UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018
Commission File Number: 000-55838

Wrap Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	98-0551945 (I.R.S. Employer Identification Number)

4620 Arville Street, Ste E
Las Vegas, Nevada 89103
(Address of principal executive offices) (Zip Code)

(800) 583-2652
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). [X] Yes [ ] No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[X]
(Do not check if a smaller reporting company)		Emerging growth company	[ ]

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. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

As of November 8, 2018 a total of 27,364,607 shares of the Registrant's Common Stock, par value $0.0001, were issued and outstanding.

WRAP TECHNOLOGIES, INC.

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Wrap Technologies, Inc.
Condensed Balance Sheets

	September 30, 2018 (unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash	$ 1,365,495	$ 3,083,976
Inventories, net	125,289	131,192
Prepaid expenses and other current assets	18,654	11,446
Total current assets	1,509,438	3,226,614
Property and equipment, net	36,610	36,668
Intangible assets, net	48,226	-
Other assets, net	1,512	1,512
Total assets	$ 1,595,786	$ 3,264,794
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 76,482	$ 36,165
Accrued liabilities	64,456	60,314
Deferred revenue	450	-
Note payable	8,076	-
Deferred and accrued officer compensation	96,000	96,000
Total current liabilities	245,464	192,479
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock - 5,000,000 authorized; par value $0.0001 per share; none issued and outstanding	-	-
Common stock - 150,000,000 authorized; par value $0.0001 per share; 22,803,533 shares issued and outstanding each period, respectively	2,280	2,280
Additional paid-in capital	4,460,747	4,137,936
Accumulated deficit	(3,112,705)	(1,067,901)
Total stockholders' equity	1,350,322	3,072,315
Total liabilities and stockholders' equity	$ 1,595,786	$ 3,264,794

See accompanying notes to condensed interim financial statements.

Wrap Technologies, Inc.
Condensed Statements of Operations
(unaudited)

	For the Three Months Ended September 30, 2018	For the Three Months Ended September 30, 2017	For the Nine Months Ended September 30, 2018	For the Nine Months Ended September 30, 2017
Revenues:				
Product sales	$ 1,890	$ -	$ 1,890	$ -
Other revenue	-	-	-	-
Total revenues	1,890	-	1,890	-
Cost of revenues	1,607	-	1,607	-
Gross profit	283	-	283	-
Operating expenses:				
Selling, general and administrative	665,910	105,210	1,586,652	270,854
Research and development	168,432	46,334	458,046	252,675
Total operating expenses	834,342	151,544	2,044,698	523,529
Loss from operations	(834,059)	(151,544)	(2,044,415)	(523,529)
Other income (expense):				
Interest expense	(352)	-	(1,674)	-
Other	527	-	1,285	-
	175	-	(389)	-
Net loss	$ (833,884)	$ (151,544)	$ (2,044,804)	$ (523,529)
Net loss per basic common share	$ (0.04)	$ (0.01)	$ (0.09)	$ (0.03)
Weighted average common shares used to compute net loss per basic common share	22,803,533	20,402,717	22,803,533	19,850,234

See accompanying notes to condensed interim financial statements.

Wrap Technologies, Inc.
Condensed Statements of Cash Flows
(unaudited)

	For the Nine Months Ended September 30, 2018	2017
Cash Flows From Operating Activities:		
Net loss	$ (2,044,804)	$ (523,529)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	8,073	4,511
Share-based compensation	322,811	-
Changes in assets and liabilities:		
Inventories	5,903	(96,667)
Prepaid expenses and other current assets	32,227	(16,969)
Accounts payable	40,317	52,870
Deferred and accrued officer compensation	-	26,000
Accrued liabilities and other	4,592	21,015
Net cash used in operating activities	(1,630,881)	(532,769)
Cash Flows From Investing Activities:		
Capital expenditures for property and equipment	(8,015)	(33,595)
Investment in patents and trademarks	(48,226)	-
Net cash used in investing activities	(56,241)	(33,595)
Cash Flows From Financing Activities:		
Proceeds from common stock subscribed	-	60,000
Sale of common stock	-	275,000
Payment of notes payable	(31,359)	-
Net cash provided by financing activities	(31,359)	335,000
Net decrease in cash and cash equivalents	(1,718,481)	(231,364)
Cash, beginning of period	3,083,976	255,072
Cash, end of period	$ 1,365,495	$ 23,708
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Prepaid insurance financed with note payable	$ 39,435	$ -

See accompanying notes to condensed interim financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business Description

Wrap Technologies, Inc., a Delaware corporation (the "*Company*"), is a developer of security products designed for use by law enforcement and security personnel. The Company's first product is the BolaWrap™ 100 remote restraint device.

The Company resulted from the March 31, 2017 merger of Wrap Technologies, LLC ("*Wrap LLC*") with and into its wholly-owned subsidiary MegaWest Energy Montana Corp. ("*MegaWest*") (the "*Merger*"). Wrap LLC ceased separate existence, and MegaWest continued as the surviving entity. MegaWest then changed its name to Wrap Technologies, Inc. and an amended and restated certificate of incorporation changing the Company's corporate name, authorizing 150,000,000 shares of common stock, par value $0.0001 per share, and authorizing 5,000,000 shares of preferred stock, par value $0.0001 per share, was filed with the Delaware Department of Corporations. All 835.75 membership units of Wrap LLC outstanding immediately prior to the Merger were exchanged, on a pro rata basis, for an aggregate of 20,000,000 shares of common stock of the Company in the Merger.

Prior to the Merger, on March 22, 2017, Wrap LLC acquired privately held MegaWest from Petro River Oil Corp. ("*Petro River*") through the issuance of 16.75 membership units, representing a 2% ownership interest in Wrap LLC. At that time, Petro River was owned 11% by Scot Cohen, Executive Chairman and a Manager of Petro River, a 26% owner of Wrap LLC, and a director and officer of the Company. MegaWest had no assets or liabilities at the date of acquisition and was not considered an operating business.

Wrap LLC's acquisition of MegaWest and its subsequent merger with and into the MegaWest wholly-owned subsidiary and exchange of member units for common stock was accounted for as a reverse recapitalization of Wrap LLC. Wrap LLC, now the Company, was deemed the accounting acquirer with MegaWest the accounting acquiree. The Company's financial statements are in substance those of Wrap LLC, and are deemed to be a continuation of Wrap LLC's business from its inception date of March 2, 2016. The balance sheet of the Company continues at historical cost, as the accounting acquiree had no assets or liabilities and no goodwill or intangible assets were recorded as part of the recapitalization of the Company.

To reflect the recapitalization, historical common shares and additional paid-in capital have been retroactively adjusted using the exchange ratio of approximately 23,930.60 shares for each membership unit of Wrap LLC.

Basis of Presentation and Use of Estimates

The Company's unaudited interim financial statements and related notes included herein have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information and in accordance with Article 8 of Regulation S-X and the rules and regulations of the Securities and Exchange Commission ("*SEC*"). The condensed balance sheet at December 31, 2017 was derived from audited financial statement but certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In management's opinion, the accompanying statements reflect adjustments necessary to present fairly the financial position, results of operations, and cash flows for the periods indicated, and contain adequate disclosure to make the information presented not misleading. Adjustments included herein are of a normal, recurring nature unless otherwise disclosed in the footnotes. The interim financial statements and notes thereto should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended December 31, 2017. Results of operations for interim periods are not necessarily indicative of the results of operations for a full year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions (e.g., recognition and measurement of contingencies and accrued costs) that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and affect the reported amounts of revenue and expense during the reporting period. Actual results could materially differ from those estimates.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity

On October 30, 2018 the Company obtained gross cash proceeds of $13.68 million and net cash proceeds of approximately $12.14 million from the sale of 4,561,074 units ("*Units*") for $3.00 per Unit. Each Unit consists of one share of common stock and one detachable two-year warrant to purchase one share of common stock at an exercise price of $5.00 per share (the "*Offering*"). See Note 11.

At September 30, 2018 the Company had cash of $1.36 million and working capital of $1.26 million. Since inception in March 2016 the Company has generated significant losses from operations and anticipates that it will continue to generate significant losses from operations. The Company experienced net cash used in operating activities of $1.63 million for the nine months ended September 30, 2018 which raised substantial doubt about the Company's ability to continue as a going concern within one year after the issuance date of this Form 10-Q. However, as a result of the Offering, as of October 31, 2018 the Company had $13.2 million of cash, which alleviated any substantial doubt about the Company's ability to continue as a going concern. These funds will be used to fund the Company's operations, including product development, manufacturing, sales and marketing and expansion of its patent portfolio, as well as to provide working capital and funds for other general corporate purposes. These funds are sufficient to fund the Company's operations beyond the next twelve months from the date of filing of this Form 10-Q.

Stock Based Compensation

The Company follows the fair value recognition provisions issued by theFinancial Accounting Standards Board ("*FASB*") in Accounting Standards Codification ("*ASC*") Topic 718, Stock Compensation ("*ASC 718*") and has adopted Accounting Standards Update ("*ASU*") 2018-07 for stock-based transactions with non-employees. Stock based compensation expense recognized during the three and nine months ended September 30, 2018 includes compensation expense for all stock-based payments based on a grant date fair value using the Black-Scholes valuation model. The grant date is the date at which an employer and employee or non-employee reach a mutual understanding of the key terms and conditions of a stock-based payment award.

Net Loss per Share

Basic loss per common share is computed by dividing net loss for the period by the weighted-average number of shares of common stock outstanding during the period. Diluted loss per common share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if any potentially dilutive securities had been issued. There were no common stock equivalents outstanding during the periods presented; accordingly, the Company's basic and diluted net loss per share are the same.

Income Taxes

Until its reverse recapitalization on March 31, 2017, the Company was treated as a partnership for federal and state income tax purposes and did not incur income taxes. Instead, its losses were included in the income tax returns of the member partners. Accordingly, no provision or liability for federal or state income taxes has been included in these financial statements for the period prior to March 31, 2017 and no income tax expense was recorded for period ended September 30, 2018 due to losses incurred.

Deferred tax assets and liabilities are determined based on temporary differences between the bases of certain assets and liabilities for income tax and financial reporting purposes.

The Company maintains a valuation allowance with respect to deferred tax assets. The Company establishes a valuation allowance based upon the potential likelihood of realizing the deferred tax asset and taking into consideration the Company's financial position and results of operations for the current period. Future realization of the deferred tax benefit depends on the existence of sufficient taxable income within the carry-forward period under the Federal tax laws. Changes in circumstances, such as the Company generating taxable income, could cause a change in judgment about the realizability of the related deferred tax asset. Any change in the valuation allowance will be included in income in the year of the change in estimates.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers ("*ASU 2014-09*") and ASC Subtopic 340-40, Other Assets and Deferred Costs - Contracts with Customers ("*ASC 340-40*"), (collectively, "*Topic 606*"). On January 1, 2018, the Company adopted Topic 606 and, as it had no prior revenue or contracts with customers, there was no transition required nor any impact on prior results. ASU 2014-09 requires entities to recognize revenue through the application of a five-step model, which includes identification of the contract, identification of the performance obligations, determination of the transaction price, allocation of the transaction price to the performance obligations and recognition of revenue as the entity satisfies the performance obligations. See Note 2 for further discussion.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize right-of-use assets and corresponding liabilities for all leases with an initial term in excess of 12 months. This ASU is to be adopted using a modified retrospective approach, including a number of practical expedients, that requires leases to be measured and recognized under the new guidance at the beginning of the earliest period presented. This ASU is effective for the Company as of January 1, 2019. Early adoption is permitted. The Company is currently evaluating the effect this ASU will have on its financial statements and related disclosures.

In July 2017, the FASB issued ASU 2017-11, Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815). The amendments in Part I of this ASU change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments. The amendments in Part I of this ASU are effective for the Company as of January 1, 2019 with early adoption permitted. The amendments in Part II of this ASU replace the indefinite deferral of certain guidance in Topic 480 with a scope exception. The amendments in Part II of this ASU do not require any transition guidance. The Company does not expect adoption of this ASU to have any impact on its historical financial statements but is permitted and intends to adopt retrospectively to January 1, 2018 for any equity securities with down round features.

In June, 2018 the FASB issued ASU 2018-07 Improvements to Nonemployee Share-Based Payment Accounting to expand the scope of and update Topic 718 to include share-based payment transaction for acquiring goods and services from nonemployees. ASU 2018-07 supersedes Subtopic 505-50, Equity—Equity-Based Payments to Non-Employees. The amendment to Topic 718 is effective for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year and early adoption is permitted, but no earlier than adoption of Topic 606. The Company adopted ASU 2018-07 with respect to option grants made in May 2018.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement ("Topic 820"): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. The ASU modifies the disclosure requirements in Topic 820, Fair Value Measurement, to improve the effectiveness of fair value measurement disclosures by removing or modifying certain disclosure requirements and adding other requirements. This ASU is effective for public companies for annual reporting periods and interim periods within those annual periods beginning after December 15, 2019. The Company is currently evaluating the effect, if any, that ASU 2018-13 will have on its financial statements.

Although there are several other new accounting pronouncements issued or proposed by the FASB, the Company does not believe any of these accounting pronouncements has had or will have a material impact on its financial position or operating results.

2. REVENUE AND PRODUCT COSTS

The Company had no historical revenue prior to the quarter ended September 30, 2018 and accordingly all revenue will be reported in accordance with Topic 606, which the Company adopted on January 1, 2018. There were no adjustments to prior period amounts nor changes to stockholders' equity (accumulated deficit) required upon adoption.

During the nine months ended September 30, 2018 the Company delivered demonstration products to customers at no charge, incurring $146,346 of product and shipping costs expensed as product promotion costs. The Company enters into contracts that include various combinations of products, accessories and services, such as training, each of which are generally disti4nct and are accounted for as separate performance obligations.

A performance obligation is a promise in a contract to transfer a distinct good or service to a customer, and is the unit of account in Topic 606. For contracts with a single performance obligation, the entire transaction price is allocated to the single performance obligation. For contracts with multiple performance obligations, the Company allocates the contract transaction price to each performance obligation using the Company's estimate of the standalone selling price ("*SSP*") of each distinct good or service in a contract. The Company determines standalone selling prices based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price considering available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

Performance obligations to deliver products and accessories are generally satisfied at the point in time the Company ships the product, as this is when the customer obtains control of the asset under our standard terms and conditions. The Company has elected to recognize shipping costs as an expense in cost of revenues when control has transferred to the customer. The revenues and costs of training are recognized when the training is completed, generally following delivery of related products.

At September 30, 2018 the Company had deferred revenue of $450 related to training delivered in October for product delivered in September 2018.

Estimated costs for the Company's standard one-year warranty are charged to cost of products sold when revenue is recorded for the related product.

3. INVENTORIES, NET

Inventory is recorded at the lower of cost or net realizable value. The cost of substantially all the Company's inventory is determined by the weighted average cost method. As of September 30, 2018 and December 31, 2017, respectively, inventories consisted of the following:

	September 30, 2018	December 31, 2017
Finished goods	$ 40,363	$ 5,308
Work in process	2,603	5,484
Raw materials	82,323	120,400
	$ 125,289	$ 131,192

4. PROPERTY AND EQUIPMENT, NET

As of September 30, 2018 and December 31, 2017, respectively, property and equipment consisted of the following:

	September 30, 2018	December 31, 2017
Laboratory equipment	$ 13,980	$ 12,730
Tooling	22,683	18,165
Computer equipment	6,398	4,151
Furniture and fixtures	9,595	9,595
	52,656	44,641
Accumulated depreciation	(16,046)	(7,973)
	$ 36,610	$ 36,668

Depreciation expense was $8,073 and $4,511 for the nine months ended September 30, 2018 and 2017, respectively.

5. INTANGIBLE ASSETS, NET

Intangible assets at September 30, 2018 consisted of patents and trademark costs of $48,226. Upon the Company's first patent approval in July 2018 the Company commenced capitalizing patent and trademark costs which consist of legal and filing fees related to the prosecution of patent filings. The costs related to issued patents will be amortized using the straight-line method over the estimated remaining lives of issued patents which is 20 years from the initial filing. An impairment charge is recognized if the carrying amount is not recoverable and the carrying amount exceeds the fair value of the intangible assets as determined by projected discounted net future cash flows. There was no amortization expense for the period ended September 30, 2018.

6. NOTE PAYABLE

In January 2018, the Company financed $39,435 of insurance obligations pursuant to a short-term note agreement, which note accrues interest at a rate of 7.15% per annum, and which is payable in ten monthly principal and interest payments of $4,074 due through November 2018.

7. DEFERRED AND ACCRUED COMPENSATION

From March 2016 through February 2017, the Company accrued monthly compensation for the services of two officers in the aggregate amount of $7,000 per month payable to Syzygy Licensing, LLC ("*Syzygy*"). In March 2017 the Company accrued and deferred $6,000 compensation to each of the two officers. The balance payable to Syzygy as of September 30, 2018 was $84,000 and the accrued deferred compensation aggregated $12,000. These balances accrue without interest. No payment terms or schedule has been established.

8. STOCKHOLDERS' EQUITY AND STOCK BASED COMPENSATION

The Company's authorized capital consists of 150,000,000 shares of common stock, par value $0.0001 per share, and 5,000,000 shares of preferred stock, par value $0.0001 per share. To reflect the recapitalization (see Note 1) historical shares of common stock and additional paid-in capital were retroactively adjusted using the exchange ratio of approximately 23,930.60 shares of common stock for each member unit of Wrap LLC.

Effective with the Merger, on March 31, 2017, the Company adopted and the shareholders approved the 2017 Stock Incentive Plan (the "*Plan*") authorizing 2,000,000 shares of Company common stock for issuance as stock options and restricted stock units to employees, directors or consultants. The Company generally recognizes stock compensation expense on the grant date and over the period of vesting or period that services will be provided.

8. STOCKHOLDERS' EQUITY AND STOCK BASED COMPENSATION (continued)

In May 2018 the Company granted certain stock options under the Plan exercisable for a total of 1,847,500 shares of common stock at an exercise price of $1.50 per share. Subsequent to the quarter ended September 30, 2018, the Company granted consultant options outside of the Plan exercisable for 100,000 shares of common stock at an exercise price of $3.00 per share with 50% vesting ratably over 18 months and the balance vesting based on performance.

The following table summarizes stock option activity under the Plan for the nine months ended September 30, 2018:

	Options on Common Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding January 1, 2018	-	-	-	$ -
Granted	1,847,500	$ 1.50	5.00	-
Exercised	-	-	-	-
Forfeited, cancelled, expired	-	-	-	-
Outstanding September 30, 2018	1,847,500	$ 1.50	4.65	$ 4,434,000
Vested and exercisable at September 30, 2018	225,000	$ 1.50	4.65	$ 540,000

The Company recorded stock-based compensation in its statements of operations for the relevant periods as follows:

	For the Three Months Ended Septemer 30, 2018	For the Three Months Ended Septemer 30, 2017	For the Nine Months Ended September 30, 2018	For the Nine Months Ended September 30, 2017
Selling, general and administrative	$ 125,467	$ -	$ 251,345	$ -
Research and development	24,371	-	71,466	-
Total stock-based expense	$ 149,838	$ -	$ 322,811	$ -

As of September 30, 2018, total estimated compensation cost of stock options granted but not yet vested was $696,933, which is expected to be recognized over the weighted average period of 1.4 years.

The Company uses the Black-Scholes option pricing model to determine the fair value of the options granted. The following table summarizes the assumptions used to compute the fair value of options granted to employees and nonemployees:

	Nine Months Ended September 30, 2018
Expected stock price volatility	47%
Risk-free interest rate	2.67%
Forfeiture rate	0%
Expected divident yield	0%
Expected life of options - years	2.75 - 5.00
Weighted-average fair value of options granted	$ 0.55

8. STOCKHOLDERS' EQUITY AND STOCK BASED COMPENSATION (continued)

Estimated volatility is a measure of the amount by which the Company's stock price is expected to fluctuate each year during the expected life of awards. The Company's estimated volatility was based on an average of the historical volatility of peer entities whose stock prices were publicly available. The Company's calculation of estimated volatility is based on historical stock prices of these peer entities over a period equal to the expected life of the awards. The Company uses the historical volatility of peer entities due to the lack of sufficient historical data of its stock price, as it only recently commenced trading.

The risk-free interest rate assumption is based upon observed interest rates on zero coupon U.S. Treasury bonds whose maturity period is appropriate for the term of the options. The dividend yield of zero is based on the fact that the Company has never paid cash dividends and has no present intention to pay cash dividends. The Company calculates the expected life of the options using the Simplified Method for the employee stock options as the Company does not have sufficient historical data.

9. COMMITMENTS AND CONTINGENCIES

Facility Lease
Commencing December 1, 2016, Wrap LLC and then the Company have leased 1,890 square feet of improved office, assembly and warehouse space in Las Vegas, Nevada. The term of the lease agreement is 37 months, with a termination date of December 31, 2019. The gross monthly base rent is currently $1,550, which will increase approximately 3.5% per year, subject to certain future adjustments. The Company may receive an aggregate of three months of base rent concessions over the term of the lease subject to timely rent payments.

Rent expense for the nine-month period ended September 30, 2018 was $13,590. The remaining future annual minimum lease obligations under the foregoing facility lease are $3,175 and $19,051 for the balance of 2018 and 2019, respectively.

Related Party Technology License Agreement
The Company is obligated to pay royalties and pay development and patent costs pursuant to an exclusive Amended and Restated Intellectual Property License Agreement dated as of September 30, 2016 with Syzygy, a company owned and controlled by stockholders/officers Mr. Elwood Norris and Mr. James Barnes. The agreement provides for royalty payments of 4% of revenue from products employing the licensed ensnarement device technology up to an aggregate of $1,000,000 in royalties or until September 30, 2026, whichever occurs earlier.

10. RELATED PARTY TRANSACTIONS

Commencing in October 2017 the Company began reimbursing Mr. Elwood Norris, an officer and stockholder of the Company, $1,500 per month on a month to month basis for laboratory facility costs, for an aggregate of $13,500 during the nine months ended September 30, 2018.

See Notes 1, 7, and 9 for information on related party transactions and information.

11. SUBSEQUENT EVENT

On October 30, 2018 the Company consummated the Offering, resulting in the receipt of gross cash proceeds of $13,683,222 and net cash proceeds of approximately $12,140,000 after deduction of commissions and offering costs, from the sale of 4,561,074 Units for $3.00 per Unit. Each Unit consists of one share of common stock and one detachable two-year warrant to purchase one share of common stock at an exercise price of $5.00 per share. The Company issued 4,561,074 shares of common stock and 4,561,074 detachable warrants. The Company also issued placement agent warrants exercisable for 456,107 shares of common stock for two years at an exercise price of $3.00 per share.

11. SUBSEQUENT EVENT (continued)

The following table represents the unaudited pro forma Balance Sheet data as of September 30, 2018 and has been prepared to reflect the consummation of the Offering as of September 30, 2018:

	As of September 30, 2018	
	Actual	Pro Forma
Cash	$ 1,365,495	$ 13,505,495
Total assets	$ 1,595,786	$ 13,735,786
Total stockholders' equity:	$ 1,350,322	$ 13,490,322

See note 8 for additional subsequent event information.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with the financial statements and other financial information included elsewhere in this Quarterly Report on Form 10-Q and with our audited financial statements and other information presented in our Annual Report on Form 10-K for the year ended December 31, 2017. The following discussion may contain forward-looking statements that reflect our plans, estimates and beliefs. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements, but are not the only means of identifying forward-looking statements. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Quarterly Report on Form 10-Q particularly in the sections entitled "Risk Factors."

We are a security technology company organized in March 2016 focused on delivering modern policing solutions to customers, primarily consisting of law enforcement and security personnel. We began demonstrations of our first product, the BolaWrap 100 remote restraint device, in November 2017. The immediate addressable domestic market consists of approximately 701,000 full-time sworn law enforcement officers in the U.S. We do not expect to report significant revenue until prospective customers test and evaluate our product. We have made improvements to our product as a result of law agency input and we expect to commence taking orders for an enhanced version of the BolaWrap 100 with a new green line-laser accessory late in the fourth quarter of 2018. There can be no assurance regarding the timing or amount of future revenue from this product or future products, if any.

Organization and Reverse Capitalization

Our Company resulted from the March 31, 2017 merger of Wrap Technologies, LLC ("*Wrap LLC*") with and into our wholly-owned subsidiary MegaWest Energy Montana Corp. ("*MegaWest*"). Wrap LLC's acquisition of MegaWest and its subsequent merger with and into MegaWest as a wholly-owned subsidiary of the Company, and the exchange of membership interests for common stock, was accounted for as a reverse recapitalization of Wrap LLC (the "*Recapitalization*"). Wrap LLC, now the Company as a result of the Recapitalization, was deemed the accounting acquirer with MegaWest the accounting acquiree. Our financial statements are in substance those of Wrap LLC, and are deemed to be a continuation of Wrap LLC's business from its inception date of March 2, 2016. The Company's balance sheet continues at historical cost, as the accounting acquiree had no assets or liabilities, and no goodwill or intangible assets were recorded as part of the Recapitalization.

To reflect the Recapitalization, historical shares of common stock and additional paid-in capital have been retroactively adjusted using the exchange ratio of approximately 23,930.60 shares of common stock for each membership unit of Wrap LLC.

Business Highlights, Outlook and Challenges

In December 2017, we completed a self-underwritten public offering raising gross proceeds of approximately $3.49 million from the sale of 2,328,533 shares of Company common stock, par value $0.0001 per share, at the public offering price of $1.50 per share. Three officers of the Company purchased an aggregate of 40,000 shares of common stock during the offering for an aggregate purchase price of $60,000.

On May 18, 2018, the Financial Industry Regulatory Authority ("*FINRA*") issued a quotation clearance to our sponsoring market maker and assigned the ticker symbol "WRTC" to our common stock. Quotations for our common stock now appear under the WRTC ticker symbol on the OTCQB Venture Market for early stage and developing U.S. and international companies. Our common stock is also Depository Trust Company ("*DTC*") eligible allowing for electronic clearing of trades.

During 2018, the U.S. Patent and Trademark Office granted the first four U.S. patents on our BolaWrap remote restraint device and technology. In September 2018 we commenced filing our first foreign patent applications targeting the European Union (17 countries) and 17 other countries. We currently have eight U.S. patents pending. We have additional patents being drafted as part of our strategy to protect our innovations in the U.S. and in targeted countries internationally.

Our strategy is to focus on the immediate addressable domestic market of approximately 701,000 full-time sworn officers in 15,300 federal, state and local law enforcement agencies while also beginning to explore other markets including military, border patrol and international markets. According to Stratistics MRC, we participate in a segment of the non-lethal products market expected to grow to $11.85 billion by 2023. We are unable to predict the market acceptance of our new product or the level of future sales, if any. We have demonstrated the product to over 60 agencies across the country often with media in attendance resulting in dozens of media reports including television and print that have driven hundreds of inquiries from domestic and international prospects. Over 30 law enforcement agencies took delivery of BolaWrap 100 devices during 2018. We have delivered over 200 devices at no cost to these agencies for evaluation and feedback as a result of these initial inquiries. We are making product updates as a result of initial feedback and in October 2018 announced a patent pending green line laser accessory expected to be available late in the fourth calendar quarter of 2018. We believe the enhanced version of our product with the laser accessory will meet customer requirements and we expect to pursue orders late in the fourth quarter of 2018 for delivery in early 2019. We believe we can accelerate orders in 2019. However there can be no assurance of the timing or quantity of orders or sales in future periods.

In October 2018 we completed a private placement of equity securities resulting in net cash proceeds of approximately $12,140,000. We expect to grow business functions, including production, marketing, sales, distribution, service and administration. Until we generate revenue and net cash flow from operations or obtain additional financing, we expect to have limited personnel to accomplish these functions and will primarily rely on our executives along with outside consultants and suppliers for production and certain other services. Given our limited personnel, substantial risk and uncertainty exists whether we can timely execute our business plan and achieve our operating objectives, including obtaining orders from customers and introducing new products in the future.

In October 2018 we also made application to up-list the trading of our common stock to the Nasdaq Capital Market. There is no assurance of the success or timing of the proposed up-listing to the Nasdaq exchange.

Since inception in March 2016, we have generated significant losses from operations and anticipate that we will continue to generate significant losses from operations for the foreseeable future. Although we believe that we have adequate financial resources to sustain our operations for the next year, no assurances can be given, and we may need additional capital for future operations and to market and further develop our product line and introduce new products. Obtaining any required additional financing in the future could be a significant challenge for management, and failure to secure necessary financing would have a material adverse effect on our operations.

We face significant challenges in establishing, operating and growing our business. We expect that we will need to continue to innovate new applications for our security technology, develop new products and technologies to meet diverse customer requirements and identify and develop new markets for our products.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States ("*U.S. GAAP*") requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expense, and related disclosure of contingent assets and liabilities. We evaluate our estimates, on an on-going basis, including those estimates related to recognition and measurement of contingencies and accrued costs. We base our estimates on historical experience and on various other assumptions we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Until consummation of the Recapitalization on March 31, 2017, we were treated as a partnership for federal and state income tax purposes and did not incur income taxes. Instead, our losses were included in the income tax returns of the member partners. Following the Recapitalization, we are responsible for federal, state and foreign taxes for jurisdictions in which we conduct business. As part of the process of preparing our financial statements, we are required to estimate our provision for income taxes. Significant management judgment will be required in determining our provision for income taxes, deferred tax assets and liabilities, tax contingencies, unrecognized tax benefits, and any required valuation allowance, including taking into consideration the probability of the tax contingencies being incurred. Management assesses this probability based upon information provided by its tax advisers, its legal advisers and similar tax cases. If at a later time our assessment of the probability of these tax contingencies changes, our accrual for such tax uncertainties may increase or decrease. Our effective tax rate for annual and interim reporting periods could be impacted if uncertain tax positions that are not recognized are settled at an amount which differs from our estimates.

Some of our accounting policies require higher degrees of judgment than others in their application. These include share-based compensation and contingencies and, going forward, areas such as revenue recognition, warranty liabilities, impairments and valuation of intangible assets. Historically, our assumptions, judgments and estimates relative to our critical accounting policies have not differed materially from actual results. There were no significant changes or modification of our critical accounting policies and estimates involving management valuation adjustments affecting our results for the nine months ended September 30, 2018.

Operating Expense

Our operating expense has included (i) selling, general and administrative expense, and (ii) research and development expense. Research and development expense comprises the costs incurred in performing research and development activities on our behalf, including compensation and consulting, design and prototype costs, contract services, patent costs and other outside expenses. The scope and magnitude of our future research and development expense is difficult to predict at this time and will depend on elections made regarding research projects, staffing levels and outside consulting and contract costs. The actual level of future selling, general and administrative expense will be dependent on staffing levels, elections regarding expenditures on sales and marketing, the use of outside resources, public company and regulatory costs, and other factors, some of which are outside of our control. Our operating costs could increase rapidly as we introduce our product and expand our research and development, production, distribution, service and administrative functions in future months. We may also incur future financing costs and substantial noncash stock-based compensation costs depending on future option grants that are impacted by stock prices and other valuation factors. Historical expenditures are not indicative of future expenditures.

Results of Operations

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

We had minimal revenues from the delivery to one customer during the three months ended September 30, 2018. While prospective customers have been testing our product we have not actively pursued orders at this time as our objective is to focus our marketing and selling efforts on the latest generation product with our green line laser. Product costs of $82,259 for the three months ended September 30, 2018 related to demonstration products and accessories delivered to law enforcement agencies were expensed as marketing costs.

Selling, General and Administrative Expense. Selling, general and administrative expense for the three-month period ended September 30, 2018 was $665,910 compared to $105,210 for the three-month period ended September 30, 2017. The most recent period included non-cash stock-based compensation expense of $125,467 and compensation and sales consulting costs of $242,981. There were no non-cash stock-based compensation costs for the comparable period in 2017, and compensation and sales consulting costs for the 2017 period were $48,597. The increase in compensation and sales consulting costs is attributable to the increase in staffing from hiring of executives, sales employees and consultants as we commenced the introduction of our first product to market and made product demonstrations to law enforcement agencies across the United States.

Travel and entertainment costs increased from $12,222 to $85,944 for the three months ended September 30, 2017 to September 30, 2018, respectively, primarily as a result of product demonstration activities provided to law enforcement agencies across the nation during the 2018 period. Product promotion, trade show and other marketing costs were $110,670 for the three months ended September 30, 2018 compared to $13,425 for the three months ended September 30, 2017. The period over period increase is attributable to the commencement of direct sales activities with agencies and demonstration products provided at no cost during the 2018 period.

Other general and administrative costs of $100,848 during the three months ended September 30, 2018 included legal, audit and professional fees of $29,051, chairman and director fees of $40,500, public company costs of $16,714 and occupancy and office costs of $14,577. In the prior comparable three-month period, our activities were just beginning as we focused on research and development, with other general and administrative costs aggregating $30,966.

Research and Development Expense. Research and development expense for the three months ended September 30, 2018 was $168,432, which included $24,371 of non-cash stock-based compensation expense, $90,136 of compensation and consulting costs, contract research costs of $15,362 and prototype costs of $25,817. This was an increase from $46,344 of research and development expense for the comparable three-month prior period ended September 30, 2017, which included $24,791 of compensation and consulting costs and patent costs of $14,645. During the 2018 period we increased staffing for internal research and contract labor focused primarily on the Company's new patent-pending green line laser accessory. Our research and development costs will vary depending on specific research projects and levels of internal and external staffing and prototype costs.

Net Loss. Our net loss for the three-month period ended September 30, 2018 was $833,884 compared to a net loss of $151,544 for the three-month period ended September 30, 2017, with the increase in net loss resulting from costs associated with increased staffing and activity after our December 2017 IPO, as well as the commencement of sales and marketing activities related to the BolaWrap 100 product.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

We had minimal revenues from the delivery to one customer for the nine months ended September 30, 2018. We have not actively pursued orders at this time as our objective is to focus our marketing and selling efforts on selling the latest generation product with our green line laser. Product costs of $138,801 for the nine months ended September 30, 2018 related to demonstration products and accessories delivered to law enforcement agencies, and were expensed as marketing costs.

Selling, General and Administrative Expense. Selling, general and administrative expense for the nine-month period ended September 30, 2018 was $1,586,652 compared to $270,854 for the nine-month period ended September 30, 2017. The most recent period included non-cash stock-based compensation expense of $251,345 and compensation and sales consulting costs of $645,579. There were no non-cash stock-based compensation costs for the prior year's first nine months, and compensation and sales consulting costs were $107,139. The increase in compensation and sales consulting costs was due to the increase in staffing following the December 2017 IPO funding and the hiring of employees and sales consultants.

Travel and entertainment costs increased from $22,800 to $152,620 for the nine months ended September 30, 2017 and 2018, respectively. The period over period increase is attributable to product demonstration activities provided to law enforcement agencies across the nation during the 2018 period. Product promotion, trade show and other marketing costs were $189,144 for the nine months ended September 30, 2018 compared to $30,442 for the nine months ended September 30, 2017, which increase is attributable to the commencement of direct activities with agencies and demonstration products provided at no cost during the 2018 period.

Other general and administrative costs of $347,964 during the nine months ended September 30, 2018 included legal, audit and professional fees of $117,095, chairman and director fees of $118,000, public company costs of $70,016 and occupancy and office costs of $42,853. In the prior comparable nine-month period, our activities were just beginning as we focused on research and development, with other general and administrative costs aggregating $110,473, including $67,732 of professional fees primarily associated with audit and Merger costs.

Research and Development Expense. Research and development expense for the nine months ended September 30, 2018 was $458,046, which included $71,466 of non-cash stock-based compensation expense, $234,116 of compensation and consulting costs, contract research costs of $37,362, prototype costs of $53,219, patent costs of $24,831, travel and entertainment of $20,851 and occupancy costs of $12,755. This was an increase from $252,675 for the comparable nine-month prior period ended September 30, 2017, which included $68,955 of compensation and consulting costs, contract research costs of $125,144, prototype costs of $11,060, patent costs of $38,926 and travel and entertainment of $5,155. During the 2018 period, we increased staffing for internal research and conducted less contract research. Our research and development costs will vary depending on specific research projects and levels of internal and external staffing and prototype costs.

Net Loss. Our net loss for the nine-month period ended September 30, 2018 was $2,044,804 compared to a net loss of $523,529 for the prior period ended September 30, 2017, with the increase in net loss resulting from costs associated with increased staffing and activity after our December 2017 IPO and the commencement of sales and marketing activities related to the BolaWrap 100 product.

Liquidity and Capital Resources

Overview. Our sole source of liquidity to date has been funding from our shareholders and the sale of share of our common stock. We expect our primary source of future liquidity will be from the sale of future product, if any, and if required from future equity or debt financings.

Capital Requirements.

In December 2017, we completed a self-underwritten public offering raising gross proceeds of approximately $3.49 million from the sale of 2,328,533 shares of common stock, par value $0.0001 per share, at the public offering price of $1.50 per share. We had $1,365,495 cash on hand at September 30, 2018.

In January 2018, the Company financed $39,435 of insurance obligations pursuant to a short-term note agreement, which accrues interest at a rate of 7.15%, and which is payable in ten monthly principal and interest payments of $4,074 due through November 2018.

Subsequent to the quarter ended September 30, 2018, in October 2018 we received approximately $12,140,000 in net cash proceeds from the private sale of equity securities to certain accredited investors.

We cannot currently estimate our future liquidity requirements or future capital needs, which will depend on, amongst other things, on capital required to introduce our new product and the staffing and support requirements, as well as the timing and amount of future revenue and product costs. We anticipate that demands for operating and working capital could grow based on decisions regarding staffing, development, production, marketing and other functions and based on other factors outside of our control. We believe we have sufficient capital to sustain our operations for the next twelve months, although no assurances can be given. Additionally, no assurances can be provided that any future debt or equity capital will be available to us under favorable terms, if at all. Failure to quickly produce and sell our new product and timely obtain any required additional capital in the future will have a material adverse effect on the Company.

Our future capital requirements, cash flows and results of operations could be affected by, and will depend on, many factors, some of which are currently unknown to us, including, amongst other things:

- decisions regarding staffing, development, production, marketing and other functions;
- the timing and extent of any market acceptance of our products;
- the costs, timing and outcome of planned production and required customer and regulatory compliance of our new products;
- the costs of preparing, filing and prosecuting our patent applications and defending any future intellectual property-related claims;
- the costs and timing of additional product development;
- the costs, timing and outcome of any future warranty claims or litigation against us associated with any of our products; and
- the timing and costs associated with any new financing.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Cash Flow

Operating Activities. During the nine months ended September 30, 2018, net cash used in operating activities was $1,630,881.The net loss of $2,044,804 was decreased by non-cash expense of $322,811 for stock-based compensation and $8,073 for depreciation. Other major component changes reducing operating cash used included $5,903 reduction in inventories, a reduction of $32,227 in prepaid expense and other current assets and an increase of $44,909 in accounts payable and accrued liabilities.

During the prior period ended September 30, 2017, net cash used in operating activities was $532,769.

Investing Activities. We used $8,015 and $33,595 of cash for the purchase of property and equipment during the nine months ended September 30, 2018 and 2017, respectively. As patents have now been granted we began capitalizing patent costs and invested $48,226 in patents for the nine months ended September 30, 2018.

Financing Activities. We did not obtain any cash from financing activities in the nine-month period ended September 30, 2018. We obtained $335,000 of cash from our shareholders from the subscription and sale of common stock during the nine-month period ended September 30, 2017. Subsequent to the quarter ended September 30, 2018, in October 2018, we received approximately $12,140,000 in net proceeds from an equity financing.

Contractual Obligations

We are obligated to pay to Syzygy Licensing, LLC ("*Syzygy*") a 4% royalty fee on future product sales up to an aggregate amount of $1.0 million in royaltiesor until September 30, 2026, whichever occurs earlier.

Other than payments under our facility lease, amounting to approximately $18,600 per year, and our short-term note payable, we currently have no other contractual obligations.

Effects of Inflation

We do not believe that inflation has had a material impact on our business, revenue or operating results during the periods presented.

Recent Accounting Pronouncements

Other than our adoption of ASC 2018-07 for stock-based transactions with non-employees which eliminates the requirement to revalue non-employee options each period, there have been no recent accounting pronouncements or changes in accounting pronouncements during the period ended September 30, 2018, or subsequently thereto, that we believe are of potential significance to our financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable.

Item 4. Controls and Procedures.

We are required to maintain disclosure controls and procedures designed to ensure that material information related to us, including our consolidated subsidiaries, is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, as of September 30, 2018 we conducted an evaluation of our disclosure controls and procedures as such term is defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level due to the existence of a known material weakness in our internal control over financial reporting as summarized in the following paragraph.

As of September 30, 2018 we had limited administrative employees and our Chief Financial Officer was responsible for initiating transactions, had custody of assets, recorded and reconciled transactions and prepared our quarterly financial reports without the sufficient segregation of conflicting duties normally required for effective internal control. We believe that the lack of segregation of duties is a material weakness in our internal controls at September 30, 2018, affecting management's ability to conclude that our disclosure controls and procedures were effective at the reasonable assurance level.

While we plan to attempt to remediate the above noted material weakness in the future, there is no assurance that we can remediate any control deficiencies in a timely manner.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during our fiscal quarter ended September 30, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Our process for evaluating controls and procedures is continuous and encompasses constant improvement of the design and effectiveness of established controls and procedures and the remediation of any deficiencies, which may be identified during this process.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We may at times become involved in litigation in the ordinary course of business. We will also, from time to time, when appropriate in management's estimation, record adequate reserves in our financial statements for pending litigation. Currently, there are no pending material legal proceedings to which the Company is a party or to which any of its property is subject.

Item 1A. Risk Factors

You should carefully consider the risks and uncertainties described below, together with all the other information in this Quarterly Report on Form 10-Q, including "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the condensed financial statements and the related notes. If any of the following risks actually occurs, our business, reputation, financial condition, results of operations, revenue, and future prospects could be negatively impacted. In that event, the market price of our common stock when and if it commences trading could decline, and you could lose part or all of your investment.

Risk Factors Relating to Our Business

We have a history of operating losses, expect additional losses and may not achieve or sustain profitability.

We have a history of operating losses and expect additional losses as we commence delivering our new product line and until we achieve revenue and resulting margins to offset our operating costs. Our net loss for the year ended December 31, 2017 was $833,545 and our net loss for the nine months ended September 30, 2018 was $2,044,804. Our ability to achieve future profitability is dependent on a variety of factors, many of which are outside of our control. Failure to achieve profitability or sustain profitability, if achieved, may require us to continue to raise additional financing, which could have a material negative impact on the market value of our common stock.

We may need additional capital to execute our business plan, and raising additional capital, if possible, by issuing additional equity securities may cause dilution to existing shareholders. In addition, raising additional capital by issuing additional debt financing may restrict our operations.

Although we believe we have adequate financial resources to fund our operating expense for at least the next twelve months, and that we may be able to generate funds from product sales during that time, existing working capital may not be sufficient to achieve profitable operations due to product introduction costs, operating losses and other factors. Principal factors affecting the availability of internally generated funds include:

- failure of product sales to meet planned projections;
- working capital requirements to support business growth;
- our ability to control spending; and
- acceptance of our product in planned markets.

In the event we are required to raise additional capital through the issuance of equity or convertible debt securities, the percentage ownership of our shareholders could be diluted significantly, and such newly issued securities may have rights, preferences or privileges senior to those of our existing shareholders. In addition, the issuance of any equity securities could be at a discount to the market price.

If we incur debt financing, the payment of principal and interest on such indebtedness may limit funds available for our business activities, and we could be subject to covenants that restrict our ability to operate our business and make distributions to our shareholders. These restrictive covenants may include limitations on additional borrowing and specific restrictions on the use of our assets, as well as prohibitions on our ability to create liens, pay dividends, redeem stock or make investments. There is no assurance that any equity or debt financing transaction will be available on acceptable terms, if at all.

We are a development stage technology company with no current revenue and limited experience developing security technology for law enforcement or other security personnel, as well as other areas required for the successful development and commercialization of BolaWrap™ 100, our first product, which makes it difficult to assess our future viability.

We are a development stage technology company. Although we are currently in the process of commercializing our first product, BolaWrap 100, we have generated minimal revenue, and we have not yet demonstrated an ability to overcome many of the fundamental risks and uncertainties frequently encountered by development stage companies in new and rapidly evolving fields of technology. To execute our business plan successfully, we will need to accomplish the following fundamental objectives, either on our own or with strategic collaborators:

- successfully commercialize BolaWrap 100, and develop future products for commercialization;
- develop, obtain and maintain required regulatory approvals for commercialization of products we produce;
- establish an intellectual property portfolio for BolaWrap 100 and other future products;
- establish and maintain sales, distribution and marketing capabilities, and/or enter into strategic partnering arrangements to access such capabilities;
- gain market acceptance for BolaWrap 100 and/or other future products; and
- obtain adequate capital resources and manage our spending as costs and expenses increase due to research, production, development, regulatory approval and commercialization of BolaWrap 100 and/or other future products.

Our principal product remains under development, and has not yet been produced in recurring commercial quantities. We may incur significant and unpredictable warranty costs as our products are introduced and produced.

Our principal product has been introduced for testing into the marketplace and remains under development as we make improvements based on ongoing customer trials. Although we are producing small numbers of commercial products, no assurance can be provided that we can successfully scale to produce higher volume commercial quantities of our principal product or that additional development will be required for a commercially viable product. We generally expect to warrant our products to be free from defects in materials and workmanship for a period of up to one year from the date of purchase. We may incur substantial and unpredictable warranty costs from post-production product or component failures. Future warranty costs could further adversely affect our financial position, results of operations and business prospects.

We are materially dependent on the acceptance of our product by the law enforcement market. If law enforcement agencies do not purchase our product, our revenue will be adversely affected and we may not be able to expand into other markets, or otherwise continue as a going concern.

A substantial number of law enforcement agencies may not purchase our remote restraint product. In addition, if our product is not widely accepted by the law enforcement market, we may not be able to expand sales of our product into other markets. Law enforcement agencies may be influenced by claims or perceptions that our product is not effective or may be used in an abusive manner. Sales of our product to these agencies may be delayed or limited by such claims or perceptions.

We will be dependent on sales of the BolaWrap™ 100 product, and if this product is not widely accepted, our growth prospects will be diminished.

We expect to depend on sales of the BolaWrap™ 100 and related cartridges for the foreseeable future. A lack of demand for this product, or its failure to achieve broad market acceptance, would significantly harm our growth prospects, operating results and financial condition.

If we are unable to manage our projected growth, our growth prospects may be limited and our future profitability may be adversely affected.

We intend to expand our sales, marketing and training programs and our manufacturing capability. Rapid expansion may strain our managerial, financial and other resources. If we are unable to manage our growth, our business, operating results and financial condition could be adversely affected. Our systems, procedures, controls and management resources also may not be adequate to support our future operations. We will need to continually improve our operational, financial and other internal systems to manage our growth effectively, and any failure to do so may lead to inefficiencies and redundancies, and result in reduced growth prospects and profitability.

We may face personal injury and other liability claims that harm our reputation and adversely affect our sales and financial condition.

Our product is intended to be used in confrontations that could result in injury to those involved, whether or not involving our product. Our product may cause or be associated with such injuries. A person injured in a confrontation or otherwise in connection with the use of our product may bring legal action against us to recover damages on the basis of theories including personal injury, wrongful death, negligent design, dangerous product or inadequate warning. We may also be subject to lawsuits involving allegations of misuse of our product. If successful, personal injury, misuse and other claims could have a material adverse effect on our operating results and financial condition. Although we carry product liability insurance, significant litigation could also result in a diversion of management's attention and resources, negative publicity and an award of monetary damages in excess of our insurance coverage.

Our future success is dependent on our ability to expand sales through direct sales or distributors, and our inability to grow our sales force or recruit new distributors would negatively affect our sales.

Our distribution strategy is to pursue sales through multiple channels with an emphasis on direct sales and, in the future, independent distributors. Our inability to recruit and retain sales personnel and police equipment distributors who can successfully sell our products could adversely affect our sales. If we do not competitively price our products, meet the requirements of any future distributors or end-users, provide adequate marketing support, or comply with the terms of any distribution arrangements, such distributors may fail to aggressively market our product or may terminate their relationships with us. These developments would likely have a material adverse effect on our sales. Should we employ distributors, our reliance on the sales of our products by others also makes it more difficult to predict our revenue, cash flow and operating results.

We expect to expend significant resources to generate sales due to our lengthy sales cycle, and such efforts may not result in sales or revenue.

Generally, law enforcement agencies consider a wide range of issues before committing to purchase a product, including product benefits, training costs, the cost to use our product in addition to, or in place of, other use of force products, product reliability and budget constraints. The length of our sales cycle may range from 30 days to a year or more. We may incur substantial selling costs and expend significant effort in connection with the evaluation of our product by potential customers before they place an order. If these potential customers do not purchase our product, we will have expended significant resources without corresponding revenue.

Most of our intended end-users are subject to budgetary and political constraints that may delay or prevent sales.

Most of our intended end-user customers are government agencies. These agencies often do not set their own budgets and therefore have little control over the amount of money they can spend. In addition, these agencies experience political pressure that may dictate the manner in which they spend money. As a result, even if an agency wants to acquire our product, it may be unable to purchase due to budgetary or political constraints. Some government agency orders may also be canceled or substantially delayed due to budgetary, political or other scheduling delays, which frequently occur in connection with the acquisition of products by such agencies.

Government regulation of our products may adversely affect sales.

Our device is classified as a firearm regulated by the Bureau of Alcohol, Tobacco and Firearms involving substantial regulatory compliance. Our device may also face state restrictions, especially regarding sales to security agencies. Our product sales may be significantly affected by federal, state and local regulation. Failure to comply with regulations could also result in the imposition of fines, penalties and other actions that could adversely impact our financial position, cash flows and operating results.

Our product is also be controlled by the United States Department of Commerce ("*DOC*") for exports directly from the United States. Consequently, we need to maintain our export license from the DOC for the export of our product from the United States other than to Canada. Compliance with or changes in U.S. export regulations could significantly and adversely affect any future international sales.

Certain foreign jurisdictions may restrict the sale of our device limiting our international sales opportunities.

Our products, including BolaWrap™ 100, have limited issued patents or other intellectual property protection. If we are unable to protect our intellectual property, we may lose a competitive advantage or incur substantial litigation costs to protect our rights.

Our future success depends in part upon our proprietary technology. We currently own four issued patents related to the BolaWrap 100 and have eight patents pending. Our protective measures taken thus far, including our issued patents, pending patents, trademarks and trade secret laws, may prove inadequate to protect our proprietary rights. There can be no assurance we will be granted any patent rights from pending patents. The scope of any possible patent rights may not prevent others from developing and selling competing products. The validity and breadth of claims covered in any possible patents involve complex legal and factual questions, and the resolution of such claims may be highly uncertain, lengthy, and expensive. In addition, any patents, if granted, may be held invalid upon challenge, or others may claim rights in or ownership of our patents.

Our competitive position will be seriously damaged if our products are found to infringe on the intellectual property rights of others.

Other companies and our competitors may currently own or obtain patents or other proprietary rights that might prevent, limit or interfere with our ability to make, use or sell our products. Any intellectual property infringement claims against us, with or without merit, could be costly and time-consuming to defend and divert our management's attention from our business. In the event of a successful claim of infringement against us and our failure or inability to license the infringed technology, our business and operating results could be adversely affected. Any litigation or claims, whether or not valid, could result in substantial costs and diversion of our resources. An adverse result from intellectual property litigation could force us to do one or more of the following:

- cease selling, incorporating or using products or services that incorporate the challenged intellectual property;
- obtain a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms, if at all; and
- redesign products or services that incorporate the disputed technology.

If we are forced to take any of the foregoing actions, we could face substantial costs and shipment delays and our business could be seriously harmed. Although we carry general liability insurance, our insurance may not cover potential claims of this type or be adequate to indemnify us for all liability that may be imposed.

In addition, it is possible that our customers may seek indemnity from us in the event that our products are found or alleged to infringe the intellectual property rights of others. Any such claim for indemnity could result in substantial expense to us that could harm our operating results.

We have no experience developing law enforcement products. Our lack of experience and competition in the law enforcement market could reduce our sales and prevent us from achieving profitability.

The law enforcement market is highly competitive and our management team has no experience developing law enforcement products. We face competition from numerous larger, better capitalized, more experienced and more widely known companies that make restraint devices, less-lethal weapons and other law enforcement products. Increased competition could result in greater pricing pressure, lower gross margins and reduced sales, and prevent us from achieving profitability.

We cannot predict our future operating results. Our quarterly and annual results will likely be subject to fluctuations caused by many factors, any of which could result in our failure to achieve our expectations.

We currently expect that our BolaWrap 100 product will be the sole source of all of any future revenue in the foreseeable future. Revenue, if any, is expected to vary significantly due to a number of factors. Many of these factors are beyond our control. Any one or more of these factors, including those listed below, could cause us to fail to achieve our revenue expectations. These factors include:

- our ability to develop and supply product to customers;
- market acceptance of, and changes in demand for, our products;
- gains or losses of significant customers, distributors or strategic relationships;
- unpredictable volume and timing of customer orders;
- the availability, pricing and timeliness of delivery of components for our products;
- fluctuations in the availability of manufacturing capacity or manufacturing yields and related manufacturing costs;
- timing of new technological advances, product announcements or introductions by us and by our competitors;
- unpredictable warranty costs associated with our products;
- budgetary cycles and order delays by customers or production delays by us or our suppliers;
- regulatory changes affecting the marketability of our products;
- general economic conditions that could affect the timing of customer orders and capital spending and result in order cancellations or rescheduling; and
- general political conditions in this country and in various other parts of the world that could affect spending for the products that we intend to offer.

Some or all of these factors could adversely affect demand for our products and, therefore, adversely affect our future operating results. As a result of these and other factors, we believe that period-to-period comparisons of our operating results may not be meaningful in the near term, and accordingly you should not rely upon our performance in a particular period as indicative of our performance in any future period.

Our expense may vary from period to period, which could affect quarterly results and our stock price.

If we incur additional expense in a quarter in which we do not experience increased revenue, our results of operations will be adversely affected and we may incur larger losses than anticipated for that quarter. Factors that could cause our expense to fluctuate from period to period include:

- the timing and extent of our research and development efforts;
- investments and costs of maintaining or protecting our intellectual property;
- the extent of marketing and sales efforts to promote our products and technologies; and
- the timing of personnel and consultant hiring.

Our dependence on third-party suppliers for key components of our product could delay shipment of our products and reduce our sales.

We depend on certain domestic and foreign suppliers for the delivery of components used in the assembly of our product. Our reliance on third-party suppliers creates risks related to our potential inability to obtain an adequate supply of components or subassemblies and reduced control over pricing and timing of delivery of components and subassemblies. Specifically, we will depend on suppliers of sub-assemblies, machined parts, injection molded plastic parts, and other miscellaneous custom parts for our product. We do not have any long-term supply agreements with any planned suppliers. Any interruption of supply for any material components of our products could significantly delay the shipment of our products and have a material adverse effect on our revenue, profitability and financial condition.

Foreign currency fluctuations may reduce our competitiveness and sales in foreign markets.

The relative change in currency values creates fluctuations in product pricing for future potential international customers. These changes in foreign end-user costs may result in lost orders and reduce the competitiveness of our products in certain foreign markets. These changes may also negatively affect the financial condition of some foreign customers and reduce or eliminate their future orders of our products.

Loss of key management and other personnel could impact our business.

Our business is substantially dependent on our officers and other key personnel. The loss of an officer or any key personnel could materially adversely affect our business, financial condition, results of operations and cash flows. In addition, competition for skilled and non-skilled employees among companies like ours is intense, and the future loss of skilled or non-skilled employees or an inability to attract, retain and motivate additional skilled and non-skilled employees required for the operation and expansion of our business could hinder our ability to conduct research activities successfully, develop new products, attract customers and meet customer shipments.

Inadequate internal controls and accounting practices could lead to errors, which could negatively impact our business, financial condition, results of operations and cash flows.

We will need to establish internal controls and management oversight systems. Our small size and limited personnel and consulting resources will make doing so more challenging than for more established entities. We may not be able to prevent or detect misstatements in our reported financial statements due to system errors, the potential for human error, unauthorized actions of employees or contractors, inadequacy of controls, temporary lapses in controls due to shortfalls in transition planning and oversight resource contracts and other factors. In addition, due to their inherent limitations, such controls may not prevent or detect misstatements in our reported financial results as required under SEC rules, which could increase our operating costs or impair our ability to operate our business. Controls may also become inadequate due to changes in circumstances. It will be necessary to replace, upgrade or modify our internal information systems from time to time. If we are unable to implement these changes in a timely and cost-effective manner, our ability to capture and process financial transactions and support our customers as required may be materially adversely impacted, which could harm our business, financial condition, results of operations and cash flows.

Risk Factors Relating to Our Common Stock

Currently, there is a limited public market for our common stock, and there can be no assurances that any established public market will ever develop. Our common stock has been, and is expected to be, subject to significant price fluctuations.

Our common stock was quoted on the OTCQB Venture Market commencing in late May 2018 and there is a limited public market for our securities. There can be no assurances that an established public market for our common stock will develop or the extent to which investor interest in us will lead to the development of an active, liquid trading market. Active trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. Since initial quotation, shares of our common stock have traded sporadically and are expected to continue to be subject to significant price fluctuations. In addition, our common stock is unlikely to be followed by any market analysts, and there may be few institutions acting as market makers for our common stock.

Either of the above factors could adversely affect the liquidity and trading price of our common stock. Until an orderly market develops in our common stock, if ever, the price at which it trades is likely to fluctuate significantly. Prices for our common stock will be determined in the marketplace and may be influenced by many factors, including the depth and liquidity of the market for shares of our common stock, developments affecting our business, including the impact of the factors referred to elsewhere in these Risk Factors, investor perception of BolaWrap 100 and general economic and market conditions. No assurances can be given that an orderly or liquid market will ever develop for the shares of our common stock.

Our common stock is subject to "penny stock" rules.

Our common stock is currently defined as a "penny stock" under Rule 3a51-1 promulgated under the Exchange Act. "Penny stocks" are subject to Rules 15g-2 through 15g-7 and Rule 15g-9, which impose additional sales practice requirements on broker-dealers that sell penny stocks to persons other than established customers and institutional accredited investors. Among other things, for transactions covered by these rules, a broker-dealer must make a special suitability determination for the purchaser and have received the purchaser's written consent to the transaction prior to sale. Consequently, these rules may affect the ability of broker-dealers to sell our common stock and affect the ability of holders to sell their shares of our common stock in the secondary market. To the extent our common stock is subject to the penny stock regulations, the market liquidity for our shares will be adversely affected.

We cannot predict the price range or volatility of our common stock, and sales of a substantial number of shares of our common stock may adversely affect the market price of our common stock.

From time to time, the market price and volume of shares traded of companies in the industry in which we operate experience periods of significant volatility. Company-specific issues and developments generally affecting our industries or the economy may cause this volatility. The market price of our common stock may fluctuate in response to a number of events and factors, including:

- general economic, market and political conditions;
- quarterly variations in results of operations or results of operations that are below public market analyst and investor expectations;
- changes in financial estimates and recommendations by securities analysts;
- operating and market price performance of other companies that investors may deem comparable;
- press releases or publicity relating to us or our competitors or relating to trends in our markets; and
- sales of common stock or other securities by insiders.

In addition, broad market and industry fluctuations, investor perception and the depth and liquidity of the market for our common stock may adversely affect the trading price of our common stock, regardless of actual operating performance.

Sales or distributions of a substantial number of shares of our common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of our common stock. Many of the shares of our common stock, other than the shares held by executive officers and directors, are eligible for immediate resale in the public market. Substantial selling of our common stock could adversely affect the market price of our common stock.

Until our common stock is fully distributed and an orderly market develops in our common stock, the price at which our common stock trades may fluctuate significantly and may be lower or higher than the price that would be expected for a fully distributed issue.

Our officers and directors are among our largest shareholders, and may have certain personal interests that may affect the Company.

Management owned approximately 74% of our common stock at September 30, 2018. As a result, our management, acting individually or as a group, has the potential ability to exert influence on the outcome of issues requiring approval by the Company's shareholders. This concentration of ownership may have effects such as delaying or preventing a change in control of the Company that may be favored by other shareholders or preventing transactions in which shareholders might otherwise recover a premium for their shares over current market prices.

We may issue additional shares of common stock in the future. The issuance of additional shares of common stock may reduce the value of your common stock.

We may issue additional shares of common stock without further action by our shareholders. Moreover, the economic and voting interests of each stockholder will be diluted as a result of any such issuances. Although the number of shares of common stock that shareholders presently own will not decrease, such shares will represent a smaller percentage of the total shares that will be outstanding after the issuance of additional shares. The issuance of additional shares of common stock may cause the market price of our common stock to decline.

Sales of common stock issuable upon the exercise of any future options or warrants may lower the price of our common stock.

We adopted a stock option plan on March 31, 2017, which authorizes the grant of options or restricted stock awards to purchase up to 2.0 million shares of our common stock to our employees, directors and consultants. In May 2018, we granted options to purchase 1,847,500 shares of our common stock. In October 2018, we issued warrants to purchase 456,107 shares of our common stock to certain accredited investors in a private placement transaction. The issuance of shares of common stock issuable upon the exercise of options or warrants could cause substantial dilution to existing holders of common stock, and the sale of those shares in the market could cause the market price of our common stock to decline. The potential dilution from the issuance of these shares could negatively affect the terms on which we are able to obtain equity financing.

We may issue preferred stock in the future, and the terms of the preferred stock may reduce the value of your common stock.

We are authorized to issue up to 5,000,000 shares of preferred stock in one or more series. Our Board of Directors may determine the terms of future preferred stock offerings without further action by our shareholders. If we issue preferred stock, it could affect your rights or reduce the value of your common stock. In particular, specific rights granted to future holders of preferred stock could be used to restrict our ability to merge with or sell our assets to a third party. Preferred stock terms may include voting rights, preferences as to dividends and liquidation, conversion and redemption rights and sinking fund provisions.

The payment of dividends will be at the discretion of our Board of Directors.

We have never declared dividends on our common stock, and currently do not anticipate that we will do so in the foreseeable future. The declaration and amount of future dividends, if any, will be determined by our Board of Directors and will depend on our financial condition, earnings, capital requirements, financial covenants, regulatory constraints, industry practice and other factors our Board of Directors deems relevant.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

No unregistered securities were issued during the three months ended September 30, 2018 that were not previously reported.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit 4.1	Form of Investor Warrant, dated October 30, 2018. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, filed on November 5, 2018.
Exhibit 4.2	Form of Placement Agent Warrant, dated October 30, 2018. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K, filed on November 5, 2018.
Exhibit 10.1	Form of Placement Agent Agreement, dated October 30, 2018. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed on November 5, 2018.
Exhibit 10.2	Form of Registration Rights Agreement, dated October 30, 2018. Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed on November 5, 2018.
Exhibit 14.1	Code of Business Conduct and Ethics. *
Exhibit 31.1	Certification of David Norris, Principal Executive Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
Exhibit 31.2	Certification of James A. Barnes, Principal Financial Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
Exhibit 32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by David Norris, Principal Executive Officer, and James A. Barnes, Principal Financial Officer.*
	Extensible Business Reporting Language (XBRL) Exhibits*
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

* Filed concurrently herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WRAP TECHNOLOGIES, INC.

By: /s/ JAMES A BARNES
James A Barnes
Chief Financial Officer, Secretary and Treasurer
(Principal Accounting Officer)

Date: November 9, 2018

Exhibit 14.1

WRAP TECHNOLOGIES, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

I. SCOPE OF CODE

The Board of Directors (the "Board") of Wrap Technologies, Inc., a Delaware corporation (the "Company"), has adopted this Code of Business Conduct and Ethics (the "Code") for the members of the Board, the executive officers (as defined under the regulations of the Securities and Exchange Commission) of the Company, including, in any case, but not limited to, the Company's principal executive officer, principal financial officer, principal accounting officer or persons performing similar functions, and the employees of the Company. Each director, executive officer, and employee shall be responsible for complying with this Code.

If any director, executive officer or employee believes that a prohibited act under this Code has occurred, then he or she shall promptly report such belief to the Chairman of the Board and the General Counsel of the Company. Although this is the preferred method for reporting prohibited acts, any director, executive officer or employee should also feel free to report any such alleged prohibited act hereunder to the Chairman of the Audit Committee.

The Board shall review and investigate any such reported prohibited act, without the participation of any director who may be the subject of such report. If the Board determines that any such act represents a violation under this Code, then appropriate remedial or disciplinary action shall be taken. The Company shall disclose any such violation and the remedial or disciplinary action taken, to the extent required by the Federal securities or other applicable laws, including a full, fair, accurate, timely and understandable disclosure in reports and documents the Company submits to or files with the Securities and Exchange Commission (when and if it is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended). If the Board determines that any such act represents a violation under this Code, but does not believe that any remedial or disciplinary action is necessary or desirable (or if the entire Board agrees to waive compliance with a provision of the Code on behalf of any director or executive officer), then the Company shall promptly disclose the violation or waiver and the Board's rationale for its decision. In addition, the Company shall disclose if the Board fails to investigate or take action within a reasonable period of time after learning of any such alleged prohibited act under this Code.

All directors, executive officers and employees are expected to provide full cooperation and disclosure to the Board, the Company and its internal and external auditors in connection with any review of compliance with this Code.

II. CONFLICTS OF INTEREST

Every director, executive officer and employee has a duty to avoid business, financial or other direct or indirect interests or relationships that conflict with the interests of the Company or that divide such person's loyalty to the Company. A conflict or the appearance of a conflict of interest may arise in many ways. Each director, executive officer and employee must deal at arm's length with the Company and should disclose to the independent directors, as so designated by the Board, any conflict or any appearance of a conflict of interest on his or her part. Any activity that even appears to present such a conflict must be avoided or terminated unless, after such disclosure to the independent directors, it is determined that the activity is not harmful to the Company or otherwise improper. The result of the process of disclosure, discussion and consultation may result in the approval of certain relationships or transactions on the ground that, despite the appearance of any conflict of interest, they are not harmful to the Company. Notwithstanding the foregoing, all conflicts and appearances of conflicts of interest are prohibited, even if they do not harm the Company, unless they have gone through this process.

III. CONDUCT OF BUSINESS AND FAIR DEALING

No director, executive officer or employee shall:

1. Compete with the Company by providing services to a competitor as an employee, officer or director or in a similar capacity;
2. Profit, or assist others to profit, from confidential information or business opportunities that are available because of services to the Company;
3. Take unfair advantage of any customer, supplier, competitor or other person through manipulation, concealment, misrepresentation of material facts or other unfair-dealing practice; or
4. Improperly influence or attempt to influence any business transaction between the Company and another entity in which a director, executive officer or employee has a direct or indirect financial interest or acts as an employee, officer or director or in a similar capacity.

IV. GIFTS

No director, executive officer or employee shall solicit or accept gifts, payments, loans, services or any form of compensation from suppliers, customers, competitors or others seeking to do business with the Company. Social amenities customarily associated with legitimate business relationships are permissible. Such amenities include the usual forms of entertainment such as lunches or dinners as well as occasional gifts of modest value. While it is difficult to define "customary," "modest" or "usual" by stating a specific dollar amount, common sense should dictate what would be considered extravagant or excessive. If a disinterested third party would be likely to infer that it affected the judgment of a director, executive officer or employee, then such amenity is impermissible. All business dealings must be on arm's length terms and free of any favorable treatment resulting from the personal interest of our directors, executive officers and employees.

V. COMPLIANCE WITH LAWS AND REGULATIONS

It is the policy of the Company to comply with the laws of each country in which the Company conducts business. Each director, executive officer and employee shall comply with all applicable laws, rules and regulations, and shall use all reasonable efforts to oversee compliance by other employees, directors and executive officers with all applicable laws, rules and regulations.

VI. USE OF NON-PUBLIC INFORMATION

A director, executive officer or employee who knows important information about the Company that has not been disclosed to the public must keep such information confidential. The foregoing shall apply both in the case of the Company being privately held and when it is publicly traded and subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. Directors, executive officers and employees shall maintain the confidentiality of any non-public information learned in the performance of their duties on behalf of the Company, except when disclosure is authorized or legally mandated.

It is a violation of United States law to purchase or sell the Company's stock on the basis of such important non-public information when publicly traded. Directors, executive officers and employees may not do so and may not provide such information to others for that or any other purpose. Directors, executive officers and employees also may not buy or sell securities of any other Company using important non-public information obtained in the performance of their duties on behalf of the Company and may not provide any such information so obtained to others.

VII. USE OF COMPANY FUNDS, ASSETS AND INFORMATION

Each director, executive officer and employee shall protect the Company's funds, assets and information and shall not use the Company funds, assets or information to pursue personal opportunities or gain. No undisclosed or unrecorded fund or asset shall be established for any purpose. No Company funds, assets or information shall be used for any unlawful purpose. No false or artificial entries shall be made in the books and records of the Company for any reason, and no director, executive officer or employee shall engage in any arrangement that results in such prohibited act.

Exhibit 31.1

CERTIFICATION

I, David Norris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wrap Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2018

/s/ DAVID NORRIS
David Norris
President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, James A. Barnes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wrap Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2018

/s/ JAMES A BARNES
James A Barnes
Chief Financial Officer, Secretary and Treasurer
(Principal Accounting Officer)

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned hereby certifies, in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his or her capacity as an officer of Wrap Technologies, Inc. (the "*Company*"), that, to his or her knowledge, the Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2018, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: November 9, 2018

/s/ DAVID NORRIS
David Norris
President
(Principal Executive Officer)

Date: November 9, 2018

/s/ JAMES A BARNES
James A Barnes
Chief Financial Officer, Secretary and Treasurer
(Principal Accounting Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.