



## Wrap Technologies Fourth Quarter and Full Year 2022

### Earnings Call Transcript

Wednesday, March 1<sup>st</sup> at 5:00 p.m. Eastern Time

*Speakers:* TJ Kennedy, Chris DeAlmeida, Kevin Mullins:

#### Chris DeAlmeida – CFO

Good afternoon. Welcome to Wrap Technologies' fourth quarter and full year 2022 earnings conference call.

Joining me today is Wrap Technologies' Chief Executive Officer TJ Kennedy, and President Kevin Mullins. Following our prepared remarks, we will open the call for your questions.

I would like to remind everyone that this call will be recorded and made available for replay via a link in the investor relations section of the Company's website at [ir.wrap.com](http://ir.wrap.com).

Additionally, we ask all interested parties to register on our new website at [ir.wrap.com](http://ir.wrap.com) to continue to receive alerts and stock information.



As a reminder to listeners, certain statements made during the call today constitute forward-looking statements made pursuant to the Safe Harbor Provisions of the Private Securities 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 more fully in our filings with the SEC. The forward-looking statements today are made of the date of this call, and we do not undertake any obligation to update the forward-looking statements.

Now, I would like to turn the call over to Wrap's CEO TJ Kennedy.

TJ.

### **TJ Kennedy – CEO**

Good afternoon, everyone, and thank you for joining us today.

After the market closed, we issued a press release announcing our results for the fourth quarter and full year ended December 31, 2022. A copy of the press release is available on our Investor Relations website,



at [ir.wrap.com](http://ir.wrap.com), which is also accessible through our corporate site, [wrap.com](http://wrap.com). (W – R – A – P dot com) We recently made a major overhaul to our IR website, which will allow us to more effectively house all news, filings and information that may be relevant to our investors.

As an example, we recently hosted the first two episodes in our ongoing series of Investor Insights Webcasts, which are available for video replay on the new IR site. In these videos, I and senior management team members showcase successful deployments of BolaWrap, provide further insight on current policing topics and use of force. We plan to hold these investor sessions on a semi-regular basis, so for anyone interested in following our progress more closely, I encourage you to sign up to receive email alerts through our new IR site so that you can stay up to date on our most recent news.

With those housekeeping items covered, let's begin.

As an overview of today's discussion, I'll begin by providing a high-level summary of the fourth quarter and full year 2022 before I hand it over to our CFO Chris DeAlmeida to discuss our financial results in more detail. Our President Kevin Mullins will then provide a progress update



on our go-to-market strategy. I'll then close out our discussion before we move into Q&A.

2022 was a milestone year for Wrap, one in which we transformed our company including our senior leadership team, transitioned to the next generation of our safer policing technologies, conducted a cloud VR acquisition to merge with our world class Wrap Reality 360 VR platform and made significant progress with the implementation of our first multi-year strategic roadmap. Our strategic roadmap now guides our company and changes the way we work with law enforcement agencies around the world.

In 2022, we produced more BolaWrap devices than ever before and all of them were BolaWrap 150's. We sold more BolaWrap devices in 2022 with an increase of 179% in total device sales as compared to 2021.

Our gross profit was up 133% in Q4 2022 as compared to Q4 of 2021 due to product mix being mostly our higher margin BolaWrap 150.

Gross profit was up 84% for the full year 2022 as compared to 2021. We believe this demonstrates the strength of our underlying business model and the effects of implementing our strategic roadmap.



In 2022, we reduced operating expenses 19% or 5M as compared to 2021 and improved our full year net loss by 28% or \$6.8M comparatively as well.

We finished the year on a high note, building on the momentum generated throughout 2022 to produce record revenues both in Q4 and for 2022. Our new go-to-market strategy implemented in the second half of 2022 is also continuing to gain traction, highlighted by improved margins, a record domestic order, and a very large international order. Within our existing customer base, we are tracking meaningful increases in the number of cassettes sold per device, demonstrating that our technology is being used more often in the field and in training, a great forerunner for increased adoption and eventual expansion. In our new go-to market motion, we start discussing agency-wide full deployment right from the beginning in order to see the largest impact, and we have pulled back on pilots and smaller implementations.

As we begin 2023, our mission to deliver safe and effective policing solutions that save lives and save careers is more important than ever. Amidst growing societal challenges, Wrap's non-pain compliance tools and innovative training technologies are well-positioned to answer this call, and we are responding in kind. Underscoring our belief in the



efficacy of our training and technology, we've launched a guarantee of a minimum 10% reduction in use of force after the first 12 months of using BolaWrap for new fully deployed agencies who meet certain criteria. Over the next year we plan to attend over 60 industry events and we are exploring new ways to help us get more devices in more departments. Our recent large agency win in Montgomery County, Texas is one prime example. While we've made great progress to date, we have most of our work ahead, and we remain as committed as ever to our mission of ensuring safer outcomes for our law enforcement officers and the communities they serve.

I'd now like to turn the call over to Chris to go over our financials.

**Chris DeAlmeida – CFO**

Thank you TJ, and good afternoon everyone.

Moving to our financial results for the fourth quarter.

In Q4, we generated net revenues of \$3.6 million compared to \$2.4 million in the prior year period. Our Q4 2022 revenue was a company record and a 50% increase year-over-year. This was highlighted by the



record deals in the Americas and the large deal in the EMEA region that TJ referenced earlier. Q4 Domestic sales grew 250% to \$1.8 million from \$500 thousand in the prior year period, while international sales fell 6% to \$1.8 million from \$1.9 million in the prior year period. The small reduction in international sales is a result of the timing of one lower margin large cartridge award in the fourth quarter of 2021.

Looking at our performance for the full year, net revenues increased 5% to \$8.1 million from \$7.7 million in the prior year period, marking the fourth consecutive year of sequential sales growth. The increase for sales in the year was driven by strong performances in both the domestic and international markets. Promotional pricing associated with converting customers to BolaWrap 150, which is customary in our industry, is largely phased out at this time. However, we may continue to see some effects on the top line through the first half of 2023 due to some agencies with long procurement cycles.

Gross profit for the fourth quarter 2022 improved significantly to a record \$1.7 million, or 46% of net revenue, an over 140% year-over-year increase from \$700 thousand, or 30% of net revenue, in the prior year period.

Looking at the full year results, gross profit increased 88% to a record \$3.7 million, or 46% of net revenue, from \$2.0 million, or 26% of net revenue, in the prior year. This achievement reflects our shift to a higher margin product offering mix as well as pricing changes implemented in late 2022.

SG&A expenses for the fourth quarter 2022 increased \$379 thousand, or 9%, to \$4.4 million from \$4.1 million in the prior year period. The increase in SG&A was primarily the result of higher legal fees and bonus expense accruals for 2022.

For the full year, SG&A decreased \$3.9 million, or 19%, to \$16.4 million from \$20.3 million in the prior year period. The decrease in SG&A expense was the result of significant cost controls that were implemented during the second quarter of 2022, coupled with further realignments of overhead costs and staffing during the third quarter 2022.

Share-based compensation for the full year 2022 decreased to \$3.2 million from \$5.4 million in the prior year period.





R&D expenses in Q4 decreased \$1 million, or 54%, to \$870 thousand from \$1.9 million in the prior year period.

For the full year, R&D expenses decreased \$1.1 million, or 18%, to \$5.1 million from \$6.2 million in the prior year period. The decrease in R&D expense for the quarter and year was primarily the result of higher development costs associated with the BolaWrap 150 in the prior year period.

Total Operating expenses for the fourth quarter 2022 decreased \$661 thousand, or 11%, to \$5.3 million from \$6 million in the prior year period. The decrease in operating expense was the result of an increase in SG&A costs that was offset by the decrease in R&D expenses.

For the full year, operating expenses decreased \$5 million, or 19%, to \$21.5 million from \$26.5 million in the prior year period. The decrease in operating expense was the result of the decreases in both SG&A and R&D expense previously noted. Going forward, our goal is to manage total expenses to around \$5 million per quarter for the foreseeable future with changes as needed.



Net loss for the fourth quarter 2022 improved 33% to \$(3.5) million, or \$(0.09) per share, from \$(5.2) million, or \$(0.13) per share, in the prior year period.

For the full year 2022, net loss improved 28% to \$(17.5) million, or \$(0.43) per share, from \$(24.5) million, or \$(0.62) per share. The improvement in net loss for the quarter and year was the result of an increased sales focus and cost containment effort implemented beginning in the second quarter of 2022.

Our balance sheet remains strong with approximately \$19.3 million of cash and short-term investments to support the growth plan we have in place. During the fourth quarter, we burned approximately \$4.4 million of net cash. We believe we have ample working capital to support our operations for at least the next 12 months.

Moving to a review of our key performance indicators.

In Q4, total trained law enforcement agencies grew to more than 1,360, or a 32% increase from the prior year period.



In Q4, total certified officer instructors also grew to more than 5,580, or a 30% increase from the prior year period.

In 2022, we had a 179% increase in device sales as compared to 2021.

I'll now spend a minute discussing our current outlook.

Based on the Company's financial performance to-date, as well as information available as of today's release, we are providing the following, updated revenue guidelines for 2023: As evidenced in prior year periods, Wrap's revenue has seasonal impacts and typically mirrors the budget cycles for our law enforcement agency customers, which translates to the majority of purchases occurring later in the year. As a result, we expect revenue in the first quarter of 2023 to sequentially decline from the fourth quarter of 2022. Going forward, we anticipate topline improvements on both a sequential and year-over-year basis in each quarter after Q1 of 2023 resulting in a high double-digit growth rate on an annualized basis. New sales are expected to come from domestic and international expansion with existing customers and new contract signings in both regions.



Additionally, based on current projections, we are reiterating our expectation to achieve an adjusted EBITDA break-even position by the end of 2023 and profitability by the end of 2024. We believe we can achieve this level of results by continuing to execute against our strategy of equipping more law enforcement personnel with tools to save lives and careers while also providing new training opportunities with Wrap Reality.

In summary, the fourth quarter was defined by substantial improvement across our key profitability metrics and continued slowing of cash burn. The strong sales performance in the quarter and the cost-effective transition from the BolaWrap 100 to the BolaWrap 150 led us to record quarterly revenue and record quarterly gross profit. We met our goal of achieving a quarterly gross margin of 50% in Q3 and were slightly below that in Q4 due to inventory adjustments. In 2023 we are expecting gross margins to remain around 50% with improvement by the end of 2023 to 60% in Q4 of 2023.

While we invest for new sales growth and greater brand awareness heading into 2023, we remain focused on diligent cost management, to



minimize cash burn and reach a cash-flow breakeven point by the end of the year.

With that, I will turn the call over to Kevin to discuss the success we have seen from our new go-to-market strategy implemented last year.

**Kevin Mullins – President**

Thanks, Chris.

As TJ noted at the beginning of the call, we have continued to see encouraging results from our revamped sales approach that we put in place last year. Building our go-to-market strategy is a fundamental component of our strategic roadmap as we aim to build achievable and predictable sales in the US, ramp our international sales, and continue to expand within current departments through our customer success function.

Driving new sales growth is the top priority for 2023. We continue to implement new processes and add members to our dedicated sales team with plans to continue building our sales infrastructure this year and going forward.



We have also continued to evolve the way we sell the BolaWrap 150 and accessories, including improving our monetization efforts on a holistic level. As an example, we have now begun charging for training services. This was a decision we made during our strategic roadmap process that was consistent with industry standards and has continued to be well-received given the value our programs provide.

Separately, as TJ noted, in the fourth quarter we began to record increases in the number of cassettes we sell per device, which we believe is a great sign for both increased adoption with existing agencies and buy-in from new customers as well. In the past, a typical sales contract would include approximately six cassettes per device per officer. As of today, that number now stands at 12 per device. This increased capacity gives law enforcement officers flexibility to deploy BolaWrap for effective training and practice, ensuring they're prepared to use our products properly in the field and driving safer outcomes in real-life situations. We also strongly believe that officers should be using the BolaWrap more often than all the other less lethal tools on their belt combined. We believe that when departments train to use



BolaWrap early and often to de-escalate situations their use of BolaWrap cassettes should continue to grow.

Field officers that are using the BolaWrap are more likely to use the device when they are comfortable handling it. We realized that similar to a firearm at a gun range, you can't just fire the BolaWrap a few times and be expected to have the muscle memory to rely on it in the field. You must use it multiple times to gain familiarity and have it become second nature. So far, this has been something departments are seeing as well and ordering more cassettes with their initial deployment.

Montgomery County, Texas, one of our recently announced new departments, activated full BolaWrap deployment across the Sheriff's Office, all five County Constable Offices, and the County Fire Marshal's Office. Each device was ordered with 14 cassettes as well so that the personnel using them can gain better familiarity with our product before going out into the field.

This customer win was not just a success because of the size, but also because of the way it was funded. Montgomery County was able to use a grant to purchase our product because of the role BolaWrap plays in



the mental health sphere. From the federal government down, officials are recognizing the value that BolaWrap has in creating safer communities while also saving careers for law enforcement officials. As a result, they are awarding grants to purchase the BolaWrap. We also now have internal resources dedicated to finding alternative sources of funding for agencies looking to deploy the BolaWrap. As safer policing outcomes come to the forefront of discussions, we expect more cost-sharing grants to become common across all levels of government.

For some time and even more so due to recent tragic events, we are seeing an increased demand for police training reform nationwide. Through our continuous discussions with leaders in law enforcement, it is clear they are looking for different ways to train their agencies. Our VR training platform, Wrap Reality, has continued to gain interest for this reason. Over the last few months, we've invested even more time, energy and financial resources to improve our capabilities in supporting what we believe will become the future of all police training.

On November 30<sup>th</sup>, we entered an agreement with Lumeto, an immersive training and assessment platform for the healthcare and public safety sectors. Through this professional services and technology





acquisition agreement, we expect to soon begin offering upgraded, cloud-based training for our customers. This new platform will offer our existing and new customers an additional turnkey Cloud VR training solution with the critical high-end type scenarios that Wrap Reality has become known for delivering. By partnering with Lumeto and acquiring their existing technology, we can greatly accelerate our development, saving considerable time and costs versus building an entire cloud solution internally. We believe this enhanced platform, coupled with our existing Wrap Reality solution, will offer law enforcement more flexible, immersive training solutions, both on-premise and in the cloud, further improving the way law enforcement training is done into the future.

*Wrap Reality also allows us to penetrate new markets. Wrap Reality also allows us to penetrate new markets. College and university police departments operate and train in the exact same manner as other law enforcement agencies. Recently, the police department at Sam Houston State University in Texas implemented Wrap Reality for immersive training to improve decision-making skills for events such as duty-to-intervene, active shooters, de-escalation of situations, bias training, and avoiding uses of force, among others. Unique to Wrap Reality is the*



*platform's focus in increasing proficiency of verbal skills, which are often more imperative in a university setting. As we continue to expand the market reach for Wrap Reality, exciting and high-growth verticals will be a focus.*

Overall sales have grown sequentially from Q2 onward, including record domestic sales in Q4, which is a positive indicator that our go-to-market motion is improving. The public safety sector sales cycle remains slow as we are reliant on budget cycles, but the recent grants and direct funding from agencies focused on de-escalation and safer outcomes has been successful in 2022, and we expect to grow sales significantly over the course of the year once the impacts of the events from early 2023 result in changes later in the year.

We have also continued to work to expand the market for BolaWrap. Right now, our product is only available to law enforcement agencies in the US, but we are working hard to change the classification so that groups like private security and health institutions can purchase the product given the direct need we can serve in these adjacent markets as well. We'll continue to share updates on our efforts in these areas as we are able.

In summary, we continue to deliver on our go-to-market strategy that is helping drive more consistent long-term sales. As we look to the year ahead, we are excited about the opportunity to deploy our products to new agencies and expect to start seeing more demand for expansion in ones that are not fully deployed.

I'll now turn it back over to TJ.

## TJ Kennedy – CEO

Thanks, Kevin.

I am proud of the progress we have made thus far to execute against our strategic roadmap and transform the company. We are now nearing deployment in a thousand agencies across the globe, and I am confident that we have the right plan and are building the right team to continue to grow recurring revenue, drive stronger margins, and support long-run profitability.



Looking ahead, we remain committed to delivering on our adjusted EBITDA and profitability outlook for 2023 and 2024, respectively, while continuing to invest for topline growth.

Recent events have amplified discussions around de-escalation. Law enforcement agencies are looking for alternatives to pain compliance, and that is where BolaWrap is playing a key role. Many departments are deploying BolaWrap early and often as an alternative to higher-level use of force, which not only creates safer outcomes, but also avoids expensive settlements.

Wrap Reality is also gaining interest as the public puts a renewed focus on how law enforcement officials are trained and equipped. We believe with our recent addition of the ADAPT module and new cloud technology through our acquisition agreement with Lumeto, that Wrap Reality can become a crucial tool in law enforcement and corrections department training regiments. Our efforts are all part of a continuous push to improve the way law enforcement and corrections departments train. This is at the core of Wrap's mission to deliver effective solutions and contribute to the movement of safer outcomes. We want to create positive change moving forward.



Now as we look to the year ahead, I can confidently say that we are making strides as a company and also making a difference in the communities that are using our products.

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

**Chris DeAlmeida - CFO**

Thank you, TJ.

We now want to open the line for questions from our publishing analysts as well as pre-selected questions submitted from investors.

Our first question will come from Greg Gibas of Northland Capital Markets.

Greg thank you for joining us today, you may go ahead.

**Greg Gibas [Northland Capital Markets]**

Great good afternoon, Chris, and even thanks for taking the questions, and.

First, just regarding your outlook for the year, could you maybe discuss what gives you confidence in those expect and maybe speak to the level of visibility you have on future orders?

## TJ Kennedy - CEO

Sure I'll go ahead, just like Chris talked about. You know we know that seasonality exists in the public safety market. And we expect Q1 to be lower than four was. But we do expect throughout the year to have a fairly similar approach to what we had last year. On that growth in Q3 and Q4 we definitely have much better insight today into our pipeline than we did nine months ago. We spent a lot of time with our sales team working through real opportunities. One of the things we started to do in the end, three, with our customer success team, was reach out proactively to many of our existing customers and have discussions about them not just converting from BolaWrap 100 and BolaWrap 150, but also to expand in those existing agencies. There was not a huge focus on internal expansion before now we're hitting that internal expansion and full deployment of patrol officers, both with existing customers and new customers. Kevin Mentioned one of our large customers that started a full deployment. We had another customer this week come in at full deployment to start off. So one: we're doing a much better job of talking through agencies about the value and benefits of going full employment from day one, where there are policies and every officer is wearing a bola wrap on their gun belts or on their vests each and every day at work and the value that comes from that. We're also going back to the previous agencies to be able to have

that same discussion and discuss where we fit into the use of force continuum for them and from a policy perspective. And what are the outcomes they can expect from having every officer deployed. So confidence this year is kind of a twofold perspective. One is continuing to expand the existing customers. We have over 900 agencies in the US plus our 58 international countries where we are deployed today and expanding those out. That expansion sale is a bit more predictable and better for us to have ongoing conversations with those agencies, the new sales we also have. We're getting more insight into them. We came off the conference in October with a crazy amount of influx of chiefs and departments wanting to engage with us and move forward with a bolero program. So we've been able to move those into long term pursuits. They do take some time, but we have some some great insight into where those are going. We're also spending more time with major county sheriffs and major city chiefs across the country. The Major City Chiefs Association, for instance, is the 79 largest police departments in the US and Canada. That association. We've won more contracts with those larger agencies, not necessarily just the top couple, but throughout that 79, and also we have more of those in our pipeline for this year. In general they're larger, much larger than the typical 25 to 50 person department we work with. So we're seeing more opportunity, more visibility in that pipeline, which drives more confidence.

## **Greg Gibas [Northland Capital Markets]**

Great good to hear!

And if I could, sorry if I miss this in your release, but could you break-out maybe device launcher sales versus cartridge sales in the quarter and then you know? Similarly, you know repeat purchases from departments, but I do you.

The vast majority of sales are our new department sales. If you could break that out, that would help.

## **TJ Kennedy - CEO**

Today we don't have that breakout published, Chris. Anything else to add to that?

## **Chris DeAlmeida - CFO**

We saw a significant increase in device sales throughout the year, as mentioned in his prepared comments. That includes all one and 50 devices. We did have cast a cartridge sales associated with the one and 50 and 100. We're very pleased with the progress we made this year and really planted a lot of seeds, 22 that should bear fruit in the 2023 and beyond. As far as seeing that increase, you know we'll look at giving out that metric potentially in the future. But this point we haven't broken that okay.

## **Greg Gibas [Northland Capital Markets]**

Good and I guess lastly, any updates on the trial that you can provide.

## **TJ Kennedy - CEO**

Sure we continue to engage with the LP on their their large trial in the Hollywood and Central divisions, its continuing to be successful and they have an expectation, at least we do from them at this point, that



it's going to continue for approximately another six months. That will be one year trial deployment with the BolaWrap 150. They'll give an update in the not too distant future kind of mid-year update internally on that and when we get that we're happy to share that update as well. But right now we expect that they will continue to work that pilot for the remaining six months of the pilot trial period and then at that point make their decision on next steps. I look forward to an update there but I'll pass it on.

## **Chris DeAlmeida - CFO**

Thank you all right, appreciate it great. Thank you. We also have a couple of inquiries from investors that we'd like to address as well.

Starting off Kevin, how have the efforts to increase recurring revenue been progressing?

## **Kevin Mullins – President**

It's a good question, you know, because there are number of reasons why recurring is so important really to sustaining revenue, especially when you're selling into a cyclical verticle with an extended sale cycle, as mentioned earlier, such as public safety. Building on recurring, we can build predictability. We build scale ability, helps with visibility, also flexibility and expense management, but most importantly, it for tension. So those are focuses that we're working on. So we're building in you what is recurring model from the bowl rap standpoint? It's cassettes per device, whereas before we were recommending six cassettes per device, now it's 12. So we've doubled on that and it's not just a revenue generating, but it's getting really the officers familiar with the technology and being able to repeat that motion with what



they're doing. We're also adding extended warranties. We're growing our training opportunities. As we discussed earlier, we've created a leasing mode. Now we have bundling of service packages, and so we're also building on our early and often message and that builds. Recurring cast sells as well. On the rap reality side. You know we've changed our model. We've changed our model from a one time enterprise purchased, now moving to SAS subscription model. We also can see recurring on mutual creation. We have support plans that are built into a reality, but it also allows for bundling opportunities. We recognize the value that that recurring builds for our shareholder base and will continue to grow awesome.

### **Chris DeAlmeida - CFO**

Thank you. TJ, can you remind us about the upgrades from the BloaWrap 100 to BolaWrap 150, and speak to our priorities going forward?

### **TJ Kennedy - CEO**

Yes, from BolaWrap 100 to the BolaWrap150 perspective, there were so many different changes, about 11 major changes between those two devices. First off, at the high level it's about 20% lighter and smaller, so it takes up less space on the gunbelt and now that we have an expectation that every officer will carry it, certainly that is critically important. It's also radio three, which is now geared towards the industrial build out, the rigor rating, like you would see in Millspec, going to different levels, and so that allows us to to sell it into the typical environments that police officers operate. Where it rains, snows, dust, those things as well. The anchor system is now metal

injection moulded, so that's also improved. The laser system went from much more basic greenline laser to laser array with seven different lasers. That makes it quite obvious and we're actually seeing more times that the devices pull out and the laser is put on somebody and they give up right away. Kind of we call that laser compliance because that laser is so obvious. In addition to the laser we were asked during the usage of the early BolaWrap 100. Could we add a flashlight built into the device? So it now has two LEDs, like two flashlights built into it as well and they can be turned on or off. But most officers, I really like to leverage that different types of parameters and how we build the device, which also now is much more predictable, has less total parts and as much higher margins as well. Battery life is probably one of the most important. The battery life is almost four times longer. It's a two-year battery that is in there. It allows it not to have to be charged every day before people go out to work on the the indicator status. It also as an indicator of whether a cassette is in the device, whether the electronic check of both the cassette and the device that shows that it's green and ready to fire and it does an automatic self check as part of that to deploy the device. In a pretty big change. We went from a three-step process to a two-step now it's just turning off a safety. The device is then ready to go ahead and deploy and there's a eoyen button. So it's a very small two-step process can also be used with one hand, doesn't require two hands to use it any more. How it's power very different from the previous three blank cartridge to now. It's a micro gas generator which is very similar to what you have to ignite your air bag in your your car and then, overall, just the fact it's fully electronic deployment versus a mechanical deployment. Those are the major changes between the bolero undred and one and 50 significantly

upgraded device, and we've been getting terrific feedback. This is also why we wanted to make this our baseline, a device for the next five to 10 years, so that departments that are doing very large deployments, especially some of our international departments in very large cities that they can count on continuing to employ the BolaWrap 150 even as we come out with new and products in the future. Today we're working on a number of things with our team. We have a little more restrained in the total amount of spending we're doing on end, but we have not ended and we expect new devices and new technologies to come out in the future that support our safer outcomes for law enforcement and the citizens that they serve. So we're continuing to invest, we continue to file new patents and continue to be awarded patents that we've already filed in the past to continue to drive new intellectual property for us as a company, and you'll see some updates in our tin on the additional that we've done in the past year.

## Chris DeAlmeida - CFO

Perfect and finally, in the light of the recent national tragedies, have you seen any shift in discussions with law enforcement officials about Belarab as you continue to speak with customers around the nation?

## TJ Kennedy - CEO

Yes, especially just in the past few months we've seen a significant shift to a couple of things that I think are really important to all of our shareholders. One more often than not, when I go to dearest to an agency, to chiefs, to key decision makers, we're seeing that they already know about BolaWrap, that they already have a desire to have it and that they know it works and it's effective. We have enough

agencies now that most are talking to an agency that is successfully using the device today, and because of that knowledge it gives them the ability to come in and really talk more about. How do we move into full deployment of that agency? And when we look at the kinds of issues that have come up around use of force and duty to intervene, we're getting requests both for rap, reality and some of the duty to intervene technology we have in our training system, as well as the need to have BolaWrap fit into their force continuum. One of the most important things we determined during the strategic road map and it changed our training curriculum, was the fact that we know where BolaWrap fits into an agency's use of force policy. It's a bit different than where I think we started. We now know that when verbal commands fail for an officer that is engaging with a subject who needs to either be taken into custody for a criminal event or taken into protective custody in mental health or other situation, that when those verbal commands fail is where BolaWrap should be used. It's very early in those altercations and, as Kevin mentioned earlier, it's something that's happening much more often. We see this as a tool that should be utilized more than all the other, less let tools that are out there and from the bullet rap perspective, we believe that that early interaction actually descartes situations from growing into something worse and it also ends up, you know, saving lives and saving careers of the officers and those subjects that they interact with. So when we look at some of the deaths that have happened in custody, some of the cases that have happened, we showed, at the beginning of this earnings call, the high speed chase that then turned into a foot chase that was ended with a suspect who was running away being wrapped up by one and by the officer in Alton, Texas. Now that's a great example where that situation



was despite, and the call was over after that individual was apprehended in handcuffs, after being wrapped in something that would have turned into a much more dangerous situation and could have had a much more tragic outcome.

**Chris DeAlmeida - CFO**

At this time, this concludes our question-and-answer session.

As a final reminder, the company encourages you to visit the new investor relations website at [ir.wrap.com](http://ir.wrap.com).

Thank you for joining us today for the Wrap Technologies' fourth quarter and full year 2022 earnings conference call. You may now disconnect.

**[END]**