

Wrap Technologies, Inc.
Second Quarter 2022 Earnings Conference Call
August 10, 2022

Transcript of the Second Quarter 2022 Earnings Conference Call held at 5:00PM ET.

Paul Manley: Good afternoon, and welcome to the Wrap Technologies Second Quarter 2022 Earnings Conference Call. My name is Paul Manley and I'm Vice President of Investor Relations. Today, our reconstituted management team will discuss the past quarter's performance and provide updates on its business assessment and our new multi-year strategic roadmap.

On today's call, I'm joined by:

- Wrap's Chief Executive Officer, TJ Kennedy;
- Wrap's President, Kevin Mullins, and;
- Wrap's recently appointed Chief Financial Officer, Chris DeAlmeida.

I'd like to take a moment to remind you that certain statements made during the call today constitute forward looking statements made pursuant to the Safe Harbor provisions of the Private Securities and Litigation Act of 1995, as amended. Such forward-looking statements are subject to both known and unknown risks and uncertainties that could cause actual results to differ materially from such statements. These risks and uncertainties are described in our earnings press release and in our filings with the SEC. The forward-looking statements made today are as of the date of this call, and we do not undertake any obligation to update the forward-looking statements.

I will now turn the call over to TJ.

TJ Kennedy: Thank you, Paul, and good afternoon, everyone.

I'm going to begin by providing a high-level overview of our Q2 activities and results. Chris DeAlmeida, our new CFO, will then discuss our financials before Kevin Mullins and I conclude by detailing management's new strategic roadmap. Developing a multi-year strategic roadmap that targets growth, profitability and enhanced value creation has been among our top priorities over the past 90 days.

It's important to note that we view 2022 as a transitional year for Wrap – one that we are using to establish a strong foundation for long-term success. After recently stepping into our new roles, Kevin and I have invested a great deal of our time to conducting a bottom-up assessment of the Company. We have had exhaustive conversations with team members, customers, distributors and partners to understand what *was working well* and *what needs to improve*. This process has helped us identify correctable issues and a number of opportunities for optimizing cost structures, improving margins and accelerating our growth trajectory. Going forward, our new roadmap is going to guide our execution as we work to address legacy issues, capture opportunities and accelerate the organization's maturation.

Briefly touching on Q2 results, I want to first highlight that operating expense was \$5.2 million, representing a 32% decrease year-over-year. This significant reduction reflects new management's emphasis on implementing effective cost controls and achieving greater operational efficiencies. Revenue was \$1.2 million in Q2, reflecting the expected first-half impact of transitioning customers from the BolaWrap 100 to the BolaWrap 150. The transition had a larger impact on revenue due to the shutdown of the BolaWrap 100 production line prior to producing the next generation device, resulting in delays in

getting devices to market. Despite production challenges, sales headwinds and lingering COVID-19 restrictions, we were able to achieve a gross margin of 39% in Q2 thanks to cost containment efforts and the early-stage transition to the higher margin BolaWrap 150.

During the quarter, we also continued to build more brand awareness in important areas. We grew trained law enforcement agencies to more than 1,130 in Q2, representing 41% year-over-year growth. Certified officer instructors grew to more than 3,660 in the quarter, up 31% from 2021.

Our brand traction validates that Wrap is uniquely positioned to deliver best-in-class technologies and data-driven services that can empower law enforcement officers across the globe to have safer, more effective encounters with minimal use of force. New management is acting with urgency and purpose to capitalize on this distinct positioning.

With that said, I'd like to turn the call over to Chris. We're very excited to have Chris on the team and look forward to working closely with him as we execute on our roadmap.

Chris DeAlmeida: Thank you, TJ. Good afternoon, everyone.

I'm excited to be part of this new management team and look forward to helping drive the future growth of Wrap. Since joining, I've had an opportunity to take a close look at our business model and provide input on the strategic roadmap. I agree with what TJ said about the clear opportunities in front of us.

I'll now discuss the financial highlights for the second quarter.

During the second quarter 2022, we generated net revenues of \$1.2 million, compared to \$1.9 million for the prior year period. This includes approximately \$200 thousand in promotional discounts and incentives during Q2 2022, primarily related to converting customers to the BolaWrap 150. Gross revenues, before such discounts for Q2 2022, were \$1.4 million. We expect customer product conversion discounts, which are customary in our industry, to decline after Q3, as we have phased out new upgrade quotes.

As noted, sales this quarter were largely impacted by the slow transition to the BolaWrap 150. This is partially due to the time it takes to introduce what is essentially a new device to agencies, especially in international geographies. It also takes time to work through approval and training processes to formally move agencies from our historic device to the newest generation. Additionally, pandemic restrictions and supply chain disruptions have lingered. This leads us to reiterate that near-term sales growth, especially internationally, may be lumpy. Fortunately, a silver lining is that pending international orders pursued in the second quarter are expected to complete, in future quarters.

We continue to expect full-year 2022 revenue will increase due to growth in domestic sales and international orders in our robust pipeline.

Our gross margin for the second quarter was 39%, compared to 36% in Q2 of 2021, excluding approximately \$700 thousand of one-time expenses related to a line change, and transition to building the BolaWrap 150 in Q2 of 2021. As we have stated before, our goal is to achieve 50% gross margins this year. While this quarter was an improvement over last year, our gross margin this quarter was impacted by lower sales volume, as well as warranty costs and promotional discounts that we anticipate will come down over the next few quarters.

With respect to promotional costs, we incurred \$265 thousand in the second quarter of 2022. This reflects the cost of demonstrations as well as training products delivered to law enforcement agencies or distributors. This is a decline from the \$379 thousand in promotional costs in the prior year period.

R&D expense in the second quarter 2022 was \$1.5 million as compared to \$1.2 million in the prior year period. The increase in R&D costs was a result of increased headcount and consulting costs related to finalizing enhancements and testing of the BolaWrap 150, and investments to improve our virtual reality software. Going forward, we have enacted cost containment initiatives to reduce R&D spend.

SG&A expense for the second quarter 2022 was \$3.8 million, representing a \$2.8 million reduction from Q2 2021 due to significant new cost containment efforts focused on reducing SG&A expense to be more in line with overall sales. Share-based compensation decreased to \$600 thousand as compared to \$2 million in the prior year period, due to the stock price in Q2, as well as certain issuances of stock in the prior year period.

We expect SG&A expenses for the balance of 2022 to remain below the prior year due to active cost containment efforts.

Overall, our net loss was \$4.8 million for the second quarter 2022, or \$0.12 per share, compared to a net loss of \$7.8 million for Q1 2021 or \$0.20 per share.

Our balance sheet remains strong with approximately \$28.5 million of cash and short-term investments to support our growth needs.

With that, I will turn the call over to Kevin to discuss recent improvements to our go-to market strategy.

Kevin Mullins: Thanks, Chris. As TJ noted at the start of the call, we have spent the past 90 days assessing all facets of Wrap's business model. A key area of focus was our go-to-market strategy for both the BolaWrap 150 and Wrap Reality. We identified several areas of improvement and have already begun making adjustments.

Our goal for the BolaWrap 150 is to achieve repeatable and predictable sales across domestic and international markets. To do this, we've begun to expand our sales function, while also working to foster stronger relationships with key distributors, which we believe will drive robust, more predictable results.

With respect to sales, we are focused on increasing sales success and driving more aggressive follow-ups. To achieve this, we are moving new customer leads to a dedicated inside sales function with a regionalized approach. We've also improved how we implement quotas and have developed commission incentives that are better aligned with our overall sales goals. Additionally, we've initiated weekly pipeline management and sales commit calls. This level of structure has created new transparency and accountability throughout our sales operations.

Another key decision in the strategic roadmap was to create a new customer success team, which will be laser-focused on retaining and expanding existing customer relationships. During our assessment, we determined only a marginal percentage of our existing partner agencies were operating at full deployment. Expansion sales in the public safety vertical – especially with our existing law enforcement agencies – are more efficient, predictable, and occur at a faster rate than landing new customers. We now have a dedicated team and clear plan to growing our existing customer base, while maintaining focus on

expansion. We want to be customer-obsessed – and we believe that this approach will be a driver of sustainable sales growth over the quarters to come.

As previously noted, the transition from the BolaWrap 100 to the BolaWrap 150 caused disruptions in sales. Difficulties with the termination of a product line and a slow ramp up to full production created a negative impact on sales this year. Momentum with our distribution channel partners was slowed through Q2 as the new BolaWrap 150 units were delivered, partner sales staff were trained on operation, and new branded marketing collateral was provided. Thankfully, our channel distribution partners now have the proper training and resources to market our solutions to drive faster revenue growth.

With the transition from the BolaWrap 100 to the BolaWrap 150, we experienced multiple supply chain disruptions which caused delays in production of the new generation model. Now that we have identified these issues, we are actively working to mitigate any future delays. We continue to stock long lead parts and have begun to expand the number of suppliers for backup reserves of key components. We are also focusing on gaining international traction with the BolaWrap 150 and expect to see significant improvements to our international sales revenues in Q3 and Q4.

Lastly, we analyzed our training programs as part of our strategic review and considered the immense value each provide to our agencies and partners. Based on our review, we decided to begin charging for our training services. This decision is consistent with industry standards and has been further validated in discussions with our agency partners, who did not raise concerns about this charge. Building our go-to-market strategy is a fundamental component of our strategic roadmap and we have given focus to maximizing processes for our future sales success.

I'll now turn the call back over to TJ to discuss additional key decisions from our strategic roadmap in detail.

TJ Kennedy: Thanks, Kevin. Management has already begun executing on various strategic roadmap initiatives that we believe will support enhanced sales, increased product innovation and diversification, and long-term value creation.

I am confident we have the right plan – and the right team in place to drive that plan forward. Our comprehensive roadmap is centered on sustainably growing revenue, driving stronger margins and supporting long-run profitability.

To achieve sustained revenue growth, we made the decision to double down on the BolaWrap 150 as our key product. We're focused on driving recurring sales in the U.S., ramping up sales of the new BolaWrap 150 internationally, and implementing a customer success function to help expand existing agencies to full patrol-wide BolaWrap deployments. In support of these priorities, we have added the inside sales function Kevin mentioned to improve the number of new qualified leads and started pursuing additional distributor and partner relationships.

To drive stronger margins and support long-run profitability, our strategic roadmap also accounts for improved pricing on BolaWrap 150 devices and cassettes as well as monetizing our valuable training services. We did not initially implement a price increase for the BolaWrap 150, which includes significant upgrades and is a higher margin product than the BolaWrap 100. This is being adjusted in the immediate term, with a plan to continue building incremental increases into our pricing structure for future releases. On the training front, we have proven the important of these services and will begin charging accordingly.

We also reviewed Wrap Reality closely and identified that much of the implementation around sales had yet to be captured. We looked at the various sales and support models and have now made improvements to how we sell Wrap Reality, resulting in new wins, which has solidified our virtual reality offering as a SaaS model going forward. We have developed a detailed sales plan for Wrap Reality and have put in place key leadership to successfully operate a SaaS business.

We have made many of the changes referenced above with urgency and purpose. We are confident that new initiatives from our strategic roadmap will become increasingly evident in the quarters to come. Our commitment to action in cost reduction should be evidenced by the 32% reduction in operating expenses achieved in the second quarter referenced earlier. Right sizing our operating expenses remains a major priority in the strategic roadmap for management and we expect to continue to focus on reducing cash burn in future quarters. We have made significant improvements to expenses across employees, contractors, travel and consultants to ensure our long-term success and to accelerate our journey to becoming a profitable business. This leaner structure will allow us to be nimble, preserve our cash on hand, and keep us close to our customers and partners.

In addition to the initiatives I've already touched on, I want to highlight some other important changes:

1. We have implemented our mission, vision, and core values.
2. We have made the decision to deliver the BolaWrap 150 to the marketplace for the next 5-10 years to give certainty to our customers and distributors.
3. We will be innovating new products through our R&D efforts, but these will be additive to the BolaWrap 150 and not replace it to avoid getting into any revenue or longevity issues that occurred with the BolaWrap 100 to 150 transition.

We believe these strategic roadmap decisions have created a new long term sustainable business model for Wrap and will drive positive change throughout our organization.

So, to reiterate the outcome of our assessment for Wrap's strategic roadmap. We are:

1. A stable business in a market that has demand for non-lethal and non-injurious restraint solutions for public safety.
2. We continue to reduce OpEx significantly and expect our cash burn to continue to improve.
3. We do not believe we need to raise additional capital to fund ongoing operations for the long term.
4. We have improved our go to market approach to drive repeatability.
5. We are in a transition year but expect to drive continued success to break even by the end of 2023.

By containing costs, optimizing pricing and sustaining sales growth, we expect to reduce losses and improve cash flow. We believe we have a viable path to reaching a break-even position by the end of 2023, and potentially achieving profitability by the end of 2024.

In addition to the specific initiatives developed, we now have a clearer sense of the white space Wrap fills in the "force continuum." The portion of the less lethal market where BolaWrap excels has little competition and is also the area of everyday policing that most emergency calls for service take place. BolaWrap is now considered by many departments as not elevating to the level of a higher-level use of force and usage is rewarded as force avoidance or prevention. The prevention of force by using BolaWrap and the leveraging of Wrap Reality to train officers through virtual reality simulation training is the future

of law enforcement. Wrap Reality simulations run the gamut of working through verbal commands and efforts around de-escalation through the use of BolaWrap and handcuffs and all the way up to the use of multiple different firearms. We are proud to be a leader in the market of virtual reality training for law enforcement, corrections, and societal reentry. This further reinforces that we are uniquely positioned to deliver best-in-class technologies, software and services that can help change and improve the future of law enforcement across the world.

After being here for a few months, I can tell you I am more optimistic and excited about the enormous market opportunity for Wrap. With our strategic roadmap in place, I am determined to lead us through this transformative period and establish a foundation for long-term success.

I will now turn the call back over to Paul to facilitate the Q&A.

Paul Manley: Thank you, TJ. We will now take questions from our three covering analysts, we will start with Greg Gibas with Northland Capital Markets, please go ahead Greg.

Greg Gibas: Hey good afternoon TJ, Chris, and Kevin thanks for taking the questions. Thank you for the commentary on the new strategic roadmap and outlook. If I could kind of follow up on that first um you know you mentioned expecting in cash flow breakeven by the end of 23 profitability breakeven by the end of 24. I was wondering, I guess, maybe what your estimate of kind of the sales, you would need to achieve those two milestones would be.

TJ Kennedy: Sure I'll go ahead and answer that as we move forward, we believe the end of next year, getting two sales that are around 5 million, a quarter or slightly better are going to greatly help us, get to that breakeven element while keeping our operating expenses low. We are very much focused on continuing to reduce operating expenses below that 5 million mark as we go forward so we think that's a good place to target. Obviously as you know our quarterly revenue would grow to six or 7 million and with better margins, as we move forward, we believe that that will give us a good annualized.

The future size of the company that will be profitable, by the end of 2024 is what we are driving right now, we're not putting this out of guidance, but it's certainly what we're striving for.

Greg Gibas: Great, fully understood very helpful and you know, I want to congratulate you on the new international sale that you released as well. I know it's a, new customer in the Middle East, but I was wondering if you could maybe comment on the relative size of that order the size of the organization and maybe, whether you think there will be additional sales from that customer.

TJ Kennedy: Great question. Definitely a six figure sale, but at the end of the day, it's a very large customer very large agency nationwide and we believe that it has a lot of sales volume to be had in the future, so this was the initial rollout. One of the things with these large international customers they're often very slow to get under contract to the point, we got to with this customer here to become our International customer out there, but once they are under contract, one of the things we're really going to focus on is expanding them and being able to grow in some of these agencies that are extremely large compared to most US police departments that gives us a lot of runway in the future for long term growth.

Greg Gibas: Great and I guess just to follow up there with that, would you recognize that sale all in Q3 or do you expect that kind of being a multi quarter delivery timing, how are you thinking about that.

TJ Kennedy: We think about that this one will be in Q3 and future sales would be in future quarters as we go forward.

Greg Gibas: Okay, great I guess just last one for me, you know, one of the term, maybe focus towards the domestic police departments and maybe get an understanding of the percentage of departments that have been introduced to the BolaWrap or at least that you've kind of gotten in front of to date, you know I know there's no, maybe exact number but I'm just trying to get a sense of maybe your penetration are there?

TJ Kennedy: So today when you look at the domestic police agencies that we have that are currently using BolaWrap deployed in one fashion or another we're over 800 agencies and there's about 18,000 US police department, so, if you look at that it's just under four and a half percent that we currently have product in. You know, as far as the ones we presented to beyond that it probably, two times that number so at the end of the day, we probably presented a 10 or 15%. Some of these are still in a buying process, although the US buying process typically much faster than international it can still be a lengthy process that can go on for 90 or hundred 90 days or more. I do think we have a very big addressable market in the US, both to continue to expand into, but even on top of that, with the agencies were in today, the 800 plus and one of the things we determine in the strategic roadmap is, we need to do a more thorough job of working to expand them to full deployment we're all patrol officers in the field are equipped with a BolaWrap device, and to do that, we think that's a little bit more low hanging fruit and to be able to have a broader expansion that happens and moving them from say 20% of the department or 30% of the department to a full deployment across that department for all officers out in the field.

Greg Gibas: Okay, makes sense, thanks guys appreciate it.

Paul Manley: Thank you very much Greg, we will now move on to Alan Klee from the Maximum Group, please go ahead Alan.

Alan Klee: Yes, hi, I thought I heard you mentioned something that you're still trying to get to 50% gross margin, by the end of this year. Are you confident in that and talk to me about kind of what the steps are that are going to get you there.

TJ Kennedy: Good question now and we are confident in that, because the better margins that we have on the BolaWrap lead us to believe that we will be you know 50 plus percent by the end of the year. We can definitely hit on those margins when it comes to the amount of discounts that we've had related to trade ins, for the most part. Trade ins certainly had a significant impact on that. At the end of the day, we do believe once those trade-ins work off, and I think Q3 will still have a significant number of trade-ins, but in Q4, we think that the trade-ins will diminish. We actually ended our trade in discount program at the end of q2. We have honored those into Q3 that already had proposals in front of them to do some trade in, so we know we'll have more here in Q3, but we believe the trade ins are going to subside and when they do that higher margin products should be producing 50% plus so that's why we have some confidence in that our cost to produce that is less, and it is a higher margin product.

Alan Klee: Great Can you give us any commentary on the larger agencies in the US, of what the statuses of penetrating them.

TJ Kennedy: Yeah we've continued to penetrate additional major cities in the US, the major city Chiefs association MCA is where we kind of measure what's a large metro agency here in the US. Two notable ones that we added here in the past quarter Fairfax County Police Department was added and then we've had another one added here in Q3. So we continue to add to some of the larger departments that are certainly growing sizes and certainly in the top 75 type police departments in the US and we will continue to look at how do we drive those to greater deployment, even from that initial deployment that we have so it's an exciting time for us, as these departments continue to come on to the BolaWrap family and also in Wrap Reality, where we're able to deploy more of a virtual reality with them as well.

Alan Klee: Maybe a follow up on that is any update on how the LAPD trial continues

TJ Kennedy: I will hopefully have more in the not too distant future on that, but I will say we have had very positive interactions with LAPD and been supporting them in that trial for the next phase of that that will be coming up so don't have a lot to announce today, except for it's moving forward and should have more in the next month or so.

Alan Klee: Great my last question is the international. You didn't really sell anything in material and in this turn quarter. Do you feel that the market has opened up in terms of being able to travel and to most of the places and that and how do you think about the timing, I mean you just announced an order today, but just in general, the timing of international picking up.

TJ Kennedy: yeah good question. Definitely travel has hurt us on the international side also the BolaWrap 100 to 150 transition. Many of those agencies were on BolaWrap 100 so transitioning to them 150 has also taken some time, I do believe here later in Q3 and Q4 will see more of those coming to fruition. Because travel did open up in 2022 the end of 2021 was difficult specially Q4. A pack just opened up in the past few weeks with New Zealand, Australia and some others that were having a lot of travel restrictions. So some of that that just opened up will take longer for us to be able to get face to face and present to them. So it's not gone as far as the headwinds around code related travel one other thing is, we have had sales team members that have been impacted by covert even in the last two weeks. It continues to hit our workforce, and we have them staying home at times when that happens, and so we do have a small workforce, so when that happens, we have some folks off the road. But long term, I do believe that the international travel for us has opened back up you're seeing the additional sales into the Middle East that's an area that's quite strong, for us, as well as the media and will continue to push that overall.

Alan Klee: Great Thank you so much.

Paul Manley: Thank you very much, Alan our final analyst is John Pittman from Ladenburg Thalmann Please go ahead and john.

John I think you might be muted, can you check your phone.

John Pittman: Can you hear me now?

Paul Manley: yes please go ahead, thank you.

John Pittman: Okay, so most of my questions have been answered, but I was wondering if you could talk a little bit about the inside sales force of that how that's gonna work or you say these guys are going to follow up on leads.

TJ Kennedy: Absolutely i'm going to have Kevin mullins just kind of talk about what we've done there go ahead Kevin

Kevin Mullins: What we done in building the inside sales structure and so really doing outbound as well as inbound and managing the lead process so we've married that group with our regional sales leaders that are out there and so as these leads are coming in being able to properly transition, those that we run them through the sales funnel is something that we really never had before him as a very more of a more horizontal process and that we built scalability and that makes any more vertical and then also working directly with those channel partners out there and so we've been a lot on the Channel partner side. Looking at the distributors and looking at metrics how they perform and how we can make that process easier smoother and, ultimately, allowing us to be able to scale.

John Pittman: So Who are they talking to an agent.

Kevin Mullins: So typically it's it can vary from agency size and different demographics, that are out there, you know those leads coming in. We have a lot of leads coming in we've never really had a lead problem it's just being able to follow up and being able to drive that lead all the way through the sales lead flow.

TJ Kennedy: On so maybe from anywhere from you and offer that has an inquiry we're getting a lot of inbound leads coming from the different types of events that we do different types of webinars outreach is that we have coming through our website so he will vary, but again, we do not, we have. One example just this week, if I could add to that is that we had a chief call earlier this week, who. Definitely was excited to embrace BolaWrap have it be part of their department, and it was actually the chief himself and called. He had budget in place, and he had seen some local news about another department that had purchased Bola rap recently, and that was driving him to reach out and get a quote to equip his agency and so it's everyone from the chief on down to an individual officer, more often than not it's it's the part of the department that's focused on less than lethal weapons and, specifically, making sure that the right equipment is in the hands of officers in the field.

John Pittman: Okay, my last question that has to do with carton sales versus devices. Can you break that down a little bit or dirty statistics around repeat purchases.

Chris DeAlmeida: Sure, as we look at the carton sales and device sales, they continue to grow over time. We recommend typically to a new department that they would you know deploy 12 Cartons or purchase 12 cassettes when they purchase the device six for training six for infield use and then, of course, those cartridges have to be replaced over time. So, as we look from a sheer numbers standpoint cartridges are

always going to or cassettes are actually always going to out away from the from the device standpoint. As we looked at q2 you know is relatively flat compared to Q1. We do anticipate that those sales will continue to drive higher, as we go throughout the year, particularly some of the international stuff and then, with all the focuses we're making on the domestic side that that would continue to grow as we move through 2023.

John Pittman: So do you have any. I mean, I know you give us. Occasionally you'll send out a press release, with a use case from an agency somewhere in the States. Do you have any statistics at all on how many. Use cases they're getting on a weekly basis.

TJ Kennedy: anything like that you know, one of the things that's hard is there's no mandatory reporting to us so How often is the device used in the field. We do have some departments that do provide body worn video to us often this is delayed for prosecution or for evidence purposes or other things sometimes it's a little more recent. Especially if they're dealing with you know individual and crisis and it's not necessarily criminal it's a protective custody event. But we also don't get them from all departments everybody has different rules and regulations around those reports, some of our agencies are very proactive and some others are not without an electronic notification to know that how often it devices being used, we mostly are going off of agency self reporting. We do try to share those use cases just to show the different way it's being utilized I think you've seen in the past few weeks we've put out that have been done around the torso and the arms ones, have been done around the legs ones, have been done it and bad weather in good weather. You know, we try to share where we can we also have different videos we're using training with the officers to really just help them understand what the use cases are. But we are seeing a broad amount of deployment, one of the things you noticed and what I discussed today was just we're seeing a push for departments to use it earlier in the interaction. Many of our interactions today Bola rap actually gets deployed in the first one, two or three minutes of a call. Because they're trying to prevent it from escalating to something more serious, and so I think, as we see more of these interactions that happened earlier in the interaction before it escalates we're going to see a more usage in general and be we're going to see usage that hopefully prevents it from going into any other further use of force down the road, so this is super important for us.

John Pittman: Okay, thanks for the answers.

Paul Manley: All right, thank you John and thanks again to each one of you analysts that are reading research on it, we really appreciate your support with that I'm going to turn the call back over to TJ for his closing comments.

TJ Kennedy: I just want to end today's call with my excitement to have the additional management team in place here today it's great to have Chris on board and joining our team. And also just that, after the first 90 days of building a strategic roadmap, we have spent countless hours listening to our employees or customers or distributors. Our partners a lot of time with agencies talking about the key factors around the strategic roadmap and getting feedback before we went final on that and rolled it out across the company in the past week. And really important as we move forward that we're going to continue to listen to those customers and partners and distributors, as well as our team as we go ahead. And I am more excited today than I ever have been because of the opportunity that is sitting in front of us for REP if I look back to when Kevin and I came on board in late April to where we are today and the changes

that we've already implemented in the first few months I really believe this is going to be an exciting time for us this year of 2022 and this transition. And how much of an impact, I think that will have, over the next four to eight quarters it's just going to be dramatic. I think when we are able to see the results of this driving us forward that the opportunities are there for Wrap. The market in public safety is seeking not only Bola rap but rap reality and having the ability to have both of those tools that focus on preventing escalation they focus on de escalating situations and avoiding injury. Does not only help us save lives, it also allows us to save careers and save the careers of those law enforcement officers who have additional options now on their belt. To be able to make such a difference in such an impact in the lives of the citizens that they serve each day. So with that I just want to wrap up that I think the opportunity ahead of us has tremendous i'm super excited to be here and really excited to work with the rap team as we go forward being able to meet the needs of law enforcement globally and saving lives and saving careers.