

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **April 12, 2023**

**WRAP TECHNOLOGIES, INC.**

(Exact name of Registrant as specified in its Charter)

Delaware  
(State or other jurisdiction  
of incorporation)

000-55838  
(Commission File No.)

98-0551945  
(IRS Employer  
Identification No.)

1817 W 4th Street, Tempe, Arizona 85281  
(Address of principal executive offices)

(800) 583-2652  
(Registrant's Telephone Number)

Not Applicable  
(Former name or address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.0001 per share	WRAP	Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2)

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

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### **Item 1.01 Entry into a Material Definitive Agreement.**

See Item 5.02.

### **Item 2.02 Results of Operations and Financial Condition.**

On April 17, 2023, Wrap Technologies, Inc. (the "*Company*") issued a press release to announce preliminary financial results for the Company's fiscal quarter ended March 31, 2023, and certain management changes (see Item 5.02). A copy of the press release is attached to this Current Report on Form 8-K as Exhibit 99.1.

The information in this Item 2.02 of the Current Report on Form 8-K, including the information set forth in Exhibit 99.1, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), nor shall Exhibit 99.1 filed herewith be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

### **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

#### Resignation of TJ Kennedy.

Effective April 13, 2023 (the "*Resignation Date*"), TJ Kennedy resigned as Chief Executive Officer and as a member of the Board of Directors of the *Company*, pursuant to a separation agreement entered into by and between the Company and Mr. Kennedy (the "*Kennedy Separation Agreement*"). Under the terms of the Kennedy Separation Agreement, Mr. Kennedy is entitled to (i) a one-time payment of \$115,625 for the achievement of certain business objectives in 2022; (ii) severance in an amount equal to six months of his base salary paid in installments over a period of six months following the Resignation Date; (iii) the issuance of 122,670 shares of the Company's common stock, \$0.0001 par value per share ("*Common Stock*"), in connection with the continued vesting of certain equity-based awards previously granted to Mr. Kennedy; (iv) the immediate vesting of nonqualified options to purchase 158,554 shares of Common Stock, (v) an extension of the time period during which Mr. Kennedy may exercise outstanding vested stock options through the first anniversary of the Resignation Date (or, if earlier, through the original expiration date of the applicable stock option); and (vi) reimbursement for the Company portion of any healthcare premiums provided to Mr. Kennedy and any covered dependents under the Consolidated Omnibus Reconciliation Act of 1986, as amended ("*COBRA*"), for a period of 12 months following the Resignation Date, subject to Mr. Kennedy's election of coverage under COBRA. As part of the Kennedy Separation Agreement, Mr. Kennedy has entered into a general release of claims in favor of the Company and affirmed his obligations to abide by restrictive covenants.

Mr. Kennedy indicated that his resignation was not the result of any dispute or disagreements with the Company on any matter relating to the Company's operations, policies or practices.

#### Appointment of Kevin Mullins.

Effective on April 13, 2023, the Board of Directors appointed Kevin Mullins, the Company's current President, to the position of Chief Executive Officer. Mr. Mullins began serving as the Company's President on April 18, 2022. Prior to being appointed as the Company's President, Mr. Mullins served as the President and Chief Executive Officer of Intinsic, LLC since 2015, which provides digital evidence and video management software solutions for law enforcement agencies. Mr. Mullins has also served on the board of directors of SaferMobility, LLC since 2013, a provider of a campus security solution that delivers personal safety through an easy-to-use smartphone application that connects directly to your security or law enforcement teams. Mr. Mullins received a Bachelor of Arts in Business Administration from Virginia's College at Wise, Virginia, and a Masters in Business Administration from the University of Virginia in Charlottesville, Virginia.

#### Resignation of Glenn Hickman

Effective April 17, 2023 (the "*Resignation Date*"), Glenn Hickman's employment with the Company as Chief Operating Officer was terminated in connection with a broader reduction in headcount. The terms of a separation agreement are currently being negotiated.

The foregoing description of the Separation Agreement for Mr. Kennedy is qualified, in its entirety, by the full text of the Separation Agreement, a copy of which is attached to this Current Report on Form 8-K as Exhibit 10.1 and is incorporated by reference herein.

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**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	<a href="#">Separation Agreement between the Company and Mr. Kennedy</a>
99.1	<a href="#">Press Release dated April 17, 2023</a>
104	Cover Page Interactive Data File (formatted as Inline XBRL)

**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 hereunto duly authorized.

**WRAP TECHNOLOGIES, INC.**

Date: April 19, 2023

By: /s/ Chris DeAlmeida  
Chris DeAlmeida  
Chief Financial Officer

**SEPARATION AGREEMENT  
AND GENERAL RELEASE OF CLAIMS**

This SEPARATION AGREEMENT AND GENERAL RELEASE OF CLAIMS (this “**Agreement**”) is entered into by and among TJ Kennedy (“**Executive**”) and Wrap Technologies, Inc., a Delaware corporation (the “**Company**”). The Company and Executive are each referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

**WHEREAS**, reference is made to that certain Employment Agreement between the Parties made and entered into on April 1, 2022 (the “**Employment Agreement**”);

**WHEREAS**, Executive’s employment with the Company ended as of April 13, 2023 (the “**Separation Date**”) as the result of the Parties’ mutually agreed upon separation;

**WHEREAS**, the Parties wish for Executive to receive the severance payments and benefits as set forth in this Agreement, which payments and benefits are conditioned upon Executive’s timely execution (and non-revocation in the time provided to do so) of this Agreement and Executive’s compliance with the terms of this Agreement; and

**WHEREAS**, the Parties wish to resolve any and all claims that Executive has or may have against the Company or any of the other Released Parties (as defined below), including any claims that Executive may have arising out of Executive’s employment or the end of such employment.

**NOW, THEREFORE**, in consideration of the promises and benefits set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereby agree as follows:

**1. Separation from Employment.** Executive’s employment with the Company ended as of the Separation Date. As of the Separation Date, Executive was no longer employed by the Company or any other Released Party. Executive acknowledges and agrees that, as of the Separation Date, Executive resigned as: (a) an officer of the Company and each affiliate of the Company for which Executive served as an officer; and (b) from the Board of Directors of the Company. For the avoidance of doubt, Executive acknowledges and agrees that, consistent with Section 22 of the Employment Agreement, as of the Separation Date, Executive no longer served as an officer or director of the Company or any of its affiliates.

**2. Separation Benefits.** Provided that Executive (x) executes this Agreement on or after the Separation Date and returns a copy of this Agreement that has been executed by Executive to the Company so that it is received by Chris DeAlmeida at cdealmeida@wrap.com no later than May 4, 2023; (y) does not revoke his acceptance of this Agreement pursuant to Section 8 below; and (z) complies with all terms and conditions set forth in this Agreement, then Executive shall receive the following consideration:

(a) The Company shall pay Executive a total severance payment of \$207,500, less applicable taxes and withholdings (the “**Severance Payment**”), which Severance Payment shall be divided into substantially equal installments and paid on the Company’s regular payroll dates for executive employees over the six-month period following the Separation Date; *provided, however*, the first installment of the Severance Payment shall be paid on the Company’s first regularly scheduled payroll date for executive employees that is on or after the date that is sixty (60) days after the Separation Date (such date, the “**First Installment Date**”) and shall include, without interest, the number of such installments of the Severance Payment equal to the number of such installments that would have been paid during the period beginning on the Separation Date and ending on the First Installment Date had the installments been paid on the Company’s regularly scheduled payroll dates for executive employees following the Separation Date, and each of the remaining installments shall be paid on the Company’s regularly scheduled payroll dates for executive employees during the remainder of such three-month period.

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(b) The Company shall make an additional payment to Executive in the amount of \$115,625, less applicable taxes and withholdings, which amount shall be paid on the First Installment Date;

(c) The Company shall issue to Executive, less applicable taxes and withholdings, 44,816 shares (the "**Bonus Shares**") of the Company's common stock, \$0.0001 par value per share, ("**Common Stock**") on the First Installment date pursuant to the partial vesting of the restricted stock unit award granted to Executive on April 19, 2022 with respect to 155,709 shares of the Company's Common Stock (such restricted stock unit award, the "**RSU Award**" which is described in Section 3(d)(ii) of the Employment Agreement);

(d) The Company shall issue to Executive, less applicable taxes and withholdings, 77,854 shares (the "**Accelerated RSU Shares**") of Common Stock on the First Installment date pursuant to the partial vesting of the RSU Award;

(e) If Executive timely and properly elects to continue coverage for Executive and Executive's spouse and eligible dependents, if any, under the Company's group health plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**") similar in the amounts and types of coverage provided by the Company to Executive prior to the Separation Date, then for a period of 12 months following the Separation Date, the Company shall promptly reimburse Executive on a monthly basis for the entire amount Executive pays to effect and continue such coverage; provided, however, that Executive's rights to such reimbursements under this Section 2(c) shall terminate at the time Executive becomes eligible to be covered under a group health plan sponsored by another employer (and Executive shall immediately notify the Company in the event that Executive becomes so eligible) and such coverage becomes effective (so long as Executive elects such coverage upon his first opportunity to do so). Notwithstanding anything in the preceding provisions of this Section 2(c) to the contrary, the election of COBRA continuation coverage and the payment of any premiums due with respect to such COBRA continuation coverage will remain Executive's sole responsibility, and the Company will assume no obligation for payment of any such premiums relating to such COBRA continuation coverage;

(f) With respect to the option to purchase 457,662 shares of Common Stock granted to the Executive on April 19, 2022 (the "**Time Based CEO Option**"), the Company shall vest 158,554 shares (such portion of the Time Based CEO Option, the "**Accelerated Option**") immediately following the Separation Date and the remainder of the Time Based CEO Option will become forfeited and null and void immediately following the Separation Date; and

(g) Both the Accelerated Option and the option to purchase 30,000 shares of Common Stock granted to Executive on April 23, 2021 (the ~~Non-Employee Director Option~~) will, notwithstanding the terms of the Accelerated Option, the Non-Employee Director Option or the Company's 2017 Equity Compensation Plan, remain outstanding and exercisable through April 9, 2024 and on April 10, 2024, such options, to the extent then outstanding, will terminate and be null and void.

Executive acknowledges and agrees that the consideration described in this Section 2 represents the entirety of the amounts and other consideration Executive is eligible to receive as separation pay and benefits from the Company and any other Released Party, and that Executive was not entitled to such pay or benefits but for his timely entry into (and non-revocation of his acceptance of) this Agreement and compliance with the terms herein. Executive further acknowledges and agrees that, other than with respect to the Bonus Shares, the Accelerated RSU Shares, the Accelerated Option and the Non-Employee Director Option, Executive has forfeited the remainder of the equity-based compensation awards described in the Employment Agreement or otherwise held by Executive but unvested as of the time immediately before the Separation Date.

**3. Satisfaction of All Leaves and Payment Amounts; Prior Rights and Obligations** Executive expressly acknowledges and agrees that Executive has received all leaves (paid and unpaid) to which Executive has been entitled during Executive's employment with the Company or any other Released Party, and Executive has received all wages, bonuses and other compensation, been provided all benefits and been afforded all rights and been paid all sums that Executive is owed or has been owed by the Company or any other Released Party, including all payments arising out of all incentive plans and any other bonus arrangements (including as set forth in the Employment Agreement). Notwithstanding the foregoing, Executive remains entitled to receive (if still unpaid as of the date that Executive signs this Agreement) Executive's base salary for services performed in the pay period in which the Separation Date occurred. For the avoidance of doubt, Executive acknowledges that: (i) Executive had no right to the consideration described in Section 2 above (or any portion thereof) but for Executive's entry into this Agreement and satisfaction of the terms herein; and (ii) Executive has no further or future right to any severance pay or benefits from the Company or any other Released Party, and the Company and the other Released Parties have no further or future obligations with respect to (and Executive has no further rights with respect to) any Annual Bonus or 2022 Bonus (as defined in the Employment Agreement), the Sign-On Equity (as defined in the Employment Agreement), the Option Award (as defined in the Employment Agreement), the RSU Award (as defined in the Employment Agreement), the Performance Option (as defined in the Employment Agreement), the Severance Payment (as defined in the Employment Agreement) or Termination Bonus Payment or other Termination Benefits (each as defined in the Employment Agreement).

#### 4. Release of Liability for Claims.

(a) For good and valuable consideration, including the consideration set forth in Section 2 (and any portion thereof), Executive hereby forever releases, discharges and acquits the Company, each other member of the Company Group (as defined in the Employment Agreement) and each other Company affiliate, and each of the foregoing entities' respective predecessors, successors, equityholders, officers, directors, managers, members, partners, employees, agents, representatives, and other affiliated persons, and the Company's and its affiliates' benefit plans (and the fiduciaries and trustees of such plans) (each a "**Released Party**" and, collectively, the "**Released Parties**"), from liability for, and Executive hereby waives, any and all claims, damages, or causes of action of any kind related to or arising from Executive's ownership of any interest in the Company or any other Released Party, Executive's employment or engagement with any Released Party, the termination of such employment or engagement, and any other acts or omissions related to any matter occurring on or prior to the date that Executive executes this Agreement, including (i) any alleged violation through such time of: (A) any federal, state or local anti-discrimination or anti-retaliation law, regulation or ordinance, including the Age Discrimination in Employment Act of 1967 (including as amended by the Older Workers Benefit Protection Act), Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, Sections 1981 through 1988 of Title 42 of the United States Code and the Americans with Disabilities Act of 1990, as amended; (B) the Employee Retirement Income Security Act of 1974 ("**ERISA**"); (C) the Immigration Reform Control Act; (D) the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act; (E) the Occupational Safety and Health Act; (F) the Family and Medical Leave Act of 1993; (G) the Arizona Employment Protection Act, the Arizona Civil Rights Act, the Arizona Occupational Health and Safety Act, and the Arizona Medical Marijuana Act; (H) any federal, state or local wage and hour law; (I) any other local, state or federal law, regulation or ordinance; or (J) any public policy, contract, tort, or common law claim, including any claim for defamation, emotional distress, fraud or misrepresentation of any kind, promissory estoppel, breach of any implied duty of good faith and fair dealing, breach of implied or express contract, breach of fiduciary duty or wrongful discharge; (ii) any allegation for costs, fees, or other expenses including attorneys' fees incurred in or with respect to a Released Claim; (iii) other than with respect to the Bonus Shares, the Accelerated RSU Shares, the Accelerated Option and the Non-Employee Director Option, any and all rights, benefits or claims Executive may have under any employment contract or other agreement (including the Employment Agreement, Option Award, Sign-On Equity, RSU Award or Performance Option (each as defined in the Employment Agreement)), incentive compensation plan or equity-based plan with any Released Party (including the Equity Plan (as defined in the Employment Agreement)) or to any ownership interest in any Released Party; (iv) any claim, whether direct or derivative, arising from, or relating to, Executive's status as a holder of any shares or interests in any Released Party; and (v) any claim for compensation or benefits of any kind not expressly set forth in this Agreement (collectively, the "**Released Claims**"). This Agreement is not intended to indicate that any such claims exist or that, if they do exist, they are meritorious. Rather, Executive is simply agreeing that, in exchange for any consideration received by Executive pursuant to Section 2, any and all potential claims of this nature that Executive may have against the Released Parties, regardless of whether they actually exist, are expressly settled, compromised and waived. **THIS RELEASE INCLUDES MATTERS ATTRIBUTABLE TO THE SOLE OR PARTIAL NEGLIGENCE (WHETHER GROSS OR SIMPLE) OR OTHER FAULT, INCLUDING STRICT LIABILITY, OF ANY OF THE RELEASED PARTIES.**

(b) For the avoidance of doubt, nothing in this Agreement releases Executive's rights to receive payments or benefits pursuant to Section 2 of this Agreement (including Executive's right to receive the severance pay and benefits set forth in, and subject to the terms of, Sections 2(a) through 2(g) above). Further, in no event shall the Released Claims include (i) any claim that arises after the date that Executive signs this Agreement; (ii) rights to indemnification or expense advancement from the Company pursuant to the Company bylaws or similar governing documents, and rights under directors' and officers' insurance policies maintained by the Company; or (iii) any claim to vested benefits under an employee benefit plan that is subject to ERISA and that cannot be released pursuant to ERISA. Further notwithstanding this release of liability, nothing in this Agreement prevents Executive from filing any non-legally waivable claim (including a challenge to the validity of this Agreement) with the Equal Employment Opportunity Commission ("**EEOC**") or comparable state or local agency or participating in (or cooperating with) any investigation or proceeding conducted by the EEOC or comparable state or local agency or cooperating in any such investigation or proceeding; however, Executive understands and agrees that Executive is waiving any and all rights to recover any monetary or personal relief from a Released Party as a result of such EEOC or comparable state or local agency or proceeding or subsequent legal actions. Further, nothing in this Agreement or the Employment Agreement prohibits or restricts Executive from filing a charge or complaint with, or cooperating in any investigation with, or making disclosures to, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, or any other securities regulatory agency or authority (each, a "**Government Agency**"), and nothing herein will require Executive to inform any Released Party that he has made such a charge, complaint or disclosure or that he is engaging in such cooperation. This Agreement does not limit Executive's right to receive an award for information provided to a Government Agency. Further, this Agreement does not release Executive's right to seek unemployment insurance or workers' compensation benefits. Nothing in this Agreement is intended to forfeit Executive's ownership of (or waive Executive's future rights with respect to) any vested shares of Common Stock owned by the Executive as of the date prior to the Separation Date.

(c) In entering into this Agreement, Executive expressly represents and warrants that Executive has not committed any criminal or other unlawful act toward, or in the course of performing duties for, the Company or any of its affiliates. In express reliance upon, and conditioned upon the accuracy of, Executive's representation and warranty in the immediately preceding sentence, the Company hereby waives any and all claims, damages, or causes of action of any kind related to or arising from Executive's employment or engagement with any Released Party, the termination of such employment or engagement, and any other acts or omissions related to any matter occurring on or prior to the date that the Company executes this Agreement, including (i) any alleged violation through such time of any local, state or federal law, regulation or ordinance or any public policy, contract, tort, or common law claim, including any claim for defamation, emotional distress, fraud or misrepresentation of any kind, promissory estoppel, breach of any implied duty of good faith and fair dealing, breach of implied or express contract, breach of fiduciary duty or wrongful discharge; (ii) any allegation for costs, fees, or other expenses including attorneys' fees incurred in or with respect to a Company Released Claim; (iii) any breach of employment contract or other agreement (including the Employment Agreement) incentive compensation plan or equity-based plan with any Released Party; or (iv) any claim not expressly set forth in this Agreement (collectively, the "**Company Released Claims**"). This Agreement is not intended to indicate that any such claims exist or that, if they do exist, they are meritorious. Rather, the Company is simply agreeing that, in exchange for any consideration received by the Company hereunder, any and all potential claims of this nature that the Company may have against Executive, regardless of whether they actually exist, are expressly settled, compromised and waived. **SUBJECT TO THE FIRST SENTENCE OF THIS PARAGRAPH, THIS RELEASE INCLUDES MATTERS ATTRIBUTABLE TO THE SOLE OR PARTIAL NEGLIGENCE (WHETHER GROSS OR SIMPLE) OR OTHER FAULT, INCLUDING STRICT LIABILITY, OF ANY OF EXECUTIVE.**



**5. Representations and Warranties Regarding Claims.** Executive represents and warrants that, as of the time he signs this Agreement, he has not made any assignment, sale, delivery, transfer or conveyance of any rights Executive has asserted or may have against any of the Released Parties with respect to any Released Claim. The Company represents and warrants that, as of the time it signs this Agreement, it has not made any assignment, sale, delivery, transfer or conveyance of any rights it has asserted or may have against Executive with respect to any Company Released Claim.

**6. Affirmation of Restrictive Covenants; Voting.**

(a) Executive acknowledges and agrees that in connection with Executive's employment with the Company, Executive has obtained Confidential Information (as defined in the Employment Agreement) and that Executive has continuing obligations pursuant to Sections 9, 10, 11 and 13 of the Employment Agreement. In entering into this Agreement, Executive acknowledges the validity, binding effect and enforceability of Sections 9, 10, 11 and 13 of the Employment Agreement and expressly reaffirms Executive's commitment to abide by such provisions of the Employment Agreement and promises to do so.

(b) At the Company's two annual stockholder meetings that are subsequent to the Separation Date, and at any special meeting of stockholders of the Company within the two years that follow the Separation Date (including any adjournments or postponements thereof and any meetings which may be called in lieu thereof), Executive agrees that Executive will appear in person or by proxy at such meetings, and Executive will vote (or execute a consent with respect to) all voting securities owned by Executive in accordance with the recommendations of the Company's Board of Directors with respect to (a) the election, removal or replacement of any director, (b) the ratification of the appointment of the Company's independent registered public accounting firm, and (c) any other proposal to be submitted to the stockholders of the Company by either the Company or any stockholder of the Company.

**7. Advice to Consult with Counsel; Executive's Acknowledgments.** This is an important legal document, and Executive is advised to consult with a lawyer of his choosing before entering into this Agreement. By executing and delivering this Agreement, Executive expressly acknowledges that:

(a) Executive has carefully read this Agreement;

(b) Executive has been given at least 21 days to review and consider this Agreement. If Executive signs this Agreement before the expiration of 21 days after Executive's receipt of this Agreement, Executive has knowingly and voluntarily waived any longer consideration period than the one provided to Executive. No changes (whether material or immaterial) to this Agreement shall restart the running of this 21-day period.

(c) Executive is receiving, pursuant to this Agreement, consideration in addition to anything of value to which he is already entitled;

(d) Executive has been advised, and hereby is advised in writing, to discuss this Agreement with an attorney of Executive's choice before signing this Agreement, and Executive represents that has had an adequate opportunity to do so prior to executing this Agreement;

(e) Executive fully understands the final and binding effect of this Agreement; the only promises made to Executive to sign this Agreement are those stated herein; and Executive is signing this Agreement knowingly, voluntarily and of his own free will, and that Executive understands and agrees to each of the terms of this Agreement;

(f) The only matters relied upon by Executive and causing Executive to sign this Agreement are the provisions set forth in writing within the four corners of this Agreement; and

(g) No Released Party has provided any tax or legal advice regarding this Agreement and he has had an adequate opportunity to receive sufficient tax and legal advice from advisors of his own choosing such that he enters into this Agreement with full understanding of the tax and legal implications thereof.

**8. Revocation Right.** Notwithstanding the initial effectiveness of this Agreement, Executive may revoke the delivery (and therefore the effectiveness) of this Agreement within the seven-day period beginning on the date Executive executes this Agreement (such seven-day period being referred to herein as the “**Release Revocation Period**”). To be effective, such revocation must be in writing signed by Executive and must be delivered personally or by courier to the Company so that it is received by Chris DeAlmeida at cdealmeida@wrap.com on or before the end of the Release Revocation Period. If an effective revocation is delivered in the foregoing manner and timeframe, the release of claims set forth in Section 4 will be of no force or effect, Executive will not receive the payments, benefits or consideration set forth in Section 2, and the remainder of this Agreement will remain in full force and effect.

**9. Governing Law.** This Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of Delaware without regard to the principles of conflicts of law thereof.

**10. Counterparts.** This Agreement may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

**11. Amendment; Entire Agreement** This Agreement may not be changed orally but only by an agreement in writing agreed to and signed by the Party to be charged. This Agreement, and with respect to the covenants referenced in Section 6 and the dispute resolution provision referenced in Section 12 the Employment Agreement and the agreements evidencing the Accelerated Option and the Non-Employee Director Option (as modified by this Agreement), constitute the entire agreement of the Parties with regard to the subject matter hereof and supersede all prior and contemporaneous agreements and understandings, oral or written, between Executive and any Released Party with regard to the subject matter hereof.

**12. Dispute Resolution.** Any dispute, controversy or claim between Executive, on the one hand, and the Company or any other Released Party, on the other hand, arising out of or relating to this Agreement shall be subject to the dispute resolution provisions set forth in Sections 12 and 16 of the Employment Agreement, which provisions are hereby incorporated by reference. IN ENTERING INTO THIS AGREEMENT, THE PARTIES EXPRESSLY ACKNOWLEDGE AND AGREE THAT THEY ARE KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVING THEIR RIGHTS TO JURY TRIAL.

13. **Third-Party Beneficiaries.** Executive expressly acknowledges and agrees that each Released Party that is not a party to this Agreement shall be a third-party beneficiary of Sections 3, 4, 5, 6, 12, and 14 (to the extent such Sections reference such Released Party), and entitled to enforce such provisions as if it were a party hereto.

14. **Return of Property.** Executive represents and warrants that he has returned to the Company all property belonging to the Company or any of its affiliates, including all computer files, electronically stored information, computers and other materials and items provided to him by the Company or any of its affiliates in the course of his employment, and Executive further represents and warrants that he has not maintained a copy of any such materials or items in any form.

15. **Severability.** Any term or provision of this Agreement (or part thereof) that renders such term or provision (or part thereof) or any other term or provision (or part thereof) hereof invalid or unenforceable in any respect shall be severable and shall be modified or severed to the extent necessary to avoid rendering such term or provision (or part thereof) invalid or unenforceable, and such modification or severance shall be accomplished in the manner that most nearly preserves the benefit of the Parties' bargain hereunder.

16. **Headings; References; Interpretation.** The Section headings have been inserted for purposes of convenience and shall not be used for interpretive purposes. The words "hereof," "herein" and "hereunder" and other compounds of the word "here" shall refer to the entire Agreement and not to any particular provision hereof. The use herein of the word "including" following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation", "but not limited to", or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. The word "or" as used herein is not exclusive and is deemed to have the meaning "and/or." Unless the context requires otherwise, all references herein to a law, agreement, instrument or other document shall be deemed to refer to such law, agreement, instrument or other document as amended, supplemented, modified and restated from time to time to the extent permitted by the provisions thereof. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against any Party, whether under any rule of construction or otherwise. This Agreement has been reviewed by each of the Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the Parties.

17. **Withholdings; Deductions.** The Company may withhold and deduct from any benefits and payments made or to be made pursuant to this Agreement (a) all federal, state, local and other taxes as may be required pursuant to any law or governmental regulation or ruling and (b) any deductions consented to in writing by Executive.

**18. Section 409A.**

(a) This Agreement and the benefits provided hereunder are intended to be exempt from, or compliant with, the requirements of Section 409A of the Internal Revenue Code of 1986 and the Treasury regulations and other guidance issued thereunder (collectively, "**Section 409A**") and shall be construed and administered in accordance with such intent. Each installment payment under this Agreement shall be deemed and treated as a separate payment for purposes of Section 409A. Notwithstanding the foregoing, the Company makes no representations that the benefits provided under this Agreement are exempt from the requirements of Section 409A and in no event shall the Company or any of its Affiliates be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Executive on account of non-compliance with Section 409A.

(b) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A), (i) any such expense reimbursement shall be made by the Company no later than the last day of Executive's taxable year following the taxable year in which such expense was incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; provided, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period in which the arrangement is in effect.

[Remainder of Page Intentionally Blank;  
Signature Page Follows]

**IN WITNESS WHEREOF**, Executive has executed this Agreement and the Company, has caused this Agreement to be executed by its duly authorized officer as of the dates set forth below, effective for all purposes as provided above.

**EXECUTIVE**

/s/ TJ Kennedy  
TJ Kennedy

Date: April 13-2023

**WRAP TECHNOLOGIES, INC.**

By: /s/ Wayne R. Walker  
Title: Chairman, Board of Directors

Date: April 14, 2023

Signature Page to Separation Agreement  
and General Release of Claims

**Wrap Technologies Announces CEO Change and Preliminary Estimated Financial Results for Q1 2023**

*Outlines Meaningful Cost Reductions to Support Greater Efficiency Without Inhibiting the Company's Ability to Monetize Its Robust Sales Pipeline*

*Will Lean Into Bolstered Distribution and Sales Capabilities to Accelerate Path to Profitable Growth*

TEMPE, Ariz., April 17, 2023 (GLOBE NEWSWIRE) --**Wrap Technologies, Inc. (Nasdaq: WRAP)** (“**Wrap**” or the “**Company**”), a global leader in innovative public safety technologies and services, today announced the immediate appointment of Kevin Mullins as Chief Executive Officer and released preliminary financial results for the first quarter of fiscal year 2023.

**Leadership Updates**

In connection with Mr. Mullins' appointment, TJ Kennedy has agreed to immediately step down as Wrap’s Chief Executive Officer and a member of the Board of Directors (the “Board”). Wrap thanks Mr. Kennedy for his leadership and contributions.

Mr. Mullins, who joined Wrap’s leadership team as President in April 2022, possesses extensive experience as an executive and advisor in the public safety solutions market and has a successful track record of taking companies from inception to growth to profitability. In addition to having the confidence and trust of Wrap’s employees and customers, he has led many of the Company’s initial cost containment initiatives, recruiting and operations efforts, and large customer acquisitions over the past year.

Notably, Mr. Mullins was first identified as part of the Chief Executive Officer search process carried out by the Board in the first quarter of 2022.

**Preliminary Estimated Results for Q1 2023**

- First quarter 2023 revenue is estimated to be between \$0.60 million and \$0.70 million, which compares to \$1.6 million in the prior year period. The decline in revenue is primarily attributable to the timing of new orders being delayed until later in 2023. As a reminder, it is common for first quarter revenue to decline as a result of the timing of customer annual budget approvals, which often happen in the back half of the calendar year.
  - The Company believes gross margin for the first quarter 2023 will be inline with the prior year period.
  - Operating expense for the first quarter 2023, including SG&A and R&D, is estimated to be between \$4.0 million and \$4.5 million as compared to \$6.1 million in the prior year period. First quarter 2023 operating expense decline was driven by cost containment efforts that were put in place in 2022, as well as a continued focus on further cost reduction efforts discussed in more detail below.
  - Net loss for the first quarter 2023 is estimated to be between \$3.7 million and \$4.3 million for the quarter, compared to \$5.4 million in the prior year period.
  - Cash, cash equivalents and short-term investments were approximately \$16 million as of March 31, 2023, compared to \$30 million as of March 31, 2022. As detailed below, the Company plans to enact additional cost containment initiatives in the near-term to ensure an extended operating runway based on its current cash on hand.
  - The Company expects to announce the date for its first quarter 2023 earnings results in the near-term.
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## **Outlook and Focus on Greater Efficiency**

Due to the recent changes in leadership, Wrap will be re-evaluating its previously communicated outlook and guidance for fiscal year 2023. The Board recognizes the importance of providing new leadership with sufficient time to conduct an independent assessment of Wrap's existing pipeline, near-term opportunities, and resource requirements.

Wrap anticipates that by making strategic cuts to non-critical expenses in the near-term, the Company can maintain growth through achieving greater efficiencies while seeing a significant reduction in quarterly operating expenses. The targeted cost reductions are expected to lower certain operating expenses and allow the Company to transition to a just-in-time production model that aligns with sales forecasts. Wrap believes that by taking these measures, the Company will be on an accelerated path to sustained profitability.

These changes are expected to generate a minimum quarterly reduction in operating expenses of \$1.5 million, or \$6 million on an annual basis. However, the Company does anticipate incurring additional one-time operating expenses during the second quarter of 2023 due to severance charges associated with the changes in management.

Wayne Walker, Chairman of the Board, commented:

"In light of our results for the first quarter and the soft economic environment, the Board has moved decisively to elevate Kevin to the Chief Executive Officer role. Kevin has distinguished himself as a respected leader within the organization and a trusted partner to the growing number of domestic and international law enforcement agencies relying on our solutions. He has an actionable vision for achieving efficiency, rebuilding our cash position, and leaning into our bolstered distribution and sales infrastructure to accelerate sales of the higher-margin BolaWrap 150. The Board also wants to take this opportunity to thank TJ for his leadership during an important transitional year for the Company and his contributions as a director."

Mr. Mullins added:

"I appreciate the Board's confidence and feel well positioned to hit the ground running as Chief Executive Officer. As shown in fiscal year 2022, Wrap has begun to realize the benefit of long-term investments in marketing, training, and research and development. We now need to build on this momentum by accelerating the pace at which we are closing sales opportunities in our strong pipeline, expanding relationships with existing customers, and realizing opportunities to reduce non-essential operating expenses and rebuild our cash position. I plan to set a clear and focused strategy around these priorities. By executing with greater efficiency, precision and urgency, we can make the BolaWrap and our training solutions go-to resources for law enforcement agencies and, in turn, start to produce enhanced value for shareholders in the near-term."

Scot Cohen, Founder, Director and a large shareholder of Wrap, concluded:

"Following years of strategic investment, Wrap has built up its brand, commercialized innovative solutions, and established relationships with thousands of law enforcement agencies. We now have a growing customer base and a very strong pipeline. Kevin has demonstrated over the past year that he is the right leader to help us monetize this foundation. As a sizable shareholder, I have faith in his ability to grow sales, dramatically improve efficiency, and help get us to the next level."

## **Kevin Mullins Biography**

Mr. Mullins is a proven business strategist and experienced corporate leader with a track record of taking public safety technology companies from concept to growth to profitability. He possesses a deep understanding of global public safety technology industries that involve extended sales cycles and governmental budgeting considerations. Prior to joining Wrap as President in April 2022, he served as President and Chief Executive Officer of Intrensic, a premier digital evidence and video management software solutions company. During his tenure, he led the development of new technology and set the direction of the company, and was instrumental in marketing its solutions to corporate and public safety entities. In addition, Mr. Mullins previously served as the Chief Executive Officer of SaferMobility, a video NG911 solutions provider for public and private enterprise safety. Previously, he was a commercial banker and bank director.

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**About Wrap**

Wrap Technologies, Inc. (Nasdaq: WRAP) is a global public safety technology and services company that delivers safe and effective policing solutions to law enforcement and security personnel worldwide. Wrap is leading the movement for safer policing by equipping officers with safe, non-pain compliance tools and immersive training for the modern world. The Company's solutions, products, and services include the BolaWrap® Remote Restraint Device and Wrap Reality™.

Wrap's BolaWrap® Remote Restraint device is a patented, hand-held pre-escalation and apprehension tool that discharges a Kevlar® tether to safely detain persons without pain, injury, or the need to use higher levels of force.

Wrap Reality™, the Company's virtual reality training system, is a fully immersive training simulator and comprehensive public safety training platform providing first responders with the discipline and practice in methods of de-escalation, conflict resolution, and use-of-force to better perform in the field. Through its growing availability of real-life scenarios, Wrap Reality™ covers most facets of law enforcement training from verbal commands to tactical use-of-force.

Wrap's headquarters are in Tempe, Arizona. For more information, please visit [www.wrap.com](http://www.wrap.com).

**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, including but not limited to: statements regarding the Company's overall business; total addressable market; and expectations regarding future sales, expenses and break-even and profitability expectations. 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 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 new product solution; the acceptance of existing and future products, including the acceptance of the BolaWrap 150; the risk that distributor and customer orders for future deliveries are modified, rescheduled or cancelled in the normal course of business; 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 US; 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.

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**Trademark Information**

BolaWrap, Wrap and Wrap Reality are trademarks of Wrap Technologies, Inc. All other trade names used herein are either trademarks or registered trademarks of the respective holders.

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