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 June 30, 2023

☐ 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 August 9, 2023, there were 18,544,570 shares of common stock, $0.00001 par value, issued and outstanding.

SOBR SAFE, INC.

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CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

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.

PART I – FINANCIAL INFORMATION

ITEM 1 Condensed Consolidated Financial Statements

The condensed consolidated balance sheets as of June 30, 2023, and December 31, 2022, the condensed consolidated statements of operations for the three and six months ended June 30, 2023, and 2022, the condensed consolidated statements of changes in stockholders' equity for the three and six months ended June 30, 2023, and 2022, and the condensed consolidated statements of cash flows for the six months ended June 30, 2023, and 2022, follow. The unaudited condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. All such adjustments are of a normal and recurring nature.

SOBR SAFE, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current assets		
Cash	$ 5,675,979	$ 8,578,997
Accounts receivable	31,128	30,322
Inventory	263,360	215,493
Prepaid expenses	396,777	200,905
Total current assets	6,367,244	9,025,717
Operating lease right-of-use assets, net	316,960	-
Intellectual technology, net of accumulated amortization of $1,188,514 and $995,782 at June 30, 2023 and December 31, 2022, respectively	2,666,161	2,858,893
Other assets	43,358	27,427
Total Assets	$ 9,393,723	$ 11,912,037
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 410,920	$ 142,965
Accrued expenses	393,467	392,282
Accrued interest payable	92,728	469,691
Related party payables	1,887	1,887
Operating lease liabilities, current portion	62,477	-
Notes payable - related parties * Includes unamortized debt discount related to warrants and beneficial conversion features of none and $145,548 at June 30, 2023 and December 31, 2022, respectively	11,810*	866,262*
Notes payable - non-related parties * Includes unamortized debt discount related to warrants and beneficial conversion feature of none and $144,878 at June 30, 2023 and December 31, 2022, respectively	284,729*	948,597*
Total current liabilities	1,258,018	2,821,684
Operating lease liabilities - less current portion	253,531	-
Notes payable - non-related parties - less current portion * Includes unamortized debt discount related to original issue discount, warrants and costs of issuance of $1,190,171 and none at June 30, 2023 and December 31, 2022, respectively	2,029,554*	-
Accrued interest payable	50,208	-
Total Liabilities	3,591,311	2,821,684
Stockholders' Equity		
Preferred stock, $0.00001 par value; 16,300,000 shares authorized, no shares issued or outstanding at June 30, 2023 and December 31, 2022	-	-
Series A Convertible Preferred stock, $0.00001 par value; 3,000,000 shares authorized, no shares issued or outstanding at June 30, 2023 and December 31, 2022	-	-
Series A-1 Convertible Preferred stock, $0.00001 par value; 2,700,000 shares authorized, no shares issued or outstanding at June 30, 2023 and December 31, 2022	-	-
Series B Convertible Preferred stock, $0.00001 par value; 3,000,000 shares authorized, none and 3,000,000 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	-	30
Common stock, $0.00001 par value; 100,000,000 shares authorized, 18,544,570 and 16,984,570 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	185	170
Treasury stock, at cost; 12,329 shares at June 30, 2023 and December 31, 2022	(38,015)	(38,015)
Additional paid-in capital	88,920,822	87,509,666
Accumulated deficit	(83,026,918)	(78,327,845)
Total SOBR Safe, Inc. stockholders' equity	5,856,074	9,144,006
Noncontrolling interest	(53,662)	(53,653)
Total Stockholders' Equity	5,802,412	9,090,353
Total Liabilities and Stockholders' Equity	$ 9,393,723	$ 11,912,037

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 June 30,		For The Six Months Ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	$ 37,601	$ 1,500	$ 85,469	$ 3,000
Cost of goods and services	16,576	-	46,640	1,100
Gross profit	21,025	1,500	38,829	1,900
Operating expenses:				
General and administrative	1,899,383	1,358,480	3,484,333	2,221,579
Stock-based compensation expense	627,762	743,838	1,326,675	1,678,063
Research and development	193,175	485,184	374,093	532,644
Total operating expenses	2,720,320	2,587,502	5,185,101	4,432,286
Loss from operations	(2,699,295)	(2,586,002)	(5,146,272)	(4,430,386)
Other income (expense):				
Other income, net	60,587	216,402	131,057	216,429
Gain (loss) on debt extinguishment, net	(26,125)	1,109,105	(26,125)	245,105
Gain on fair value adjustment – derivatives, net	-	1,380,000	-	1,040,000
Interest expense	(209,125)	(197,037)	(434,310)	(2,138,142)
Amortization of interest - beneficial conversion features	-	(110,849)	-	(691,071)
Total other income (expense), net	(174,663)	2,397,621	(329,378)	(1,327,679)
Loss before provision for income taxes	(2,873,958)	(188,381)	(5,475,650)	(5,758,065)
Provision for income taxes	-	-	-	-
Net loss	(2,873,958)	(188,381)	(5,475,650)	(5,758,065)
Net loss attributable to noncontrolling interest	4	5	9	9
Net loss attributable to SOBR Safe, Inc.	$ (2,873,954)	$ (188,376)	$ (5,475,641)	$ (5,758,056)
Basic and diluted loss per common share	$ (0.16)	$ (0.02)	$ (0.31)	$ (0.66)
Weighted average number of common shares outstanding	18,361,768	8,998,031	17,730,426	8,776,000

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		Treasury Stock						
	Shares	Amount ($0.00001 Par)	Shares	Amount ($0.00001 Par)	Shares	Amount (at cost)	Additional Paid-in Capital	Accumulated Deficit	Stockholders' Equity (Deficit) SOBR Safe, Inc.	Noncontrolling Interest	Total Stockholders' Equity (Deficit)
Balances at January 1, 2022	8,778,555	$ 88	-	$ -	-	$ -	$ 57,041,447	$ (57,471,492)	$ (429,957)	$ (53,636)	$ (483,593)
Common stock issued for restricted stock units	16,667	-	-	-	-	-	-	-	-	-	-
Common stock issued for convertible debt	7,917	-	-	-	-	-	47,500	-	47,500	-	47,500
Common stock exchanged for convertible preferred stock	(1,000,000)	(10)	3,000,000	30	-	-	(20)	-	-	-	-
Paid-in capital - fair value of stock options and restricted stock units	-	-	-	-	-	-	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	7,803,139	$ 78	3,000,000	$ 30	-	$ -	$ 58,887,152	$ (63,041,171)	$ (4,153,911)	$ (53,640)	$ (4,207,551)
Common stock and warrants issued in public equity offering, net of issuance costs	2,532,942	24	-	-	-	-	8,694,339	-	8,694,363	-	8,694,363
Additional common stock issued upon reverse stock split	1,012	-	-	-	-	-	-	-	-	-	-
Common stock issued for professional 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	-	-	-	-	-	-	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**
Balances at January 1, 2023	16,984,570	$ 170	3,000,000	$ 30	(12,329)	$ (38,015)	$ 87,509,666	$ (78,327,845)	$ 9,144,006	$ (53,653)	$ 9,090,353
Cumulative effect of adopting ASU 2020-06	-	-	-	-	-	-	(909,214)	776,568	(132,646)	-	(132,646)
Common stock issued for services	225,000	2	-	-	-	-	211,498	-	211,500	-	211,500
Warrants issued for services	-	-	-	-	-	-	162,481	-	162,481	-	162,481
Paid-in capital – fair value of stock options and restricted stock units	-	-	-	-	-	-	698,913	-	698,913	-	698,913
Paid in capital - relative fair value of stock warrants granted, net of issuance costs	-	-	-	-	-	-	398,517	-	398,517	-	398,517
Net loss	-	-	-	-	-	-	-	(2,601,687)	(2,601,687)	(5)	(2,601,692)
Balances at March 31, 2023	17,209,570	$ 172	3,000,000	$ 30	(12,329)	$ (38,015)	$ 88,071,861	$ (80,152,964)	$ 7,881,084	$ (53,658)	$ 7,827,426
Conversion of preferred stock to common stock	1,000,000	$ 10	(3,000,000)	$ (30)	-	$ -	$ 20	$ -	$ -	$ -	$ -
Common stock issued for restricted stock units vested	185,000	2	-	-	-	-	(2)	-	-	-	-
Common stock issued upon conversion of convertible debt	150,000	1	-	-	-	-	221,181	-	221,182	-	221,182
Paid-in capital - fair value of stock options and restricted stock units	-	-	-	-	-	-	627,762	-	627,762	-	627,762
Net loss	-	-	-	-	-	-	-	(2,873,954)	(2,873,954)	(4)	(2,873,958)
Balances at June 30, 2023	**18,544,570**	**$ 185**	**-**	**$ -**	**(12,329)**	**$ (38,015)**	**$ 88,920,822**	**$ (83,026,918)**	**$ 5,856,074**	**$ (53,662)**	**$ 5,802,412**

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

SOBR SAFE, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Six Months Ended June 30, 2023 (Unaudited)	For The Six Months Ended June 30, 2022 (Unaudited)
Operating Activities:		
Net loss	$ (5,475,650)	$ (5,758,065)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of intangible assets	192,732	192,732
Amortization of interest - conversion features	-	709,121
Amortization of interest	103,445	423,782
(Gain) loss on extinguishment of debt	26,125	(245,105)
Change in fair value of derivative liability	-	(1,040,000)
Stock warrants expense	182,901	655,346
Stock-based compensation expense	1,326,675	1,678,063
Non-cash interest expense	29,638	-
Non-cash lease expense	13,747	-
Bad debt expense	1,132	-
Changes in assets and liabilities:		
Accounts receivable	(1,938)	(1,250)
Inventory	(47,867)	(132,849)
Prepaid expenses	398,521	(243,952)
Other assets	(15,931)	(3,151)
Accounts payable	341,425	(20,109)
Accrued expenses	1,185	1,011,586
Accrued interest payable	(324,083)	113,451
Related party payables	-	(60,976)
Operating lease liabilities	(14,699)	-
Net cash used in operating activities	(3,262,642)	(2,721,376)
Financing Activities:		
Proceeds from notes payable - non-related parties	3,000,001	-
Repayments of notes payable - non-related parties	(1,102,627)	(55,083)
Repayments of notes payable - related parties	(1,000,000)	-
Debt issuance costs	(537,750)	-
Proceeds from public equity offering	-	10,004,245
Cost of public equity offering	-	(1,309,882)
Repayments of convertible debenture payable	-	(3,048,781)
Net cash provided by financing activities	359,624	5,590,499
Net Change In Cash	(2,903,018)	2,869,123
Cash At The Beginning Of The Period	8,578,997	882,268
Cash At The End Of The Period	$ 5,675,979	$ 3,751,391
Schedule Of Non-Cash Investing And Financing Activities:		
Issuance of common stock and warrants for prepaid services	$ 373,981	$ -
Non-related party debt converted to capital	$ 341,998	$ 47,500
Operating lease right-of-use assets and liabilities	$ 330,707	$ -
Financing of prepaid insurance premiums	$ 293,882	$ (274,589)
Conversion of preferred stock to common stock	$ 30	$ -
Conversion of common stock to preferred stock	$ -	$ 30
Derecognition of convertible debenture	$ -	$ 3,048,781
Reacquisition value of convertible debenture	$ -	$ (3,912,781)
Fair value of shares issued for services	$ -	$ (719,000)
Reclassification of common shares from reverse stock split	$ -	$ 155
Supplemental Disclosure:		
Cash paid for interest	$ 439,280	$ 10,379
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
June 30, 2023

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

SOBR Safe, Inc., a Delaware corporation, (the “Company”, “we”, “us”, and “our”) is a hardware and software company headquartered in Greenwood Village, Colorado. Our Company integrates proprietary software, SOBRsafe™, with our patented touch-based alcohol detection products, SOBRcheck™ and SOBRsure™, enabling non-invasive alcohol detection, biometric identity verification, and real-time cloud-based alerts and reporting. Currently our principal markets are in North America.

On May 16, 2022, our common stock began trading on the Nasdaq exchange under the ticker symbol “SOBR.” Prior to this, our common stock was quoted on the “OTCQB” tier of the OTC Markets, also under the ticker symbol “SOBR.”

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, 2022, included in the Company’s Annual Report on Form 10-K filed with the SEC on March 31, 2023.

In management’s opinion, the unaudited condensed consolidated financial statements reflect all adjustments (including reclassifications and normal recurring adjustments) necessary to present fairly the Company’s financial position as of June 30, 2023 and December 31, 2022, and its results of operations and cash flows for the three and six-month periods ended June 30, 2023 and 2022.

Principles of Consolidation
The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its majority-owned subsidiary, TransBiotec-CA, of 98.6%. We have eliminated all intercompany transactions and balances between entities consolidated in these unaudited condensed consolidated financial statements.

Use of Estimates
The preparation of financial statements in conformity with GAAP 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 and intangible assets including the intellectual technology, stock-based compensation and the valuation allowance related to deferred tax assets. Actual results could differ from those estimates.

Financial Instruments
The Company is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The 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. The Company 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 receivable, accounts payable, accrued expenses, accrued interest payable, related party payables, notes payable, and other liabilities. We believe that the recorded values of our financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

At June 30, 2023 and December 31, 2022, the Company did not have financial instruments requiring valuation from observable or unobservable inputs to determine fair value on a recurring basis.

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 at June 30, 2023 and December 31, 2022.

Accounts Receivable

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 June 30, 2023 and December 31, 2022.

Inventory

Inventory is comprised of component parts and finished product and 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. The Company evaluates the valuation of inventory and periodically adjusts the value for estimated excess based upon estimates of future demand and market conditions, and obsolete inventory based upon otherwise damaged or impaired goods. The Company had no reserves for excess inventory or obsolescence at June 30, 2023 and December 31, 2022.

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

As discussed under "Recently Adopted Accounting Standards" in Note 1, the Company adopted ASU 2020-06 effective January 1, 2023, which, among other things, eliminated the beneficial conversion feature model applicable to certain convertible instruments. Prior to the adoption of ASU 2020-06, a beneficial conversion feature existed 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 was recorded as a debt discount with a corresponding amount to additional paid-in capital. The debt discount was amortized to interest expense over the life of the note using the effective interest method.

Derivative Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. 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 net-cash settlement of the derivative instrument could be required within twelve months of the balance sheet date. 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).

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 consolidated balance sheets.

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 classify our preferred shares in stockholders' equity.

Noncontrolling Interest

A subsidiary of the Company has minority members representing ownership interests of1.4% at June 30, 2023 and December 31, 2022. The Company accounts for this noncontrolling interest 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 of the assets 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 six-month periods ended June 30, 2023 and 2022.

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 the Company'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.

The Company determines revenue recognition through five steps which include (1) 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 is 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 the Company'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 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 goods and services when revenue is recorded for the related product. Royalties are also charged to cost of goods and services.

Leases
The Company determines if an arrangement is or contains a lease at inception. Leases with an initial term of twelve months or less are considered short-term leases and are not recognized on the Company's consolidated balance sheets. Right-of-use ("ROU") assets and lease liabilities are recognized on the consolidated balance sheets for leases with an expected term greater than twelve months. Operating lease ROU assets represent our right to use an underlying asset over the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at inception based on the present value of lease payments over the lease term. When the rate implicit in the lease is not determinable, the Company uses its estimated secured incremental borrowing rate in determining the present value of lease payments. The lease expense for fixed lease payments is recorded on a straight-line basis over the lease term and variable lease payments are included in the lease expense when the obligation for those payments is incurred. The Company has elected not to separate lease and non-lease components.

Stock-based Compensation

The Company uses 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. 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

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 products.

Advertising and Marketing Costs

Advertising and marketing costs are charged to operations as incurred. Advertising and marketing costs were $97,106 and $45,519 during the six-month periods ended June 30, 2023 and 2022, respectively. Advertising and marketing costs were $75,715 and $30,185 during the three-month periods ended June 30, 2023 and 2022, respectively.

Income Tax

Deferred taxes are provided on an asset and 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 June 30, 2023 and December 31, 2022 as these have been offset by a 100% valuation allowance.

Loss Per Share

Basic loss per common 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 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.

Concentrations

Credit Risk – Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash. The Company maintains its cash at two domestic financial institutions. The Company is exposed to credit risk in the event of a default by the financial institutions to the extent that cash balances are in excess of the amount insured by the Federal Deposit Insurance Corporation of up to $250,000 per institution. The Company places its cash with high-credit quality financial institutions and is managed within established guidelines to mitigate risk. To date, the Company has not experienced any loss on its cash.

Concentration of Customers – The Company's sales during the six months ending June 30, 2023 and 2022, have been made to a limited number of 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.

Concentration of Suppliers – The Company relies on a limited number of component and contract suppliers to assemble its product. If supplier shortages occur, or quality problems arise, production schedules could be significantly delayed or costs could significantly increase, 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 Adopted Accounting Standards

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06") which simplifies the accounting for convertible instruments by eliminating the beneficial conversion and cash conversion accounting models. In addition, ASU 2020-06 removes certain settlement conditions required for equity contracts to qualify for the derivative scope exception and simplifies the diluted earnings per share calculation in certain areas.

The Company early adopted ASU 2020-06 effective January 1, 2023 using the modified retrospective method whereby the cumulative effect of the change is recognized as an adjustment to the opening balance of retained earnings at the date of adoption. On January 1, 2023, the Company recorded an increase to retained earnings (accumulated deficit) of $776,569 and a decrease to additional paid-in capital of $909,214 to fully remove the unamortized debt discount related to beneficial conversion features of $132,646.

The Company has reviewed other 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.

Reclassifications

Certain prior period amounts have been reclassified to conform with the current period presentation. None of these reclassifications had a material impact on the condensed consolidated financial statements.

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, generate cash flow from operations, and assess competing market developments. The Company may need additional capital in the future.

As of June 30, 2023, the Company has an accumulated deficit of approximately $83.0 million. During the six months ended June 30, 2023, the Company experienced negative cash flows from operating activities of approximately $3.3 million.

Management believes that cash balances of approximately $5.7 million and positive working capital of $5.1 million at June 30, 2023 provide adequate working capital for operating activities for the next twelve months after the date these financial statements are issued. Further, actions presently being taken to generate product and services revenues and positive cash flows, in addition to the Company's ability to implement expense reduction tactics to preserve working capital provide the opportunity for the Company to continue as a going concern as of June 30, 2023.

NOTE 3. INVENTORY

Inventory consists of the following:

	June 30, 2023	December 31, 2022
Component parts	$ 112,045	$ 68,643
Finished goods	151,315	146,850
Inventory	**$ 263,360**	**$ 215,493**

NOTE 4. PREPAID EXPENSES

Prepaid expenses consist of the following:

	June 30, 2023	December 31, 2022
Insurance	$ 336,739	$ 150,344
Deposit	-	15,736
Other	60,038	34,825
Prepaid expenses	**$ 396,777**	**$ 200,905**

A portion of the prepaid insurance premiums were financed under agreements as described in Note 8.

NOTE 5. LEASES

The Company leases its corporate headquarters office space and certain office equipment under arrangements classified as operating leases.

The Company entered into its lease agreement to rent office space for a twelve-month period beginning July 1, 2022 with a monthly base rent of $9,744. The lease did not contain renewal options and was considered a short-term lease at inception. In April 2023, the Company executed an amendment to extend the term of the lease from July 1, 2023 through September 30, 2026. The amended lease provides for monthly base rent of $9,744 through September 2024, with fixed escalating monthly base rent for each year thereafter, and no rent due for the months of July through September 2023.

The Company determined that the amendment results in a lease modification that is not accounted for as a separate contract. Further, due to the extension of the lease term beyond the initial 12 months, the office lease can no longer be considered a short-term lease. The Company has recorded a right-of-use asset and lease liability as of April 17, 2023 (the effective date of the amendment) based on the modified terms and conditions of the amended lease.

The Company entered into a lease agreement for copier equipment in June 2023, requiring monthly lease payments of $329 through May 2026.

For the six-month period ended June 30, 2023, total operating lease expense was $98,352, of which $14,025 was attributable to variable lease expenses, and $65,375 was attributable to short-term lease expense. For the three-month period ended June 30, 2023, total operating lease expense was $49,459, of which $14,025 was attributable to variable lease expenses, and $16,482 was attributable to short-term lease expense. For the three and six-month periods ended June 30, 2022, total operating lease expense was $28,397 and $64,778, respectively, all of which was attributable to short-term lease expense.

Operating lease obligations recorded on the consolidated balance sheet at June 30, 2023 are as follows:

Operating lease liabilities, current portion	$ 62,477
Operating lease liabilities - less current portion	253,531
Total Operating Lease Liabilities	**$ 316,008**

Future lease payments included in the measurement of operating lease liabilities on the consolidated balance sheet at June 30, 2023 are as follows:

2023	$ 31,206
2024	121,831
2025	125,644
2026	95,063
Total future minimum lease payments	373,744
Less imputed interest	(57,736)
Total Operating Lease Liabilities	**$ 316,008**

The weighted average remaining lease term is 39 months, and the weighted average discount rate is 10%.

NOTE 6. INTANGIBLE ASSETS

Intangible assets include the Company's intellectual technology and consist of the following:

	June 30, 2023	December 31, 2022
Gross carrying amount	$ 3,854,675	$ 3,854,675
Accumulated amortization	(1,188,514)	(995,782)
Intangible assets, net	**$ 2,666,161**	**$ 2,858,893**
Amortization period (in years)	10	10

Amortization expense was $192,732 for each of the six-month periods ended June 30, 2023 and 2022 and was $96,366 for each of the three-month periods ended June 30, 2023 and 2022 and is included in general and administrative expenses in the condensed consolidated statements of operations.

As of June 30, 2023, estimated future amortization expense for device technology intangible assets is as follows:

2023	2024	2025	2026	2027	Thereafter
$ 192,732	$ 385,464	$ 385,464	$ 385,464	$ 385,464	$ 931,573

NOTE 7. RELATED PARTY TRANSACTIONS

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 10). On April 20, 2023 the 3,000,000 Series B Convertible Preferred shares were converted to 1,000,000 shares of the Company's common stock at the option of the preferred stockholders. Neither the exchange nor the conversion resulted in the transfer of value.

NOTE 8. NOTES PAYABLE

RELATED PARTIES

Notes payable to related parties consist of the following:

	June 30, 2023	December 31, 2022
Convertible Notes Payable with Warrants - 2021 Debt Offering	$ -	$ 1,000,000
Non-Convertible Note Payable	11,810	11,810
Unamortized Debt Discount	-	(145,548)
Net Related Party Notes Payable	$ 11,810	$ 866,262
Current Portion	(11,810)	(866,262)
Net Long-Term Portion	**$ -**	**$ -**

Total interest expense for related party notes was $90,338 and $307,462 for the six-month periods ended June 30, 2023 and 2022, respectively. Total interest expense for related party notes was $5,661 and $154,575 for the three-month periods ended June 30, 2023 and 2022, respectively.

Related Party Convertible Notes Payable with Warrants - 2021 Debt Offering

During March, April, and May 2021, as a part of a 2021 Debt Offering, the Company issued thirteen convertible notes payable to related parties with principal balances totaling $1,000,000. The notes, secured by the Company's patents and patent applications, were convertible into the Company's common stock at $9 per share, and were due 24 months after issuance. Each of the notes was issued with detached free-standing warrants to purchase the Company's common stock at $9 per share. The notes included interest at 12% which the noteholders could elect to have paid in cash monthly or have the interest accrue and be payable on the maturity date, if not sooner converted.

The Company evaluated the convertible notes payable for embedded derivatives and beneficial conversion features and 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 is recorded as amortization of interest – beneficial conversion features in the condensed consolidated statements of operations and was none and $111,328 for the six-month periods ended June 30, 2023 and 2022, respectively, and was none and $55,971 for the three-month periods ended June 30, 2023 and 2022, respectively. The unamortized debt discount related to the beneficial conversion feature was $66,843 at December 31, 2022. This balance was eliminated upon adoption of ASU 2020-06 effective January 1, 2023 (see Note 1).

At the time of issuance, a portion of the proceeds from the 2021 Debt Offering was allocated to the stock warrants based on their relative fair value, resulting in a debt discount of $551,001 which was amortized over the life of the notes. Amortization of the debt discount related to the stock warrants is recorded as interest expense and was $62,837 and $136,629 for the six-month periods ended June 30, 2023 and 2022, respectively, and was $3,886 and $68,686 for the three-month periods ended June 30, 2023 and 2022, respectively.

The Company fully repaid the remaining principal and accrued interest on the notes in March and April 2023. A portion of the notes were repaid prior to their stated maturities in April and May 2023. As a result, the Company recorded a loss on debt extinguishment of $ 15,868 equal to the remaining unamortized debt discount on the notes at the time of repayment.

Related Party Non-Convertible Note Payable

The Company has one non-convertible note payable to a related party that has a principal balance of $11,810 as of June 30, 2023 and December 31, 2022. The note carries an interest rate of 0%. The note payable had a due date of December 31, 2012 and is currently in default.

NON-RELATED PARTIES

Notes payable to non-related parties consist of the following:

	June 30, 2023	December 31, 2022
Convertible Notes Payable with Warrants - 2023 Debt Offering	$ 3,219,725	$ -
Convertible Notes Payable with Warrants - 2021 Debt Offering	-	1,005,000
Convertible Notes Payable	9,183	9,183
Non-Convertible Notes Payable	17,500	17,500
Premium Financing Notes Payable	258,046	61,792
Unamortized Debt Discount	(1,190,171)	(144,878)
Net Non-Related Party Notes Payable	$ 2,314,283	$ 948,597
Current Portion	(284,729)	(948,597)
Net Long-Term Portion	**$ 2,029,554**	**$ -**

Total interest expense for non-related party notes was $343,343 and $314,616 for the six-month periods ended June 30, 2023 and 2022, respectively. Total interest expense for non-related party notes was $203,149 and $158,480 for the three-month periods ended June 30, 2023 and 2022, respectively.

Convertible Notes Payable with Warrants - 2023 Debt Offering

On March 7, 2023, the Company entered into a Debt Offering (the "2023 Debt Offering") pursuant to a Purchase Agreement (the "Agreement") and Registration Rights Agreement with institutional investors. The 2023 Debt Offering closed on March 9, 2023. The 2023 Debt Offering includes 15% Original Issue Discount Convertible Notes (the "Notes") and Common Stock Purchase Warrants (the "Warrants"). Under the terms of the Agreement, the Company received $ 3,000,001 from the Purchasers and in exchange issued the Notes in principal amounts of $3,529,412 and Warrants to purchase up to 386,998 shares of the Company's common stock. The Notes are convertible voluntarily by the Purchaser at any time the principal amounts are outstanding into shares of our common stock at a conversion price $2.28. The Notes are due March 10, 2025, and accrue interest quarterly at 5% per annum. The accrued interest is payable by way of inclusion in the convertible amount and is compounded quarterly. The Warrants are exercisable at any time through March 9, 2028, into shares of the Company's common stock at an exercise price of $2.52 per share. The Company received approximately $2,500,000 of net proceeds from the 2023 Debt Offering after offering-related costs.

On May 10, 2023, noteholders elected to convert a total of $341,999 (the "Conversion Amount") pertaining to the 2023 Debt Offering into 150,000 shares of the Company's common stock at $2.28 per share. As provided for in the Agreement, the Conversion Amount included original Note principal of $309,688, as well as accrued interest of $32,311.

Convertible Notes Payable with Warrants - 2021 Debt Offering

During March, April, and May 2021, as part of a 2021 Debt Offering, the Company issued sixteen convertible notes payable to non-related parties with principal balances totaling $1,005,000. The notes, secured by the Company's patents and patent applications, were convertible into the Company's common stock at $9 per share, and were due 24 months after issuance. Each of the notes was also issued with detached free-standing warrants to purchase the Company's common stock at $9 per share. The notes included interest at 12% which the noteholders could elect to have paid in cash monthly or have the interest accrue and be payable on the maturity date, if not sooner converted.

The Company evaluated the convertible notes payable for embedded derivatives and beneficial conversion features and 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 amortization expense is recorded as amortization of interest – beneficial conversion features in the condensed consolidated statements of operations and was none and $114,108 for the six-month periods ended June 30, 2023 and 2022, respectively, and was none and $57,369 for the three-month periods ended June 30, 2023 and 2022, respectively. The unamortized debt discount related to the beneficial conversion feature was $65,803 at December 31, 2022. This balance was eliminated upon adoption of ASU 2020-06 effective January 1, 2023 (see Note 1).

At the time of issuance, a portion of the proceeds from the 2021 Debt Offering was allocated to the stock warrants based on their relative fair value, resulting in a debt discount of $541,707 which was amortized over the life of the notes. Amortization of the debt discount related to the stock warrants is recorded as interest expense and was $68,818 and $134,313 for the six-month periods ended June 30, 2023 and 2022, respectively, and was $3,895 and $67,528 for the three-month periods ended June 30, 2023 and 2022, respectively.

The Company fully repaid the remaining principal and accrued interest on the notes in March and April 2023. A portion of the notes were repaid prior to their stated maturities in April and May 2023. As a result, the Company recorded a loss on debt extinguishment of $ 10,257 equal to the remaining unamortized debt discount on the notes at the time of repayment.

Convertible Notes Payable

The Company has two convertible notes payable to a non-related entity with principal balances totaling $9,183 as of June 30, 2023 and December 31, 2022. The notes bear interest at 12% and are convertible into shares of the Company's common stock at $32.29 per share. The notes were due in February and March 2013 and are currently in default.

Non-Convertible Notes Payable

The Company has two non-convertible notes payable to non-related parties with principal balances totaling $17,500 as of June 30, 2023, and December 31, 2022. These notes carry interest rates ranging from 9% - 10% and have due dates ranging from December 2013 to November 2015. The notes are currently in default.

Premium Financing Notes Payable

On May 25, 2022, the Company entered into a financing agreement for payment of its annual 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 $274,589 financed for a nine-month period at an annual interest rate of 4.37% with monthly payments of $31,068 beginning in June 2022. The note was paid in full in February 2023.

On June 15, 2023, the Company entered into a financing agreement for payment of its annual insurance premiums for coverage from May 2023 through May 2024 totaling $367,352. The financing agreement required an initial down payment of $73,470 with the remaining amount of $293,882 financed for an eight-month period at an annual interest rate of 8.49% with monthly payments of $37,914 beginning in June 2023.

NOTE 9. COMMON STOCK

The Company's common stock transactions for the six months ended June 30, 2023, consist of the following:

The Company issued 225,000 shares of common stock to a consultant for investor relations services to be provided over a six-month period.

The Company issued 185,000 shares of its common stock for RSUs vested in April and June 2023.

The Company issued 150,000 shares of its common stock upon conversion of a portion of the Notes issued in the 2023 Debt Offering.

The Company exchanged 3,000,000 shares of Series B Convertible Preferred Stock with related parties for1,000,000 shares of common stock (see Notes 7 and 10).

NOTE 10. PREFERRED STOCK

On November 20, 2015, the Company's Board of Directors authorized a class of stock designated as preferred stock with a par value of $0.00001 per share comprising 25,000,000 shares, 3,000,000 shares of which were classified as Series A Convertible Preferred Stock. In each calendar year, the holders of the Series A Convertible Preferred Stock are entitled to receive, when, as and if, declared by the Board of Directors, out of any funds and assets of the Company legally available, non-cumulative dividends, in an amount equal to any dividends or other Distribution on the common stock in such calendar year (other than a Common Stock Dividend). No dividends (other than a Common Stock Dividend) shall be paid and no distribution shall be made with respect to the common stock unless dividends shall have been paid or declared and set apart for payment to the holders of the Series A Convertible Preferred Stock simultaneously. Dividends on the Series A Convertible Preferred Stock shall not be mandatory or cumulative, and no rights or interest shall accrue to the holders of the Series A Convertible Preferred Stock by reason of the fact that the Company shall fail to declare or pay dividends on the Series A Convertible Preferred Stock, except for such rights or interest that may arise as a result of the Company paying a dividend or making a distribution on the common stock in violation of the terms. The holders of each share of Series A Convertible Preferred Stock then outstanding shall be entitled to be paid, out of the Available Funds and Assets, and prior and in preference to any payment or Distribution (or any setting part of any payment or Distribution) of any Available Funds and Assets on any shares of common stock, and equal in preference to any payment or Distribution (or any setting part of any payment or Distribution) of any Available Funds and Assets on any shares of any other series of preferred stock that have liquidation preference, an amount per share equal to the Original Issue Price of the series A Convertible Preferred Stock plus all declared but unpaid dividends on the Series A Convertible Preferred Stock. A reorganization, or any other consolidation or merger of the Company with or into any other corporation, or any other sale of all or substantially all of the assets of the Company, shall not be deemed a liquidation, dissolution, or winding up of the Company. Shares of the Series A Convertible Preferred Stock are convertible at a 35% discount rate to the average closing price per share of the Company's common stock (either as listed on a national exchange or as quoted over-the-market) for the last 15 trading days immediately prior to conversion. However, no conversions of the Series A Convertible Preferred Stock to shares of common stock can occur unless the average closing price per share of the Company's common stock (either as listed on a national exchange or as quoted over-the-market) for the last 15 trading days immediately prior to conversion is at least $5.01. The shares of Series A Convertible Preferred Stock vote on a one for one basis. The right of conversion is limited by the fact the holder of the Series A Convertible Preferred Stock may not convert if such conversion would cause the holder to beneficially own more than 4.9% of the Company's common stock after giving effect to such conversion.

On December 9, 2019, the Company's Board of Directors created a class of preferred stock designated as 8% Series A-1 Convertible Preferred Stock comprising of 2,000,000 shares. During 2020, the authorized shares were increased to 2,700,000 shares. The rights and preferences of the 8% Series A-1 Convertible Preferred Stock are as follows: (a) dividend rights of 8% per annum based on the original issuance price of $1 per share, (b) liquidation preference over the Company's common stock, (c) conversion rights into shares of the Company's common stock at $3 per share (not to be affected by any reverse stock split in connection with the Asset Purchase Agreement with IDTEC), (d) redemption rights such that we have the right, upon 30 days written notice, at any time after one year from the date of issuance, to redeem all or part of the Series A-1 Convertible Preferred Stock for 150% of the original issuance price, (e) no call rights by the Company, and (f) each share of Series A-1 Convertible Preferred Stock will vote on an "as converted" basis.

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 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 at an amount per share equal to the original issue price of the Series B Convertible Preferred Stock plus all accrued but unpaid dividends on the Series B Convertible Preferred 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.

On March 1, 2022, the 3,000,000 Series B Convertible Preferred 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 underwriting offering and listing on Nasdaq. On April 20, 2023 the 3,000,000 Series B Convertible Preferred shares were converted back into 1,000,000 shares of the Company's common stock. Neither the exchange nor the conversion resulted in any value transfer.

NOTE 11. 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 the Black-Scholes pricing or the Monte Carlo simulation option pricing models 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

On March 30, 2022, the Company issued warrants to purchase up to 101,626 shares of common stock at $6 per share in exchange for a waiver of default penalties under the terms of a convertible debenture. The relative fair value of the warrants at the time of issuance was $864,000. The exercise price on the warrants was reduced to $1.35 per share in September 2022 in accordance with a down-round provision contained in the warrants. The warrants expire seven years after the date of issuance.

On May 18, 2022, the Company issued through an underwritten public offering 4,705,884 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 per share, respectively. The warrants expire five years from the date of issuance and were valued using the Monte Carlo simulation option pricing model at approximately $5,700,000. The exercise price on the Offering Warrants and Underwriter Warrants was reduced to $2.125 per share in September 2022 in accordance with a down-round provision contained in those warrants.

In January 2023, the Company entered into a consulting agreement for professional services to be provided over a 6-month period in exchange for the issuance of 225,000 common shares and 225,000 warrants to purchase shares of common stock at $1.35 per share. The warrants expire three years from the date of issuance. The warrants were valued at $162,481 using the Black-Scholes model on the date of issuance, which was recognized over the six month term of the agreement.

On March 9, 2023, in conjunction with the 2023 Debt Offering (see Note 8), the Company issued a total of 386,998 warrants to purchase shares of common stock at $2.52 per share. The warrants expire five years from the date of issuance. Total proceeds from the 2023 Debt Offering were allocated to the warrants based on their relative fair value, resulting in $398517 allocated to the warrants after issuance costs.

The fair values of stock warrants granted during the six-month periods ended June 30, 2023 and 2022 were determined based on the following assumptions:

	June 30, 2023	June 30, 2022
Exercise Price	$ 1.35 - 2.52	$ 4.25 - 6.00
Dividend Yield	0%	0%
Volatility	162-209%	110-160%
Risk-free Interest Rate	4.56-4.73%	2.45-2.89%
Expected Term	1.5 - 2.5 Years	5 - 7 Years

The following tables summarize the changes in the Company's outstanding warrants during the six-month periods ended June 30, 2023 and 2022:

	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, 2021	836,464	$ 1.50 – 9.00	3.04 Years	$ 6.78	$ 1,784,838
Warrants Granted	5,372,803	$ 4.25 – 6.00	n/a	$ 4.31	$ -
Warrants Exercised	-	$ -		$ -	$ -
Warrants Expired	-	$ -		$ -	$ -
Balance at June 30, 2022	6,209,267	$ 1.50 – 9.00	4.74 Years	$ 4.64	$ -

	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, 2022	10,387,877	$ 1.35 – 9.00	5.11 Years	$ 1.92	$ -
Warrants Granted	611,998	$ 1.35 – 2.52	n/a	$ 2.09	$ -
Warrants Exercised	-	$ -		$ -	$ -
Warrants Expired	(334,166)	$ 9.00		$ 9.00	$ -
Balance at June 30, 2023	10,665,709	$ 1.35 – 5.31	4.73 Years	$ 1.71	$ -

Share-Based Compensation

On October 24, 2019, the Company's 2019 Equity Incentive Plan (the *"Plan")* went effective authorizing 1,282,823 shares of the Company's common stock for issuance as stock options and restricted stock units ("*RSUs")* to employees, directors or consultants. The Plan provisions provide automatically increasing the shares authorized for issuance under the Plan on February 1st of each year by 5% of the total number of shares of common stock outstanding on December 31st of the preceding year. In January 2022 and June 2023, the stockholders approved amendments to increase the shares authorized under the Plan to 1,733,333 and 3,500,000 shares, respectively.

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

Stock Options

At June 30, 2023 and December 31, 2022, the Company had outstanding stock options of1,936,582 and 1,086,813, respectively, that were granted under the Plan. In addition, there were 16,769 stock options outstanding at June 30, 2023 and December 31, 2022 that were not granted under the Plan.

In total for the six months ended June 30, 2023 and 2022, the Company recorded $842,455 and $926,456, respectively, of share-based compensation expense related to stock options. In total for the three months ended June 30, 2023 and 2022, the Company recorded $456,487 and $435,015, respectively, of share-based compensation expense related to stock options. Unrecognized compensation expense as of June 30, 2023 was $1,848,387 which will be recognized over a weighted average period of21 months.

The weighted average grant date fair value per option granted during the six-month periods ended June 30, 2023 and 2022 was $1.90 and $2.07, respectively. The fair value was estimated at the grant date using the Black-Scholes option pricing model and the following assumptions:

	June 30, 2023	June 30, 2022
Exercise Price	$ 1.88 – 2.32	$ 8.25 – 9.08
Dividend Yield	0%	0%
Volatility	148%-207%	191%-192%
Risk-free Interest Rate	4.09-4.40%	0.78%-1.52%
Expected Term	2.7 - 5.8 Years	2.0 – 3.0 Years

The following tables summarize the changes in the Company's outstanding stock options during the six-month periods ended June 30, 2023 and 2022:

	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 Expired/Forfeited	-	-	-	-	-
Balance at June 30, 2022	1,123,356	$ 0.79 – 10.74	5.46 Years	$ 3.70	$ -

	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, 2022	1,103,583	$ 0.79 - 9.30	5.33 Years	$ 1.71	$ -
Options Granted	850,000	$ 1.88 - 2.32	7.91 Years	$ 2.26	-
Options Exercised	-	-	-	-	-
Options Expired/Forfeited	-	-	-	-	-
Balance at June 30, 2023	1,953,583	$ 0.79 - 9.30	6.06 Years	$ 1.95	$ -

	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, 2022	930,573	$ 0.79 - 9.30	5.83 Years	$ 1.60	$ -
Exercisable at June 30, 2023	1,173,005	$ 0.79 - 9.30	5.29 Years	$ 1.67	$ -

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.

The following tables summarize RSU activity under the Plan for the six-month periods ended June 30, 2023 and 2022:

	RSUs	Weighted Average Grant Date Fair Value Per Share	Weighted Average Vesting Period
Unvested at December 31, 2021	133,585	$ 8.56	0.97 Years
Granted	41,667	6.92	0.52 Years
Cancelled	-	-	-
Vested	(16,667)	7.50	-
Unvested at June 30, 2022	158,585	$ 8.17	0.49 Years

	RSUs	Weighted Average Grant Date Fair Value Per Share	Weighted Average Vesting Period
Unvested at December 31, 2022	380,000	$ 2.17	0.74 Years
Granted	-	-	-
Cancelled	(80,000)	2.17	0.58 Years
Vested	(185,000)	2.17	0.55 Years
Unvested at June 30, 2023	115,000	$ 2.17	1.17 Years

In total for the six months ended June 30, 2023 and 2022, the Company recorded $484,220 and $751,607, respectively, in stock-based compensation expense related to RSUs. In total for the three months ended June 30, 2023 and 2022, the Company recorded $171,275 and $308,823, respectively, in stock-based compensation expense related to RSUs. As of June 30, 2023, total unrecognized compensation cost related to RSUs was $106,950 which will be recognized over a period of six months.

Executive Officer Stock Options and RSUs

The Company had 980,705 and 537,371 outstanding stock options for executive officers as of June 30, 2023 and December 31, 2022, respectively, with exercise prices ranging from $0.79 to $2.39 per share.

The Company had 200,000 unvested RSUs for executive officers as of December 31, 2022, of which150,000 vested and 50,000 were cancelled during the six months ended June 30, 2023. There were no unvested RSUs for executive officers at June 30, 2023.

NOTE 12. COMMITMENTS AND CONTINGENCIES

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 June 30, 2023 and December 31, 2022, the Company has accrued $ 11,164 plus accrued interest of approximately $19,000. In connection with the closing of our 2020 asset purchase transaction, in the event the Company is required to pay any money related to this lawsuit, the seller agreed to pay the amount for the Company in exchange for shares of our common stock.

In June 2023, the Company reached a settlement with a former employee for $60,000. This amount is included in accrued expenses at June 30, 2023 and was paid in July 2023.

NOTE 13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events for recognition and disclosure through August 9, 2023, which is the date the condensed consolidated financial statements were available to be issued and has determined that there are no material subsequent events that require recognition or disclosure in the accompanying condensed consolidated financial statements.

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 of financial condition and results 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.

Corporate Overview

On September 19, 2011, we, as 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, our Board of Directors approved the amendment to our Certificate of Incorporation and stockholders holding 52% 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, changing our name from "TransBiotec, Inc." to "SOBR Safe, Inc." The Certificate of Amendment to our Certificate of Incorporation became effective with the State of Delaware on April 24, 2020.

On April 28, 2022, the Company completed a 3-for-1 reverse stock split which 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 six months ended June 30, 2023.

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, 2022.

Business Operations

We provide organizations with a non-invasive technology that quickly and safely identifies the presence of alcohol in its employees, contractors, participants or patients. 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 benefits and positively impact behavior. To that end, we developed the scalable, patent-pending SOBRsafe™ software platform for non-invasive alcohol detection and identity verification, a solution that has applications in probation management, fleet & facility safety, and for outpatient alcohol rehabilitation and youth drivers in a wearable form. We believe that uniform daily use of our device could result in material insurance savings across workers' compensation, general liability, umbrella and fleet policies.

SOBRcheck™ is our stationary identification and alcohol monitoring product. When installed, SOBRcheck™ enables a rapid, hygienic biometric finger scan to authenticate ID and determine the presence or absence of alcohol. The SOBRcheck™ product provides the administrator with real-time results, delivered securely, to more efficiently manage their existing substance abuse policy. Our device is meant to be a specific point in time, quick test for the presence of alcohol, with the results to be used as a complementary data source in support of the organization's alcohol policies. If alcohol is detected by the device, then our customers follow up in accordance with its own policies, which could include additional tests via a blood test or breathalyzer (we will not provide these devices). We will gather de-identified information regarding Pass/Fail tests for use in determining trends in a company and/or industry, etc., but such information does not include any specific data about the individual user, only whether a pass or fail result occurred.

We are in commercial production and sale of our SOBRcheck™ solution. We have executed customer agreements and have had revenue since the first quarter 2022.

Our second device, the SOBRsure™, is our transdermal, alcohol-detecting wearable wristband that uses the same SOBRsafe™ hardware/software technology platform for ongoing, real-time alcohol monitoring and GPS tracking. The primary intended applications include probation management, fleet & facility, outpatient alcohol rehabilitation, commercial fleets and youth drivers. The wearable wristband is in commercial production and available for sale in the third quarter of 2023.

Our SOBRsafe™ technology can also be deployed across numerous additional devices and form factors for various uses; among those we are currently exploring include possible integrations with existing telematics systems, and it could be licensed by non-competitive third parties.

Design, manufacturing, quality testing and distribution for all SOBRsafe™ devices takes place in the United States.

Our SOBRcheck™ and SOBRsure™ revenue model consists of two components: a hardware device purchase price and a recurring monthly SaaS subscription fee per user.

Business Outlook and Challenges

Our products continue to gain awareness and recognition through trade shows, media exposure, social media and product demonstrations. To generate sales, we have a three-part strategy: 1) direct sales, 2) distributors and 3) licensing & integration. We currently employ four highly experienced sales professionals. We have signed fifteen distributors, representing 66 additional sales professionals actively introducing our solutions to established companies in drug and alcohol testing, rehabilitation, justice, workplace, fleet, telematics, and oil and gas verticals . Finally, initial licensing & integration discussions are underway, and we anticipate hiring an expert in this field in 2023 to formulate and execute a global expansion plan.

We anticipate that our outsourced manufacturers can adequately support an increase in sales for the foreseeable future. We expect that we will need to continue to evolve our products and software to meet diverse customer requirements across varied markets.

Since inception in August 2007, we have generated significant losses from operations and anticipate that we will continue to generate significant losses for the foreseeable future.

On March 9, 2023, the Company received approximately $2,500,000 of net proceeds from the Debt Offering pursuant to a Purchase Agreement (the “Agreement”) and Registration Rights Agreement with institutional investors. The March 2023 Debt Offering required that the $2,005,000 of the convertible notes payable due in March, April and May 2023 be paid by April 24, 2023. Total principal balances of the convertible notes at March 31, 2023 are $905,000 and are payable at $155,000 and $750,000 in April 2023 and May 2023, respectively. On April 12, 2023, the Company prepaid the principal and all accrued interest for the convertible notes due in April and May 2023.

Management believes that cash balances of approximately $5,700,000 and positive working capital of $5,100,000 at June 30, 2023 provide adequate working capital for operating activities for the next twelve months after the date these financial statements are issued. Further, actions presently being taken to generate product and services revenues and positive cash flows, in addition to the Company’s ability to implement expense reduction tactics to preserve working capital provide the opportunity for the Company to continue as a going concern as of June 30, 2023.

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

Results of Operations for Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

Summary of Results of Operations

	Three Months Ended June 30,	
	2023	**2022**
Revenues	$ 37,601	$ 1,500
Cost of goods and services	16,576	-
Gross profit	21,025	1,500
Operating expenses:		
General and administrative	1,899,383	1,358,480
Stock-based compensation expense	627,762	743,838
Research and development	193,175	485,184
Total operating expenses	2,720,320	2,587,502
Loss from operations	(2,699,295)	(2,586,002)
Other income (expense):		
Other income, net	60,587	216,402
Gain (loss) on extinguishment of debt, net	(26,125)	1,109,105
Gain on fair value adjustment – derivatives, net	-	1,380,000
Interest expense	(209,125)	(197,037)
Amortization of interest – beneficial conversion features	-	(110,849)
Total other income (expense), net	(174,663)	2,397,621
Net loss	$ (2,873,958)	$ (188,381)

Operating Loss; Net Loss

Our operating loss increased slightly by $113,293 from $2,586,002 for the three months ended June 30, 2022 to $2,699,295 for the three months ended June 30, 2023. The change in our operating loss for the three months ended June 30, 2023, compared to the same prior year period, is primarily a result in acceleration of our planned strategic operational activities resulting in increases for general and administrative expenses primarily in employee headcount, and sales and marketing activities. These planned increases have been offset by a reduction in research and development expense, and stock-based compensation expense.

Our net loss increased by $2,685,577 from $188,381 for the three-month period ended June 30, 2022 to $2,873,958 for the three-month period ended June 30, 2023. This change was primarily driven by certain one-time items included in Other income (expense) for the three months ended June 30, 2022 including gains on the extinguishment of debt and fair value adjustments to derivatives of approximately $1.5 million that positively impacted the Company's financial results for that period. The changes are detailed below.

Revenue

The Company progressed to commercial production of its SOBRcheck™ device in the first quarter of 2022 and began executing customer agreements. Revenues of $37,601 for the three-month period ended June 30, 2023 have increased by $36,101 as compared to the prior year period of $1,500. This increase is primarily driven by increased sales of our SOBRcheck™ device of $10,964 and recurring software subscription revenues of $25,137.

Gross Profit

The cost of goods and services for the three months ended June 30, 2023 was $16,576 resulting in a gross profit of $21,025 and a gross margin of 56%. Where the Company generated limited revenue from software subscriptions and the Company's SOBRsafe™ software platform in the final stages of development, during the three months ended, June 30, 2022, no cost of services was recognized. Due to the limited history of generating revenue, the gross profit and gross margin for the three months ended June 30, 2023 and 2022 may not be 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 $540,903, from $1,358,480 for the three-month period ended June 30, 2022 to $1,899,383 for the three-month period ended June 30, 2023. This increase is primarily attributable to higher payroll and benefits expenses of $267,682 from a planned increase in employee headcount. Other items contributing to the increase in general and administrative expenses include increases in professional services of $67,740, marketing and business development expenses of $60,381, insurance expense of $52,550, travel-related expenses of $31,530, and rental expense of $21,346.

Stock-Based Compensation Expense

The Company had stock-based compensation expense of $627,762 for the three months ended June 30, 2023, compared to $743,838 for the three months ended June 30, 2022. 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 that is recognized over the period of service.

Research and Development

Research and development expenses decreased by $292,009, to $193,175 for the three months ended June 30, 2023, compared to $485,184 for the three months ended June 30, 2022. The decrease in research and development is due to the Company finalizing development of our SOBRsure™ device during the three months ended June 30, 2023 which entered into commercial production and sale of the device in early third quarter of 2023. This is compared to research and development expense during the same period in the prior year related to the final development of both the SOBRsafe™ software platform and the SOBRcheck™ device.

Other Income, net

Other income, net decreased by $155,815 from $216,402 for the three months ended June 30, 2022 to $60,587 for the three months ended June 30, 2023. For the three months ended June 30, 2023, other income primarily consisted of interest earned on cash deposits. For the three months ended June 30, 2022, other income primarily consisted of employee tax retention credits applied for and received under the CARES Act.

Gain (Loss) on Extinguishment of Debt, net

During the three months ended June 30, 2023, we recorded a loss on extinguishment of debt of $26,125 which related to the early payoff of convertible notes issued in 2021. During the three months ended June 30, 2022, we recorded a net gain on extinguishment of debt of $1,109,105 related to the payoff of a $3,048,751 convertible debenture issued in 2021.

Fair Value Adjustment – Derivatives

Fair value adjustment – derivatives resulted in a gain of $1,380,000 for the three-month period ended June 30, 2022, which was related to financial instruments issued in September 2021 that contained an embedded derivative liability component. We did not have any outstanding financial instruments that contained derivative liability components during the three-month period ended June 30, 2023. The gain or loss related to the instruments is affected by the price of our common stock.

Interest Expense

Interest expense was relatively consistent for the three-month periods ended June 30, 2023 and 2022, increasing by $12,088, from $197,037 for the three months ended June 30, 2022 to $209,125 for the three months ended June 30, 2023.

Amortization of Interest – Beneficial Conversion Features

During the three months ended June 30, 2023, the Company had amortization of interest – beneficial conversion features expense of none compared to $110,849 during the three months ended June 30, 2022. The expense for the three-month period ending June 30, 2022 was related to the amortized discount on convertible notes payable.

Results of Operations for Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

Summary of Results of Operations

	Six Months Ended June 30,	
	2023	**2022**
Revenues	$ 85,469	$ 3,000
Cost of goods and services	46,640	1,100
Gross profit	38,829	1,900
Operating expenses:		
General and administrative	3,484,333	2,221,579
Stock-based compensation expense	1,326,675	1,678,063
Research and development	374,093	532,644
Total operating expenses	5,185,101	4,432,286
Loss from operations	(5,146,272)	(4,430,386)
Other income (expense):		
Other income, net	131,057	216,429
Gain (loss) on extinguishment of debt, net	(26,125)	245,105
Gain on fair value adjustment – derivatives, net	-	1,040,000
Interest expense	(434,310)	(2,138,142)
Amortization of interest – beneficial conversion features	-	(691,071)
Total other income (expense), net	(329,378)	(1,327,679)
Net loss	$ (5,475,650)	$ (5,758,065)

Operating Loss; Net Loss

Our operating loss increased by $715,886 from $4,430,386 for the six-month period ended June 30, 2022 compared to $5,146,272 for the six-month period ended June 30, 2023. The change in our operating loss for the six months ended June 30, 2023, compared to the same prior year period, is primarily a result in acceleration of our planned strategic operational activities resulting in increases for general and administrative expenses primarily in employee headcount, and sales and marketing activities. These planned increases have been offset by a reduction in research and development expense, costs associated with financing activities including interest expenses and other financing related costs, and stock-based compensation expense.

Our net loss decreased by $282,415 from $5,758,065 for the six-month period ended June 30, 2022 compared to $5,475,650 for the six-month period ended June 30, 2023. The increase in the operating loss of $715,886 for the six-month period ended June 30, 2023 from the prior year period was further increased by a reduction in other income and certain favorable one-time items occurring during the six month period ended June 30, 2022 including gains on the extinguishment of debt and fair value adjustments for derivatives. These items have been offset by favorable reductions in interest expense and amortization of interest for beneficial conversion features. The changes are detailed below.

Revenue

The Company progressed to commercial production of its SOBRcheck™ device in the first quarter of 2022 and began executing customer agreements. During the six-month period ended June 30, 2023, the Company increased revenues by $82,469 to $85,469 as compared to $3,000 for same period in 2022. This increase during the six-month period in 2023 is primarily driven by increased sales of our SOBRcheck™ device by $34,742 and recurring software subscription revenues by $47,727 as compared to the prior year period.

Gross Profit

The cost of goods and services for the six months ended June 30, 2023 was $46,640 resulting in a gross profit of $38,829 and a gross margin of 45%. The cost of goods and services for the six months ended June 30, 2022 was $1,100 resulting in a gross profit of $1,900 and a gross margin of 63%. Due to the limited history of generating revenue, the gross profit and gross margins for the six months ended June 30, 2023 and 2022 may not be 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 $1,262,754, from $2,221,579 for the six-month period ended June 30, 2022 to $3,484,333 for the six-month period ended June 30, 2023. This increase is primarily due to increases in our employee compensation and benefits of $518,461 as a result of our increased employee headcount, in addition to increases in professional, legal and consulting services of $362,100, insurance expense of $128,057, travel-related expenses of $69,937, marketing and business development expenses of $51,496, and rental expense of $33,753.

Stock-Based Compensation Expense

The Company had stock-based compensation expense of $1,326,675 for the six months ended June 30, 2023, compared to $1,678,063 for the six months ended June 30, 2022. 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 that is recognized over the period of service.

Research and Development

Research and development expenses decreased by $158,551, to $374,093 for the six months ended June 30, 2023, compared to $532,644 for the six months ended June 30, 2022. The decrease in research and development is due to the Company finalizing development of our SOBRsure™ device during the six months ended June 30, 2023 which entered into commercial production and sale of the device in early third quarter of 2023. This compared to research and development expense during the same period in the prior year related to the final development of both the SOBRsafe™ software platform and the SOBRcheck™ device, and the inception of research and development costs for the SOBRsure™ device.

Other Income, net

Other income, net decreased by $85,372 from $216,429 for the six months ended June 30, 2022 to $131,057 for the six months ended June 30, 2023. For the six months ended June 30, 2023, other income primarily consisted of interest earned on cash deposits. For the six months ended June 30, 2022, other income primarily consisted of employee tax retention credits applied for and received under the CARES Act.

Gain (Loss) on Extinguishment of Debt, net

During the six months ended June 30, 2023, we recorded a loss on extinguishment of debt of $26,125 which related to the early payoff of convertible notes issued in 2021. During the six months ended June 30, 2022, we recorded a net gain on extinguishment of debt of $1,109,105 related to the payoff of a $3,048,751 convertible debenture issued in 2021, net of a loss recorded for a modification to the terms of the original warrants issued with the convertible debenture.

Fair Value Adjustment – Derivatives

Fair value adjustment – derivatives was a gain of $1,040,000 for the six-month period ended June 30, 2022, which was related to financial instruments issued in September 2021 that contained an embedded derivative liability component. We did not have any outstanding financial instruments that contained derivative liability components during the six-month period ended June 30, 2023. The gain or loss related to the instruments are affected by the price of our common stock.

Interest Expense

Interest expense decreased by $1,703,832, from $2,138,142 for the six-month period ended June 30, 2022 to $434,310 for the six-month period ended June 30, 2023. This decrease is mainly due to $914,634 of default penalties on a convertible debenture that are included in interest expense for the six months ended June 30, 2022. The remaining decrease is attributable to lower amortization expense related to debt discounts.

Amortization of Interest – Beneficial Conversion Features

During the six months ended June 30, 2023, the Company had amortization of interest – beneficial conversion features expense of none compared to $691,071 during the six months ended June 30, 2022. The expense for the six-month period ending June 30, 2022 was related to the amortized discount on convertible notes payable.

Liquidity and Capital Resources for Six Months Ended June 30, 2023 Compared to December 31, 2022

Introduction

During the six months ended June 30, 2023, because of our operating losses, we did not generate positive operating cash flows. Future capital requirements will depend on many factors, including the Company's ability to sell and develop products, generate cash flow from operations, and assess competing market developments. The Company may need additional capital in the future. Our cash on hand as of June 30, 2023 was $5,675,979 and our current normalized monthly operating cash flow burn rate is approximately $500,000. Management believes cash balances and positive working capital at June 30, 2023 will provide adequate working capital for operating activities for the next twelve months after the date these financial statements are issued. Further, actions presently being taken to generate product and services revenues and positive cash flows, in addition to the Company's ability to implement expense reduction tactics to preserve working capital provide the opportunity for the Company to continue as a going concern as of June 30, 2023.

Our cash, current assets, total assets, current liabilities, and total liabilities as of June 30, 2023 and as of December 31, 2022, respectively, are as follows:

	June 30, 2023	December 31, 2022	Change
Cash	$ 5,675,979	$ 8,578,997	$ (2,903,018)
Total Current Assets	6,367,244	9,025,717	(2,658,473)
Total Assets	9,393,723	11,912,037	(2,518,314)
Total Current Liabilities	1,258,018	2,821,684	(1,563,666)
Total Liabilities	3,591,311	2,821,684	769,627

Our current assets and total assets decreased as of June 30, 2023, as compared to December 31, 2022, by approximately $2.7 million primarily due to the ongoing use of cash flow of approximately $2.9 million to support ongoing operations as evidenced by our normalized monthly operating cash flow burn rate of approximately $0.5 million, offset by an increase in prepaid insurance premiums of approximately $0.2 million.

Our current liabilities decreased as of June 30, 2023, as compared to December 31, 2022, by approximately $1.6 million. This decrease was primarily due to payments made to principal and interest amounts owed to holders of convertible debt notes payable of approximately $2.2 million which matured during the six-month period ending June 30, 2023, offset by increases in operating accounts payable of approximately $0.3 million and the financing of insurance premiums of approximately $0.3 million.

In order to repay all our obligations in full or in part when due, we will be required to generate adequate cash flow from operations or 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 $3,262,642 for the six-month period ended June 30, 2023, as compared to net cash used in operating activities of $2,721,376 for the six-month period ended June 30, 2022. For the period in 2023, the net cash used in operating activities consisted primarily of our net loss of $5,475,650, offset by non-cash expense items including amortization of $192,732, amortization of interest of $103,445, loss on extinguishment of debt of $26,125, stock warrants expense of $182,901, stock-based compensation expense of $1,326,675, non-cash interest expense of $29,638, non-cash lease expense of $13,747, bad debt expense of $1,132 and changes in our assets and liabilities for accounts receivable of ($1,938), inventory of ($47,867), prepaid expenses of $398,521, other assets of ($15,931), accounts payable of $341,425, accrued expenses of $1,185, accrued interest payable of $(324,083), and operating lease liabilities of ($14,699).

For the period in 2022, the net cash used in operating activities consisted primarily of our net loss of $5,758,065, offset by non-cash expense items including amortization of $192,732, amortization of interest – conversion features of $709,121, amortization of interest of $423,782, gain on extinguishment of debt of ($245,105), change in fair value of a derivative liability by ($1,040,000), stock warrants expense of $655,346, stock-based compensation expense of $1,678,063, and changes in our assets and liabilities for accounts receivable of ($1,250), inventory of ($132,489), prepaid expenses of ($243,952), other assets of ($3,151), accounts payable of ($20,109), accrued expenses of $1,011,586, accrued interest payable of $113,451, and related party payables of ($60,976).

Investments

We had no cash provided by or used in investing activities during the six-month periods ended June 30, 2023 or June 30, 2022.

Financing

We received gross proceeds from the issuance of convertible notes payable of $3,000,001 during the six-month period ended June 30, 2023 which was offset by issuance costs of $537,750. Payments of approximately $2,100,000 were made toward the principal and accrued interest amounts for matured convertible notes payable issued in 2021 to both related and non-related parties.

During the six-month period ended June 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, pursuant to an arrangement with the Debenture holder, the $3,048,781 principal balance of the Convertible Debenture in default 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. During the six-month period ended June 30, 2022, the Company also completed schedule repayments of notes payable to non-related parties of ($55,083).

Contractual Obligations and Commitments

At June 30, 2023, the Company had no financial commitments and was not committed to material contractual obligations for the design, production, delivery or assembly of its software platform or associated devices, or commercial leases.

Off Balance Sheet Arrangements

We have no off-balance sheet arrangements as of June 30, 2023 and December 31, 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 2023.

Recent Accounting Pronouncements

There have been no recent accounting pronouncements or changes in accounting pronouncements during the period ended June 30, 2023, 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 Controls and 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 controls and 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 June 30, 2023, 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 our disclosure controls and procedures. Based on that evaluation, management has concluded that our disclosure controls and procedures were effective as of June 30, 2023.

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.

(b) Changes in Internal Controls over Financial Reporting

We previously identified two material weaknesses in our internal control over financial reporting. Based on its evaluation, management has concluded that both material weaknesses have been remediated as of June 30, 2023. The first material weakness related to a lack of segregation of duties within accounting functions. The Company hired a Chief Financial Officer and a Vice President of Finance and Accounting in 2022, and hired a Controller in February 2023. The additional accounting staff enabled the Company to further segregate incompatible duties during the period, ensuring that at least two individuals are involved in all significant financial processes. Management also implemented several additional monitoring and review controls during the period. The second material weakness related to a lack of documentation of our internal controls. During the period ended June 30, 2023, the Company retained an independent consultant to assess our controls and assist with our internal control documentation. Such assessment and documentation have now been completed. In addition, management introduced certain new policies and procedures during the period which were adopted, implemented and communicated to staff.

(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 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 us, but we have not been contacted by the Plaintiffs. As of June 30, 2023 and December 31, 2022, the Company has accrued $11,164 plus accrued interest of approximately $19,000. In connection with the closing of our 2020 asset purchase transaction, in the event the Company is required to pay any money related to this lawsuit, the seller agreed to pay the amount for the Company in exchange for shares of our common stock.

In June 2023, the Company reached a settlement with a former employee for $60,000. This amount is included in accrued expenses at June 30, 2023 and was paid in July 2023.

See Part I, Item I, Notes to Unaudited Condensed Consolidated Financial Statements, Note 6 - Contingencies, of this report.

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

There were no unregistered sales of the Company's equity securities during the six-month period ended June 30, 2023 that were not previously reported in a Current Report on Form 8K, except as follows:

On February 16, 2023, the Company issued 225,000 common shares and 225,000 warrants to purchase common shares for professional services provided by a third-party consultant.

The sales and issuances of the securities described above were made pursuant to the exemptions from registration contained in Section 4(a)(2) of the Securities Act and Regulation D under the Securities Act.

ITEM 3 Defaults Upon Senior Securities

None.

ITEM 4 Mine Safety Disclosures

There have been no events which are required to be reported under this Item.

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 (8)	Amendment to Amended and Restated Bylaws of SOBR Safe, Inc. dated April 6, 2023.
10.1 (6)	Executive Employment Agreement with David Gandini dated January 30th, 2023
10.2 (7)	Purchase Agreement between SOBR Safe, Inc. and Purchasers dated March 7, 2023
10.3 (7)	Registration Rights Agreement between SOBR Safe, Inc. and Purchasers dated March 7, 2023
10.4 (7)	Form of Senior Convertible Note between SOBR Safe, Inc. and Holders dated March 9, 2023
10.5 (7)	Common Stock Purchase Warrant between SOBR Safe, Inc. and Holders dated March 9, 2023
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 **	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH **	Inline XBRL Taxonomy Extension Schema Document
101.CAL **	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF **	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB **	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE **	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

*Filed herewith.

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registrati0n 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 18, 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 February 3, 2023.

(7) Incorporated by reference from our Current Report on Form 8-K, filed with the Commission on March 13, 2023.

(8) Incorporated by reference from our Annual Report on Form 8-K, filed with the Commission on April 11, 2023.

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: August 9, 2023

By: */s/ David Gandini*
David Gandini
Its: Chief Executive Officer and Principal 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: August 9, 2023

By: */s/ David Gandini*
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: August 9, 2023

By: */s/ Jerry Wenzel*
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 June 30, 2023, 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: August 9, 2023

By: */s/ David Gandini*
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 June 30, 2023, 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: August 9, 2023

By: */s/ Jerry Wenzel*
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.