

Denver's SOBRsafe sees swell in investor interest following federal report on drunk driving

A recent recommendation from the National Transportation Safety Board "really put us on the map," says CEO.



David Gandini, CEO of SOBRsafe

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By Nikki Wentling – Reporter, Denver Business Journal

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At the end of September, the federal agency tasked with investigating civil transportation accidents [recommended](#) that all new vehicles in the United States be outfitted with blood-alcohol monitoring technology to prevent intoxicated people from driving.

One company that has already developed that technology and is in the public market is Denver-based SOBRsafe (Nasdaq: SOBR). Investors took notice. The day the National Transportation Safety Board, or NTSB, made the recommendation, SOBRsafe's stock shot up by more than 232%.

Its stock has been trading at high volumes in the two weeks since the recommendation was made, with 73 million shares traded last week and nine million traded Tuesday.

From CEO [David Gandini's](#) perspective, the NTSB recommendation was a "stroke of luck" for SOBRsafe, which entered the public market just before it plunged in May.

"It was awesome – a significant event for us. The phones are ringing off the hook, and we're getting tons of emails from companies saying, 'Hey, can we talk about this?'" Gandini said. "It's really put us on the map in terms of everybody understanding what we do. It's not just us standing around thinking how great we are and wondering if anybody's going to call us."

Gandini and his team capitalized on the attention by raising \$6 million through a securities purchase agreement. Investors agreed to acquire about 4 million of the company's units at \$1.48 each. Each unit contains one share of SOBRstock and a warrant for another share exercisable at \$1.35. The warrants have a seven-year term.

SOBRsafe issued the units Sept. 28 and sold them all within four hours, Gandini said.

"We had to take that opportunity because our stock was trading so significantly," Gandini said. "We had to take advantage of the timing."

When SOBRsafe launched onto the Nasdaq in May, it gained about \$10 million through its initial public offering – \$5 million less than the company expected. Its stock sunk quickly after its IPO, and the market as a whole took a hit this summer amid rising inflation and concerns about a possible recession.

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The \$6 million raise last week is expected to get SOBRsafe to a break-even point next year and fully fund the company's plans through 2023, said [Justin Davis](#), the company's vice president of corporate communications.

"We saw this groundswell of support that really lifted us to different levels than we had previously experienced," Davis said.

The NTSB's recommendation represented a transition for the future of automotive manufacturing and potentially for SOBRsafe, Davis said. The recommendation was part of an investigative report by the NTSB about a crash in Fresno, California, last year in which a drunk driver collided head-on with another vehicle, killing both drivers and seven children.

The NTSB made the recommendation to the National Highway Traffic Safety Administration, or NHTSA, which can choose whether to enact it. Under last

year's bipartisan infrastructure bill, Congress passed a measure that requires the NHTSA to mandate automakers install alcohol-monitoring systems in its vehicles within the next three years. The agency is allowed to seek an extension.

"Technology could've prevented this heartbreaking crash – just as it can prevent the tens of thousands of fatalities from impaired-driving and speeding-related crashes we see in the U.S. annually," NTSB Chair [Jennifer Homendy](#) said in a statement. "We need to implement the technologies we have right here, right now to save lives."



SOBRsafe's flagship product, SOBRcheck, reads peoples' identities and blood-alcohol levels.

SOBR SAFE, INC.

SOBRsafe developed touch-based technology called SOBRcheck that aims to prevent intoxicated people from driving or performing other dangerous tasks. The company claims it's faster, more cost-effective and more hygienic than breathalyzers, and the technology is transferable across multiple platforms, including personal wearables and integration with vehicles.

SOBRsafe has focused its efforts on selling its products to employers as a safety check. SOBRcheck is installed in warehouses, manufacturing facilities and construction sites, and employees use it by placing two fingers on a sensor that reads their identity and checks their blood-alcohol levels. Within seconds of a user being flagged on the system as intoxicated, a company's management is immediately notified via cloud technology before the employee can get behind the wheel or perform a work duty.

The company is seeking to fully replace breathalyzers, and it recently got its first foothold in the justice system. SOBRsafe signed a deal last week with

Alternatives, Inc., which operates community corrections and re-entry programs in Montana. SOBRcheck will be installed at Alternative's facilities, taking the place of breathalyzers.

In addition to saving time and being more sanitary, Alternatives CEO [Dave Armstrong](#) said he chose the tech because of its biometric identity verification, which will allow employees to identify people instantly, despite the constant change to Alternatives' clientele. Alternatives has struggled with breathalyzers in the past because some clients suffer from lung-capacity issues and others try to manipulate them by altering their breathing, Armstrong said.

"That opens the door for us to be in that space," Gandini said of the deal. "It's a perfect fit for the technology and supports our strategy going forward."

SOBRsafe is hiring sales staff and plans to pursue more deals through the end of the year.

"We've got the capital, and we're building off of everything that's come together for us," Gandini said. "Eyes are being opened, and we're just heads-down and executing."