inherently subject to risks and uncertainties, the actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in this report and in our other reports as we attempt to advise interested parties of the risks and factors that may affect our business, financial condition, and results of operations and prospects.

Reverse Stock Split

On November 4, 2021, our Board of Directors approved an amendment to our Articles of Incorporation to effect a reverse stock split of our outstanding common stock at a ratio between of 1-for-2 and 1-for-3 in connection with our planned listing on Nasdaq.

On January 7, 2022, our stockholders approved the same amendment to our Articles of Incorporation to effect a reverse stock split of our outstanding common stock at a ratio between of 1-for-2 and 1-for-3 in connection with our planned listing on Nasdaq, with the final ratio to be determined by our Board of Directors.

On March 4, 2022, our Board of Directors approved the reverse split ratio of 1-for-3.

On April 28, 2022, the 1-for-3 reverse stock split went effective with the State of Delaware, Financial Industry Regulatory Authority ("FINRA") and OTC Markets. As a result of the 1-for-3 reverse stock split, every three shares of our outstanding common stock prior to the effect of that amendment were combined and reclassified into one share of our common stock, and the number of outstanding shares of our common stock at the time was reduced from 23,409,415 (pre-split) to approximately 7,803,139 (post-split). No fractional shares were issued in connection with the reverse stock split, and any of our stockholders that would have been entitled to receive a fractional share as a result of the reverse stock split instead received one additional share of our common stock in lieu of the fractional share. The reverse stock split did not in itself affect any stockholder's ownership percentage of our common stock, except to the extent that any fractional share was rounded up to the nearest whole share.

Corporate Overview

We were incorporated under the name Imagine Media, Ltd. in August 2007 to publish and distribute Image Magazine, a monthly guide and entertainment source for the Denver, Colorado area. We generated only limited revenue and essentially abandoned the business plan in January 2009.

On September 19, 2011, we, Imagine Media, Ltd., a Delaware corporation, acquired approximately 52% of the outstanding shares of TransBiotec, Inc. ("TBT"), a California corporation, from TBT's directors in exchange for 124,439 shares of our common stock. In January 2012, our Board of Directors amended our Certificate of Incorporation changing our name from Imagine Media, Ltd. to TransBiotec, Inc., and we acquired approximately 45% of the remaining outstanding shares of TBT in exchange for 109,979 shares of our common stock. With the acquisitions in September 2011 and January 2012 of TBT common stock, we own approximately 99% of the outstanding shares of TBT. As a result of the acquisitions, TBT's business is our business, and, unless otherwise indicated, any references to "we" or "us" include the business and operations of TBT.

On March 9, 2020, in connection with our transaction with IDTEC, LLC our Board of Directors approved the amendment to our Certificate of Incorporation on March 9, 2020 and stockholders holding 52.24% of our then outstanding voting stock approved an amendment to our Articles of Incorporation. The Certificate of Amendment to our Certificate of Incorporation was for the purpose of, among other things, (i) changing our name from "TransBiotec, Inc." to "SOBR Safe, Inc.", (ii) effecting a 1-for-33.26 reverse stock split of our common stock, and (iii) decreasing our authorized common stock from 800,000,000 shares to 100,000,000 shares. The Certificate of Amendment to our Certificate of Incorporation became effective with the State of Delaware on April 24, 2020.

As a result of the reverse stock split effected by our Certificate of Amendment to our Certificate of Incorporation, every 33.26 shares of our outstanding common stock prior to the effect of that amendment were combined and reclassified into one share of our common stock, and the number of outstanding shares of our common stock at the time was reduced from 266,097,657 (pre-split) to approximately 8,000,000 (post-split). No fractional shares were issued in connection with the reverse stock split, and any of our stockholders that would have been entitled to receive a fractional share as a result of the reverse stock split received one additional share of our common stock in lieu of the fractional share. The reverse stock split did not in itself affect any stockholder's ownership percentage of our common stock, except to the extent that any fractional share was rounded up to the nearest whole share.

At the open of market on April 28, 2022, our 1-for-3 reverse split of our common stock went effective with the OTC Markets. As a result, all common stock share amounts, as well as share amounts and exercise and conversion prices in derivative security instruments have been adjusted to reflect the reverse stock split.

Pursuant to approval of an application with Nasdaq to uplist our common stock to their exchange under the ticker symbol "SOBR," our common stock began trading and quoted on the Nasdaq exchange on May 16, 2022. Prior to this uplist to the Nasdaq exchange, our common stock was quoted on the "OTCQB" tier of the OTC Markets under the ticker symbol "SOBR."

Our corporate offices are located at 6400 South Fiddlers Green Circle, Suite 1400, Greenwood Village, Colorado 80111, telephone number (844) 762-7723.

The following discussion:

- summarizes our plan of operation; and
- analyzes our financial condition and the results of our operations for the nine-months ended September 30, 2022.

This discussion and analysis should be read in conjunction with our financial statements included as part of this Quarterly Report on Form 10-Q, as well as our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021.

Business Operations and Outlook

We develop and provide companies with non-invasive alcohol detection technology to quickly identify the presence of alcohol. These technologies are integrated within our robust and scalable data platform, producing statistical and measurable user and business data. Our mission is to save lives, increase productivity, create significant economic benefit for our customers and positively impact behavior. To that end, we developed the scalable, patent-pending SOBRSafe™ hardware/software platform for non-invasive alcohol detection and identity verification, a solution with primary focus on warehousing and last mile fleet, alcohol rehabilitation and the judicial system. We believe that uniform daily use of our device could result in insurance savings across workers' compensation, general liability, umbrella and fleet policies.

We are now in full commercial production and are selling the SOBRcheck device, and we have executed agreements with distributors and customers. We were in revenue as of the first quarter of 2022. We are also in the process of vetting and hiring sales professionals to manage and sell accounts in the warehousing and last mile fleet, alcohol rehabilitation and the judicial markets.

Our second device, the wearable wristband SOBRsure™, utilizes the same SOBRSafe™ sensor technology and software platform, which we validated during the SOBRcheck™ pilot tests. The primary intended application for this band is for the warehousing and last mile fleet, alcohol rehabilitation and the judicial markets. . We plan for the wearable band to be commercially available in the fourth quarter of 2022.

Design, manufacturing and assembly of our SOBRcheck™ and SOBRsure™ devices are taking place in the United States. We currently utilize two companies for manufacturing of the SOBRcheck™ device. We do not have agreements in place with these companies and we operate with them on a purchase order/payment basis. We supply a purchase order, which they fulfill, and then they send us an invoice.

Our SOBRsafe™ technology can also be deployed across numerous additional devices for various uses; among those we are currently exploring include possible integration and licensing by non-competitive third parties.

On January 15, 2021, we initiated a Private Offering (the “Offering”) of up to 40 Units ($2,000,000) with each Unit consisting of one $50,000 principal amount secured convertible debenture, convertible at $9.00 per share, and a Warrant to purchase 8,333 shares of the Company’s common stock at $9.00 per share. The Secured Debentures carry interest at 12% and mature 24 months after issuance. The Warrants are exercisable six months after issuance and expire 24 months after issuance. The Offering closed on May 31, 2021 and raised $2,005,000.

On September 28, 2021, we completed a financing transaction of a convertible debenture and issued warrants (the “Debenture”) that raised $2,225,000 of net proceeds after debt issuance costs. The Debenture is for a face amount $3,048,781 with an Original Issue Discount of 18% and was due March 27, 2022, if not converted. The Debenture matured on March 27, 2022 and we did not make the required principal payment putting the Company in default under the terms of the Debenture. On March 30, 2022, we entered into a Waiver Agreement with the purchaser, under which the Purchaser granted the Company a waiver of the default penalties under the Debenture such that any default penalties will not be charged and/or due until April 17, 2022 (the “Waiver”). In exchange for the Waiver of the default penalties the Company agreed to: (i) amend the original Common Stock Warrant (the “Original Warrant”) issued by the Company to the purchaser dated September 27, 2021 to extend the Termination Date (as defined in the Original Warrant) from September 28, 2026 to September 28, 2028; and (ii) issue the Purchaser a second Common Stock Purchase Warrant (the “New Warrant”) entitling the Purchaser to subscribe for and purchase up to an additional 101,626 shares of our common stock, expiring March 29, 2029, with all other terms of the warrant the same as the Original Warrant. The extended terms of the Original Warrants and the issuance of the New Warrants resulted in additional interest expense of $164,000 and $700,000, respectively during the nine-month period ended September 30, 2022. We did not cure the default as of the Waiver date resulting in mandatory penalties of $914,634 accrued as of March 31, 2022.

We deployed the net funding we received from the 2021 financing of approximately $4.2M to bolster and expedite product development (SOBRcheck™ and SOBRsure™), deploy sales and marketing initiatives to develop the SOBR brand and grow the business and expand the employee base in correlation with customer and technology development.

On May 18, 2022, we received approximately $8,799,000 of net proceeds from the sale of an underwritten public offering of 2,352,942 units (Units) at a public offering price of $4.25 per Unit, with each Unit consisting of one share of our Common Stock, par value $0.00001, and two warrants each to purchase one share of Common Stock. The Warrants included in the Units are exercisable immediately and have an exercise price of $4.25 per share (100% of the price per Unit sold in the offering). The Warrants are not listed for trading and will expire five years from the date of their issuance. On May 19, 2022, the $3,048,781 principal balance of the Armistice Capital Master Fund, Ltd 18% Original Issue Discount Convertible Debenture in default at March 31, 2022, was paid in full satisfying all amounts due and accrued under the default, including debt forgiveness of penalty, damages and interest provisions of the loan agreement totaling $1,109,105.

On September 30, 2022, we received approximately $5,140,000 of net proceeds from a private investment in public equity offering ("PIPE Offering") of 1,925,677 Non-Prefunded Units and 2,128,378 Prefunded Units at a purchase price of $1.48 per unit priced at-the-market under Nasdaq rules. The Prefunded Units were sold at the same price less the Prefunded Warrant exercise price of $0.001. Each Non-Prefunded Unit consists of one share of common stock and one non-tradable Non-Prefunded Warrant exercisable for one share of common stock, at a price of $1.35, subject to adjustments pursuant to the non-prefunded warrant agreement ("Non-Prefunded Warrant Agreement"). Each Prefunded Unit consists of one share of a Non-Prefunded Warrant and one non-tradable Prefunded Warrant exercisable for one share of common stock, at a price of $1.35 less the Prefunded Warrant exercise price of $0.001, subject to adjustments pursuant to the prefunded warrant agreement ("Prefunded Warrant Agreement"). The Non-Prefunded Warrants are exercisable immediately upon issuance and will expire seven years from the issuance date, and the Prefunded Warrants are exercisable immediately upon issuance and expire when fully exercised.

Management believes that the net offering proceeds of approximately $13,920,000 from the underwritten public offering and the PIPE Offering, after the payment of the defaulted loan balance of $3,048,781, providing for a cash balance at September 30, 2022 of approximately $7,250,000 provides adequate working capital for operating activities for the next twelve months after the date the financial statements are issued. However, the Company is responsible for convertible notes payable plus interest at 12% per annum due 24 months from issuance in the first half of 2021. Total principal balances of the convertible notes at September 30, 2022 are $2,005,000 and are due $1,100,000, $155,000 and $750,000 in March 2023, April 2023 and May 2023, respectively. The notes are convertible at $9.00 per share of the Company's common stock. The notes contain both voluntary and automatic conversion features. The notes may be convertible at any time, by the holders, beginning on the date of issuance. The notes automatically convert into shares of the Company's common stock if the Company's common stock closes at or above $6.00 per share for five (5) consecutive trading days while listed on Nasdaq. Should the notes not automatically convert or a significant portion of the note holders voluntarily not convert the notes to our common stock, we may need additional funds beyond the funds raised in the underwritten public offering and the PIPE offering. Subsequent to September 30, 2022, we received net proceeds of approximately $3,550,000 from the exercise of approximately 1,670,000 public offering Common Warrants at an exercise price of $2.125 per share as adjusted for a dilutive issuance as defined in the Underwriting Agreement.

In addition capital may be required under the following circumstances, 1) accelerated customer acquisition increasing capital outlay, 2) advanced purchasing of materials due to COVID backlog, 3) acquisition of new technology, 4) potential acquisition of a key asset, and 5) global expansion.

Results of Operations for Three-Months Ended September 30, 2022 Compared to Three-Months Ended September 30, 2021

Summary of Results of Operations

	Three-Months Ended September 30,	
	2022	**2021**
Revenue	$ 9,734	$ -
Cost of goods sold	4,950	-
Gross Profit	4,784	-
Operating expenses:		
General and administrative	1,997,822	949,293
Stock-based compensation expense	329,323	147,163
Research and development	459,847	566,655
Total operating expenses	2,786,992	1,663,111
Operating loss	(2,782,208)	(1,663,111)
Other income (expense):		
Other income (expense), net	1,292	-
Interest expense	(201,943)	(227,475)
Amortization of interest – conversion features	(115,831)	(130,830)
Total other income, net	(316,482)	(358,305)
Net loss	$ (3,098,690)	$ (2,021,416)

Operating Loss; Net Loss

Our net loss increased by $1,077,274 from $2,021,416 to $3,098,690, from the three-month period ended September 30, 2021 compared to the three-month period ended September 30, 2022. The change in our net loss and operating loss for the three -months ended September 30, 2022, compared to the same prior year period, is primarily a result of acceleration of our planned strategic operational and financing activities resulting in increases in interest and other financing related costs, general and administrative expenses, and stock-based compensation expense. The changes are detailed below.

Revenue

Prior to the three-month period ended September 30, 2022, we progressed to commercial production, launch and sale of our first SOBRcheck™ devices and software solution to initial customers with our devices being delivered for use in January 2022. Since, we have executed customer agreements, invoiced these customers and recognized revenue of $9,734 during the three-months ended, September 30, 2022.

Gross Profit

The cost of goods sold for the three-months ended September 30, 2022 was $4,950 resulting in a gross profit of $4,784 and a gross margin of 49%. Due to the limited history of generating revenue, the gross profit and gross margin for the three-months ended September 30, 2022 is not indicative of future planned or actual performance of the Company, its product lines or services.

General and Administrative Expenses

General and administrative expenses increased by $1,048,529, from $949,293 for the three-month period ended September 30, 2021 to $1,997,822 for the three-month period ended September 30, 2022. The increase from the same prior year period is primarily due to increases in our employee compensation and benefits of $148,339, employee stock-option expense of $77,407, professional, legal and consulting services of $670,131, general insurance expense of $76,125, business development and marketing expense of $17,190 and an increase in other general & administrative expenses in aggregate of $59,337.

Stock-Based Compensation Expense

The Company had stock-based compensation expense of $329,323 for the three-months ended September 30, 2022, compared to $147,163 the three-months ended September 30, 2021. The stock-based compensation expense was related to the issuance of our common stock or restricted stock units as compensation to certain consultants and employees.

Research and Development

Research and development decreased by $106,808 to $459,847 for the three-months ended September 30, 2022, compared to $566,655 for the three-months ended September 30, 2021. The decrease in research and development can be attributed to the finalization of our initial develop of our SOBRsure wearable device and SOBRsafe software platform during the three-months ended September 30, 2022 as compare to full development activities in the prior year for the SOBRcheck device and initiation of the SOBRsafe software platform in preparation to commercialize the device in January 2022.

Interest Expense

Interest expense decreased by $25,532, from $227,475 for the three-month period ended September 30, 2021 to $201,943 for the three-month period ended September 30, 2022. This decrease is primarily attributable to the Company paying off outstanding convertible debt in May 2022 as compared to incurring the convertible debt in September 2021.

Amortization of Interest – Conversion Features

During the three-months ended September 30, 2022, the Company had amortization of interest – beneficial conversion feature expense of $115,831 compared to $130,830 during the three-months ended September 30, 2021, resulting in a decrease of $14,999. The decrease can be attributed to the amortized discount on convertible notes payable of which we had substantially less outstanding convertible debt during the three-months ended September 30, 2022 compared to the same period in 2021.

Results of Operations for Nine-Months Ended September 30, 2022 Compared to Nine-Months Ended September 30, 2021

Summary of Results of Operations

	Nine-Months Ended September 30,	
	2022	**2021**
Revenue	$ 12,734	$ -
Cost of goods sold	6,050	-
Gross Profit	6,684	-
Operating expenses:		
General and administrative	5,145,857	2,557,935
Stock-based compensation expense	1,080,930	334,228
Research and development	992,491	1,052,650
Total operating expenses	7,219,278	3,944,813
Operating loss	(7,212,594)	(3,944,813)
Other income (expense):		
Other income (expense), net	217,722	-
Gain on debt extinguishment	245,105	-
Gain of fair value adjustment – derivatives	1,040,000	-
Interest expense	(2,340,085)	(399,381)
Amortization of interest – conversion features	(806,902)	(222,373)
Total other income, net	(1,644,160)	(621,754)
Net loss	$ (8,856,754)	$ (4,566,567)

Operating Loss; Net Loss

Our net loss increased by $4,290,187 from $4,566,567 to $8,856,754, from the nine-month period ended September 30, 2021 compared to the nine-month period ended September 30, 2022. The change in our net loss and operating loss for the nine-months ended September 30, 2022, compared to the same prior year period, is primarily a result of acceleration of our planned strategic operational and financing activities resulting in increases in interest and other financing related costs, general and administrative expenses, and stock-based compensation expense, offset by a reduction in research and development expense and gains related to debt extinguishment and fair-value adjustments to derivative liabilities. The changes are detailed below.

Revenue

Prior to the nine-month period ended September 30, 2022, we progressed to commercial production, launch and sale of our first SOBRcheck™ devices and software solution to initial customers with our devices being delivered for use in January 2022. Since, we have executed customer agreements, invoiced these customers and recognized revenue of $12,734 during the nine-months ended, September 30, 2022.

Gross Profit

The cost of goods sold for the nine-months ended September 30, 2022 was $6,050 resulting in a gross profit of $6,684 and a gross margin of 52%. Due to the limited history of generating revenue, the gross profit and gross margin at September 30, 2022 is not indicative of future planned or actual performance of the Company, its product lines or services.

General and Administrative Expenses

General and administrative expenses increased by $2,587,922, from $2,557,935 for the nine-month period ended September 30, 2021 to $5,145,857 for the nine-month period ended September 30, 2022. The increase from the same prior year period is primarily due to increases in our employee compensation and benefits of $443,182, employee stock-option expense of $863,137 professional, legal and consulting services of $1,021,089, general insurance expense of $107,289, licenses & fees of $61,456 and an aggregate increase of $91,769 in other general & administrative expenses.

Stock-Based Compensation Expense

The Company had stock-based compensation expense of $1,080,930 for the nine -months ended September 30, 2022, compared to $334,228 for the nine-months ended September 30, 2021. The stock-based compensation expense was related to the issuance of our common stock or restricted stock units as compensation to certain consultants and employees.

Research and Development

Research and development decreased by $60,159 to $992,491 for the nine-months ended September 30, 2022, compared to $1,052,650 for the nine-months ended September 30, 2021. The decrease in research and development can be attributed to the finalization of our initial develop of our SOBRsure wearable device and SOBRsafe software platform during the nine-months ended September 30, 2022 as compare to full development activities in the prior year for the SOBRcheck device and initiation of the SOBRsafe software platform in preparation to commercialize the device in January 2022.

Fair Value Adjustment – Derivatives

Fair value adjustment – derivatives was a gain of $1,040,000 for the nine-month period ended September 30, 2022, which is related to outstanding financial instruments issued in September 2021 that contain an embedded derivative liability component. Upon completing a cash payment of $3,048,751 for the principal balance of the Convertible Debenture on May 19, 2022, the voluntary and automatic conversion feature associated with the derivative liability no longer existed where the fair value of the derivative liability recorded on the balance sheet was none at September 30, 2022. We did not have any outstanding financial instruments that contain derivative liability components during the nine-month period ended, September 30, 2021. Fair value and gains or losses related to the instruments are affected by the price of our common stock.

Interest Expense

Interest expense increased by $1,940,704, from $399,381 for the nine-month period ended September 30, 2021 to $2,340,085 for the nine-month period ended September 30, 2022. This increase is primarily attributable to the Company having significantly more outstanding convertible debt and a one-time debt default penalty of $914,634 related to the Armistice Convertible Debt during the nine-months ended September 30, 2022 compared to the same period in 2021.

Amortization of Interest – Conversion Features

During the nine-months ended September 30, 2022, the Company had amortization of interest – beneficial conversion feature expense of $806,902 compared to $222,373 during the nine-months ended September 30, 2021, resulting in an increase of $584,529. The expenses for the periods were related to the amortized discount on convertible notes payable of which we had substantially more outstanding convertible debt during the nine-months ended September 30, 2022 compared to the same period in 2021.

Liquidity and Capital Resources for Nine-Months Ended September 30, 2022 Compared to December 31, 2021

Introduction

During the nine-months ended September 30, 2022, because of our operating losses, we did not generate positive operating cash flows. Our cash on hand as of September 30, 2022 is $7,248,677 and our current normalized monthly operating cash flow burn rate is approximately $400,000. As a result, we need to raise additional funds to finance our current and long-term business plans. We currently do not believe we will be able to satisfy our cash needs from our revenues for some time, and there is no guarantee we will be successful in the future to adequately satisfy these needs through the proceeds generated from the sales of our securities or additional financing

Our cash, current assets, total assets, current liabilities, and total liabilities as of September 30, 2022 and as of December 31, 2021, respectively, are as follows:

	September 30, 2022	December 31, 2021	Change
Cash	$ 7,248,677	$ 882,268	$ 6,366,409
Total Current Assets	8,110,066	934,282	7,175,784
Total Assets	11,092,752	4,209,215	6,883,537
Total Current Liabilities	2,704,636	3,981,935	(1,277,299)
Total Liabilities	2,704,636	4,652,808	(1,948,172)

Our current assets and total assets increased as of September 30, 2022, as compared to December 31, 2021, primarily due to the completed underwritten public financing and PIPE Offering proceeds of approximately $13,920,000, offset by payment of the principal amount of $3,048,751 for the past due Convertible Debenture and use of cash to support our negative cash flow from operations.

Our current liabilities decreased as of September 30, 2022, as compared to December 31, 2021. This decrease was primarily due to the payment of the principal amount of $3,048,751 net of discounts and beneficial conversion features for a net amount of $1,756,899 for the past due Convertible Debenture which is offset by private placement notes payable becoming current of $1,659,427, net of discounts and beneficial conversion features. Other decreases include in accounts payable of $104,126, accrued expenses payable of $81,555, derivative liability of $1,040,000, and related parties payable of $80,996 offset by increased accrued interest of $172,343 and a common stock subscription payable of $70,500.

In order to repay our obligations in full or in part when due in conjunction with continued operating expenses, we will be required to raise significant capital from other sources. There is no assurance, however, that we will be successful in these efforts.

Sources and Uses of Cash

Operations

We had net cash used in operating activities of $4,264,014 for the nine-month period ended September 30, 2022, as compared to net cash used for operating activities of $2,277,609 for the nine-month period ended September 30, 2021. For the period in 2022, the net cash used in operating activities consisted primarily of our net loss of $8,856,754, offset by non-cash expense items including depreciation and amortization of $289,098, amortization of interest – conversion features of $848,329, amortization of interest of $423,782, stock warrants expense of $771,177, change in fair value of a derivative liability by ($1,040,000), stock options expense of $1,262,396, and stock-based compensation expense of $1,010,430, and changes in our assets and liabilities for accounts receivable of ($8,484), inventory of ($157,303), prepaid expenses of $375,001, accounts payable of ($149,145), accrued expenses of $1,027,549, accrued interest payable of $172,343, related party payables of ($60,976), and common stock subscriptions payable of $70,500.

For the period in 2021, the net cash used in operating activities consisted primarily of our net loss of $4,566,567, offset by depreciation and amortization of $289,098, amortization of interest – conversion features of $222,373, amortization of interest of $275,052, stock options expense of $399,259, and stock-based compensation expense of $334,228, and changes in our assets and liabilities of prepaid expenses of $(19,361), other assets of ($7,146), accounts payable of $604,834, accrued expenses of ($6,961), accrued interest payable of $58,733, related party payables of $780, and common stock subscriptions payable of $138,069. For the period in 2020, the net cash used in operating activities consisted primarily of our net loss of $28,898,637 and change in fair value of derivative liability of $60,650, offset by a loss on debt extinguishment, net of $269,144, depreciation and amortization of $133,571, amortization of interest beneficial conversion feature of $1,407,675, stock warrants expense of $8,856, stock options expense of $343,549, stock-based compensation expense of $41,302, and asset impairment adjustment of $25,320,555, and changes in our assets and liabilities of prepaid expenses of $994, other assets of ($8,680), accounts payable of $140,906, accrued expenses of ($83,495), accrued interest payable of ($6,697), and related party payables of ($51,976).

Investments

We had no cash provided by or used for investing activities during the nine-month periods ended September 30, 2022 or 2021.

Financing

During the nine-month period ended September 30, 2022, we completed an underwritten public financing on May 18, 2022 of $10,004,245 offset by associated costs of the financing of ($1,309,882). On May 19, 2022, the $3,048,781 principal balance of the Convertible Debenture in default at March 31, 2022, was paid in full satisfying all amounts due and accrued under the default, including debt forgiveness of penalty, damages and interest provisions of the loan agreement. On September 30, 2022, we completed a private investment in public equity offering of $5,997,873 offset by associated costs of the financing of ($857,700). During the nine-month period ended September 30, 2022, the Company also completed schedule repayments of notes payable to non-related parties of ($145,932).

For the nine-month period ended September 30, 2021, our net cash from financing activities consisted of proceeds from notes payable – non-related parties of $1,005,000, proceeds from notes payable – related parties of $1,030,000, repayments of notes payable-related parties of ($30,000), proceeds from convertible debenture payable of $2,500,000 and debt issuance costs of ($275,000).

Contractual Obligations and Commitments

At September 30, 2022, the Company had no financial commitments and was not committed to material contractual obligations for the design, production, delivery or assemble of its software platform or associated devices, or commercial leases.

Off Balance Sheet Arrangements

We have no off-balance sheet arrangements as of September 30, 2022 and December 31, 2021.

Effects of COVID 19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak and its variants continues to evolve as of the date of this filing. Management is actively monitoring the global situation on our financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak, its variants, and the global responses to curb its spread, we are not able to estimate the effects of the COVID-19 outbreak on our results of operations, financial condition, or liquidity for fiscal year 2022. However, if the pandemic continues, it could have an adverse effect on our results of future operations, financial position, and liquidity in 2022.

Effects of Inflation

We do not believe that inflation has had a material impact on our business, revenue or operating results during the periods presented. However, continued increases in inflation could have an adverse effect on our results of future operations, financial position, and liquidity in 2022.

Recent Accounting Pronouncements

There have been no recent accounting pronouncements or changes in accounting pronouncements during the period ended September 30, 2022, or subsequently thereto, that we believe are of potential significance to our financial statements.

ITEM 3 Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 4 Controls and Procedures

(a) Evaluation of Disclosure and Controls Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. Disclosure and control procedures are also designed to ensure that such information is accumulated and communicated to management, including the chief executive officer and chief financial officer, to allow timely decisions regarding required disclosures.

As of September 30, 2022, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer (our Principal Executive Officer) and Chief Financial Officer (our Principal Financial Officer), of the effectiveness of the design and operation of our disclosure controls and procedures. In designing and evaluating the disclosure controls and procedures, management recognizes that there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their desired control objectives. Additionally, in evaluating and implementing possible controls and procedures, management is required to apply its reasonable judgment. During the nine-month period ended September 30, 2022, we hired a Chief Financial Officer, whereas previously our Chief Executive Officer also served as our Principal Financial Officer, and hired a Vice President of Finance and Accounting to improve disclosure controls and procedures, and support additional segregation of financial and internal controls. Also, our Board approved our Audit Committee Charter in compliance with Nasdaq requirements. Although the Company began mitigating certain limitations in the effectiveness of its system of controls and procedures during the nine-month period ended September 30, 2022, based on the evaluation described above, and as a result, in part, of the timing of beginning to implement the mitigating improvements, management has concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were not effective and have not significantly improved as reported in our Annual Report on Form 10-K for the year ended December 31, 2021.

As funds become available to us, we expect to implement additional measures to improve disclosure controls and procedures.

(b) Changes in Internal Controls over Financial Reporting

There was no change in our internal controls over financial reporting that occurred during the period covered by this report, which has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

(c) Officer's Certifications

Appearing as an exhibit to this quarterly report on Form 10-Q are "Certifications" of our Chief Executive and Financial Officer. The Certifications are required pursuant to Sections 302 of the Sarbanes-Oxley Act of 2002 (the "Section 302 Certifications"). This section of the quarterly report on Form 10-Q contains information concerning the Controls Evaluation referred to in the Section 302 Certifications. This information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

PART II – OTHER INFORMATION

ITEM 1 Legal Proceedings

On December 6, 2006, Orange County Valet and Security Patrol, Inc. filed a lawsuit against us in Orange County California State Superior Court for Breach of Contract in the amount of $11,164. A default judgment was taken against us in this matter. In mid-2013 we learned the Plaintiff's perfected the judgment against us, but we have not heard from the Plaintiffs as of May 2022. In the event we pay any money related to this lawsuit, IDTEC, LLC agreed, in connection with us closing the asset purchase transaction with IDTEC, to pay the amount for us in exchange for shares of our common stock.

We had one outstanding judgment against us involving a past employee of the Company. The matter was under the purview of the State of California, Franchise Tax Board, Industrial Health and Safety Collections. We owed approximately $28,786 plus accrued interest of approximately $53,000 to our ex-employee for unpaid wages under these Orders. On March 8, 2021, we received an Acknowledgement of Satisfaction of Judgement-Full by the California Court notifying us that the judgement has been settled with a payment of approximately $85,000 including the accrued interest owed through settlement date and legal fees of approximately $3,000. IDTEC, LLC agreed, in connection with us closing the asset purchase transaction with IDTEC, to pay the amount for us in exchange for shares of our common stock acquired through the exercise of a warrant held by IDTEC, LLC.

In the ordinary course of business, we are from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our management, other than as set forth herein, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

ITEM 1A Risk Factors

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended September 30, 2022, we issued approximately 8,108,110 unregistered securities in connection with a private investment in public equity offering ("PIPE Offering") facilitated by Aegis Capital Corp. In connection with the PIPE Offering, the Company issued 1,925,677 Non-Prefunded Units and 2,128,378 Prefunded Units at a purchase price of $1.48 per unit priced at-the-market under Nasdaq rules. The Prefunded Units were sold at the same price less the Prefunded Warrant exercise price of $0.001.

Each Non-Prefunded Unit consists of one share of common stock and one non-tradable Non-Prefunded Warrant exercisable for one share of common stock, at a price of $1.35, subject to adjustments pursuant to the non-prefunded warrant agreement ("Non-Prefunded Warrant Agreement"). Each Prefunded Unit consists of one share of a Non-Prefunded Warrant and one non-tradable Prefunded Warrant exercisable for one share of common stock, at a price of $1.35 less the Prefunded Warrant exercise price of $0.001, subject to adjustments pursuant to the prefunded warrant agreement ("Prefunded Warrant Agreement"). The Non-Prefunded Warrants are exercisable immediately upon issuance and will expire seven years from the issuance date, and the Prefunded Warrants are exercisable immediately upon issuance and expire when fully exercised.

On September 30, 2022, we received proceeds, net of associated costs, from the PIPE Offering of approximately $5,140,000 which will be utilized to fund ongoing operations and continued research and development activities related to the SOBRSafe suite of devices and software platform.

Also, on September 30, 2022, the company issued 1,750,225 warrants for our common stock underlying outstanding warrants issued by us in a previous transaction and held by Armistice Capital Master Fund, Ltd. We did not receive any additional proceeds from this issuance.

A Form S-1 registration statement has been filed to register the securities associated with the PIPE Offering and the warrants issued to Armistice Capital Master Fund, Ltd and was declared effective on November 10, 2022.

ITEM 3 Defaults Upon Senior Securities

On December 28, 2010, we borrowed $11,810 from a related party. The note payable carries an interest rate of 0% and matured on December 31, 2012. As of March 31, 2022 this note was in default.

On February 20, 2012, we borrowed $3,750 from a non-related party. The note payable carries an interest rate of 12% and matured on February 19, 2013. As of March 31, 2022 this note was in default.

On March 20, 2012, we borrowed $5,433 from a non-related party. The note payable carries an interest rate of 12% and matured on March 19, 2013. As of March 31, 2022 this note was in default.

On September 27, 2013, we borrowed $15,000 from a non-related party. The note payable carries an interest rate of 9% and matured on December 25, 2013. As of March 31, 2022 this note was in default.

On March 14, 2014, we borrowed $5,000 from a non-related party. The note payable carries an interest rate of 10% and matured on September 14, 2014. As of March 31, 2022 this note was in default.

On July 31, 2015, we borrowed $2,500 from a non-related party. The note payable carries an interest rate of 10% and matured on November 28, 2015. As of March 31, 2022 this note was in default.

ITEM 4 Mine Safety Disclosures

Not applicable.

ITEM 5 Other Information

None.

ITEM 6 Exhibits

Item No.	Description
3.1 (1)	Articles of Incorporation of Imagine Media, Ltd.
3.2 (2)	Articles of Amendment to Articles of Incorporation to TransBiotec, Inc.
3.3 (3)	Certificate of Amendment to Certificate of Incorporation filed with the State of Delaware on May 25, 2017
3.4 (4)	Amended and Restated Bylaws of SOBR Safe, Inc.
3.5 (5)	Certificate of Amendment to Certificate of Incorporation of TransBiotec, Inc. changing name to SOBR Safe, Inc., effecting 1-for-33.26 reverse stock split and decreasing authorized common stock to 100M shares
3.6*	Certificate of Amendment to Certificate of Incorporation of SOBR Safe, Inc. effecting 1-for-3 reverse stock split.
10.6 (6)	Securities Purchase Agreement by and between SOBR Safe, Inc. and Aegis Capital Corp. dated September 28, 2022
10.7 (6)	Registration Rights Agreement by and between SOBR Safe, Inc. and Purchasers dated September 28, 2022
10.8 (6)	Form of Pre-Funded Warrant Agreement by and between SOBR Safe, Inc. and Purchasers dated September 30, 2022
10.9 (6)	Form of Warrant Agreement by and between SOBR Safe, Inc. and Purchasers dated September 30, 2022
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith)
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Accounting Officer (filed herewith)
32.1*	Section 1350 Certification of Chief Executive Officer (filed herewith).
32.2*	Section 1350 Certification of Chief Accounting Officer (filed herewith).
101.INS **	XBRL Instance Document
101.SCH **	XBRL Taxonomy Extension Schema Document
101.CAL **	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF **	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB **	XBRL Taxonomy Extension Label Linkbase Document
101.PRE **	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

(1) Incorporated by reference from our Registration Statement on Form SB-2, filed with the Commission on January 31, 2008

(2) Incorporated by reference from our Registration Statement on Form S-1, filed with the Commission on November 6, 2012

(3) Incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Commission on February 6, 2019

(4) Incorporated by reference from our Current Report on Form 8-K, filed with the Commission on November 19, 2019

(5) Incorporated by reference from our Current Report on Form 8-K filed with the Commission on June 11, 2020

(6) Incorporated by reference from our Current Report on Form 8-K, filed with the Commission on October 3, 2022

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOBR Safe, Inc.

Dated: November 14, 2022

/s/ David Gandini

By: David Gandini

Its: Chief Executive Officer and Principal Executive Officer

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "SOBR SAFE, INC.", FILED IN THIS OFFICE ON THE TWENTY-SEVENTH DAY OF APRIL, A.D. 2022, AT 12:42 O`CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF AMENDMENT IS THE TWENTY-EIGHTH DAY OF APRIL, A.D. 2022 AT 8 O'CLOCK A.M.

Jeffrey W. Bullock, Secretary of State

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SR# 20221655777

Authentication: 203284586
Date: 04-27-22

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 12:42 PM 04/27/2022
FILED 12:42 PM 04/27/2022
SR 20221655777 - File Number 4405677

STATE OF DELAWARE
CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
SOBR SAFE, INC.

SOBR SAFE, INC. (the "Corporation") a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: Pursuant to Unanimous Written Consent of the Board of Directors of the Corporation on March 4, 2022, the following amendments to the Certificate of Incorporation of the Corporation were approved:

Article "Fourth" of the Certificate of Incorporation is amended to read in its entirety as follows:

"Section 1. Reverse Stock Split. Upon the effectiveness of this Certificate of Amendment of the Certificate of Incorporation with the Secretary of State of the State of Delaware (the "Effective Time"), each three (3) shares of Common Stock of the Corporation issued and outstanding immediately prior to the Effective Time ("Old Common Stock") shall automatically be combined and converted, without any action on the part of the holder thereof, into one (1) share of fully paid and nonassessable Common Stock of the Corporation (the "Reverse Stock Split"). No fractional shares of Common Stock shall be issued upon combination of the Common Stock in the Reverse Stock Split. If the Reverse Stock Split would result in the issuance of any fractional share, the Corporation shall issue one whole share in lieu of the fractional share.

The Reverse Stock Split shall occur whether or not the certificates representing such shares of Common Stock are surrendered to the Corporation or its transfer agent. The Reverse Split shall be effected on a record holder-by-record holder basis, such that any fractional shares of Common Stock resulting from the Reverse Stock Split and held by a single record holder shall be aggregated.

The par value of each share of Common Stock shall not be adjusted in connection with the Reverse Stock Split.

Section 2. The total number of shares of capital stock which the Corporation shall have authority to issue is One Hundred Million (100,000,000) shares of common stock having a par value of $.00001 each, and Twenty Five Million (25,000,000) shares of preferred stock having a par value of $.00001 each. All or any part of the capital stock may be issued by the Corporation from time to time and for such consideration and on such terms as may be determined and fixed by the Board of Directors, without action of the stockholders, as provided by law, unless the Board of Directors deems it advisable to obtain the advice of the stockholders. Said stock may be issued for money, property, services or other lawful considerations, and when issued shall be issued as fully paid and non-assessable. The private property of stock holders shall not be liable for Corporation debts.

Section 3. The preferences and relative participating optional or other special rights and qualifications, limitations or restrictions of the Common Stock of the Corporation are as follows:

(a) Dividends. Dividends may be paid upon the Common Stock, as and when declared by the Board of Directors, out of funds of the Corporation legally available therefor.

(b) Payment on Liquidation. Upon any liquidation, dissolution and termination of the Corporation, and after payment or setting aside of any amount sufficient to provide for payment in full of all debts and liabilities of, and other claims against the Corporation, the assets shall be distributed pro rata to the holders of the Common Stock.

(c) Voting Rights. At any meeting of the stockholders of the Corporation each holder of Common Stock shall be entitled to one vote for each share outstanding in the name of such holder on the books of the Corporation on the date fixed for determination of voting rights.

(d) Majority Vote. The stockholders, by vote or concurrence of a majority of the outstanding shares of the Corporation entitled to vote on the subject matter, may take any action which would otherwise require a two-thirds (2/3) vote under the General Corporation Law of the State of Delaware.

(e) Cumulative Voting. Cumulative voting shall not be allowed in the election of directors or for any other purpose.

(f) Preemptive Rights. Unless otherwise determined by the Board of Directors, no stockholder of the Corporation shall have preemptive rights to subscribe for any additional shares of stock, or for other securities of any class, or for rights, warrants or options to purchase stock for the scrip, or for securities of any kind convertible into stock or carrying stock purchase warrants or privileges.

(g) Restrictions on Sale or Disposition. All lawful restrictions on the sale or other disposition of shares may be placed upon all or a portion or portions of the certificates evidencing the Corporation's shares.

Section 4. The preferred stock of the Corporation shall be issued in one or more series as may be determined from time to time by the Board of Directors. In establishing a series the Board of Directors shall give to it a distinctive designation so as to distinguish it from the shares of all other series and classes, shall fix the number of shares in such series, and the preferences, rights and restrictions thereof. All shares of any one series shall be alike in every particular. All series shall be alike except that there may be variation as to the following: (1) the rate of distribution, (2) the price at and the terms and conditions on which shares shall be redeemed, (3) the amount payable upon shares for distributions of any kind, (4) sinking fund provisions for the redemption of shares, (5) the terms and conditions on which shares may be converted if the shares of any series are issued with the privilege of conversion, and (6) voting rights except as limited by law."

SECOND: That the foregoing amendment has been consented to and authorized by the holders of a majority of the issued and outstanding stock of the Corporation entitled to vote by written consent in lieu of meeting in accordance with Section 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: This Certificate of Amendment shall be effective as of 8 a.m. Eastern Standard Time on April 28, 2022.

IN WITNESS WHEREOF, said Corporation has caused this certificate to be signed this 27th day of April, 2022.

By: /s/ David Gandini
David Gandini,
Chief Executive Officer

EXHIBIT 31.1

Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer

I, David Gandini, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SOBR Safe, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exhibit Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 14, 2022

/s/ David Gandini
By: David Gandini
Chief Executive Officer and Principal Executive Officer

EXHIBIT 31.2

Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer

I, Jerry Wenzel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SOBR Safe, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exhibit Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 14, 2022

/s/ Jerry Wenzel
By: Jerry Wenzel
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SOBR Safe, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2022, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, David Gandini, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2022

/s/ David Gandini
By: David Gandini
Chief Executive Officer and Principal Executive Officer

A signed original of this written statement required by Section 906 has been provided to SOBR Safe, Inc. and will be retained by SOBR Safe, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO 18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of SOBR Safe, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2022, as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), I, Jerry Wenzel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2022

/s/ Jerry Wenzel

By: Jerry Wenzel
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to SOBR Safe, Inc. and will be retained by SOBR Safe, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.