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Wrap Technologies, Inc. Issues Letter to Shareholders

TEMPE, Ariz., June 21, 2024 (GLOBE NEWSWIRE) -- [Wrap Technologies, Inc.](#) (NASDAQ: WRAP) ("Wrap" or the "Company"), a global leader in de-escalation, issues a letter to shareholders from Founder and CEO, Scot Cohen.

Dear Shareholders,

We are at a pivotal time in Wrap Technologies and I'm excited to share with you that we believe that we're emerging stronger than ever. First, as you are all aware we are actively addressing both our audit and Nasdaq compliance issues.

- **New Auditors:** Thirty days ago, we engaged HTL as our new auditors. They are progressing through our 2023 audit, and we do not anticipate any need for restatement of our financials.
- **NASDAQ Compliance:** On June 17, 2024, we submitted a comprehensive compliance plan to the NASDAQ Listing Qualifications Department. While there is no guarantee of acceptance, we are hopeful that NASDAQ will grant us sufficient time to complete our 10-K for 2023 and the 10-Q for the first quarter ended March 31, 2024.

Today's company looks very different than it did at the end of 2023 when we pursued an aggressive growth strategy and expanded manufacturing operations in preparation for anticipated international demand. Our recent audit provided a valuable opportunity to holistically reassess our business operations, leading to the implementation of heightened discipline, structure, and controls. It became apparent that we were clearly on the wrong path and our recent auditing endeavors provided us with crucial insights, prompting a strategic pivot.

First, we have achieved a significant reduction in our operational expenses, decreasing from as high as \$2.5 million per month in 2022 to an anticipated \$700,000 per month by the end of 2024. This would represent a 72% reduction in our operating expense model. These profound changes establish a more sustainable structure, including tough decisions regarding workforce adjustments. These measures, in conjunction with our accounts receivable, should furnish us with the necessary runway to seize upcoming market opportunities.

Second, through closer engagement with our customers and pilot deployments in major cities, it has become evident that Wrap's solutions are not merely non-lethal devices but vital de-escalation solutions. Moreover, Wrap is well positioned to become a preeminent provider of de-escalation solutions, both domestically and internationally. We are committed to deepening our investments in customer success and product delivery with our considerable existing inventory. Along the way, we intend to capture essential use of force data to aid our clients in successfully implementing de-escalation strategies. Our planned solutions are

expected to be purpose-built and designed to integrate operationally into law enforcement agencies and packaged for elected officials as they answer the public safety needs of their constituents.

Finally, we are laser-focused on execution. We are refining our leadership and simplifying organizational structures to enhance focus, agility, and speed in decision-making.

Market Conditions and Our Vision for the Future

In light of increasing public scrutiny and the pressing demand for transparency and accountability, law enforcement faces a transformative era. High-profile cases of excessive force have sparked public outcry and demands for systemic reform. Many states and municipalities are responding by implementing new legislation and policies aimed at reducing the use of force. These measures include stricter guidelines on force application and enhanced reporting requirements. Departments are now diligently tracking "use of force" metrics across both reportable and non-reportable incidents, striving to reduce occurrences that can lead to unintentional consequences and, tragically, loss of life.

As law enforcement agencies seek technologies to support de-escalation efforts, Wrap Technologies stands at the forefront with our exciting solutions. The BolaWrap, a key product in our portfolio, is well positioned as the only de-escalation tool we are aware of designed to be immediately accessible on an officer's belt or in their vehicle, meeting critical operational needs on the scene.

Simultaneously, there is a growing emphasis on training programs that focus on de-escalation techniques, mental health awareness, and crisis intervention. The rise of virtual reality and other immersive technologies in training underscores this shift. These programs are becoming increasingly essential as law enforcement agencies face rising insurance premiums and liability costs associated with use-of-force incidents. This financial pressure further accelerates the adoption of risk management solutions and de-escalation technologies.

At Wrap, we harness data to track and analyze use-of-force incidents, identifying patterns and areas for improvement. This analysis informs policy changes and shapes targeted training programs. Our commitment extends beyond supplying non-lethal tools like the BolaWrap, which safely restrains individuals without causing serious harm, thereby reducing the need for lethal force. We also provide comprehensive training in de-escalation techniques, mental health crisis intervention, and cultural competency through Wrap Reality. Our VR training offers immersive, realistic scenarios for officers to practice and refine their skills.

Wrap Technologies is not just responding to market demands; we are actively shaping the future of law enforcement and community safety. By equipping officers with the tools and training they need, we aim to fundamentally change the behavior of law enforcement around the world. Our vision is clear: create safer communities through effective de-escalation, setting new standards in law enforcement practice.

Conclusion

Assuming leadership six months ago, I did so with a firm belief in our purpose to transform

public safety through the widespread adoption of our de-escalation tools, technologies, and training. The changes we are implementing across our organization are designed to refine our focus on what sets Wrap Technologies apart from the competition, positioning us to emerge as a stronger, more impactful company.

Thank you to all employees, stakeholders, and officers who serve our communities around the globe. Together, we are setting new standards and making a lasting impact on public safety globally. This is higher purpose policing.

Scot Cohen

Founder and CEO, Wrap Technologies

About Wrap

Wrap Technologies, Inc. (Nasdaq: WRAP) is a leading global provider of advanced public safety solutions, integrating ultramodern technology, cutting-edge tools, and comprehensive services to address the complex, modern day challenges facing public safety organizations around the world. Guided by a no-harm principle, Wrap is dedicated to developing groundbreaking solutions that empower public safety agencies to safeguard the communities they serve in a manner that fosters stronger relationships. Driving safer outcomes, empowering public safety and communities to move forward together.

Wrap's BolaWrap® solution encompasses an innovative and patented hand-held remote restraint device, strategically engineered with Wrap's no-harm guiding principle to proactively deter escalation by deploying a Kevlar® tether that safely restrains individuals from a distance. Combined with BolaWrap® training, certified by the esteemed International Association of Directors of Law Enforcement Standards and Training (IADLEST), Wrap enables officers from over 1000 agencies across the US and 60 countries around the world, with the expertise to effectively use BolaWrap® as an early intervention measure, mitigating potential risks and injuries, averting tragic outcomes. Saving lives with each wrap.

Wrap Reality™, the Company's advanced virtual reality training system, is a fully immersive training simulator and comprehensive public safety training platform equips first responders with the discipline and practice to prevent escalation, de-escalate conflicts, and apply appropriate tactical use-of-force measures to better perform in the field. By offering a growing range of real-life scenarios, Wrap Reality™ addresses the dynamic nature of modern law enforcement situations for positive public safety outcomes. Building safer communities one decision at a time.

Wrap's Intrensic solution is a comprehensive, secure and efficient body worn camera and evidence collection and management solution designed with innovative technology to quickly capture, safely handle, securely store, and seamlessly track evidence, all while maintaining full transparency throughout the process. With meticulous consolidation and professional management of evidence, confidence in law enforcement and the justice system soars, fostering trust and reliability in court outcomes. Intrensic's efficient system streamlines the entire process seamlessly, empowering all public safety providers to focus on what matters. Expediting justice with integrity.

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Cautionary Note on Forward-Looking Statements - Safe Harbor Statement

This press release contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Words such as “expect,” “anticipate,” “should,” “believe,” “target,” “project,” “goals,” “estimate,” “potential,” “predict,” “may,” “will,” “could,” “intend,” and variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Moreover, forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond the Company’s control. The Company’s actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to: the Company’s ability to retain its listing on the Nasdaq Capital Market; the Company’s ability to successfully implement training programs for the use of its products; the Company’s ability to manufacture and produce product for its customers; the Company’s ability to develop sales for its products; the acceptance of existing and future products; the availability of funding to continue to finance operations; the complexity, expense and time associated with sales to law enforcement and government entities; the lengthy evaluation and sales cycle for the Company’s product solution; product defects; litigation risks from alleged product-related injuries; risks of government regulations; the business impact of health crises or outbreaks of disease, such as epidemics or pandemics; the impact resulting from geopolitical conflicts and any resulting sanctions; the ability to obtain export licenses for countries outside of the United States; the ability to obtain patents and defend IP against competitors; the impact of competitive products and solutions; and the Company’s ability to maintain and enhance its brand, as well as other risk factors mentioned in the Company’s most recent annual report on Form 10-K, quarterly report on Form 10-Q, and other SEC filings. These forward-looking statements are made as of the date of this press release and were based on current expectations, estimates, forecasts, and projections as well as the beliefs and assumptions of management. Except as required by law, the Company undertakes no duty or obligation to update any forward-looking statements contained in this release as a result of new information, future events or changes in its expectations.

Wrap’s headquarters are in Tempe, Arizona.

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