

**Wrap Technologies, Inc.**  
**Consolidated Statements of Cash Flows**  
(in thousands)  
(unaudited)

	<b>Nine Months Ended September 30,</b>	
	<u><b>2023</b></u>	<u><b>2022</b></u>
<b>Cash Flows From Operating Activities:</b>		
Net loss	(\$11,819)	\$ (14,082)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	673	574
Share-based compensation	1,648	2,628
Warranty provision	(8)	55
Non-cash lease expense	80	75
Provision for doubtful accounts	(48)	61
Changes in assets and liabilities:		
Accounts receivable	(1,547)	1,576
Inventories	(1,841)	(1,396)
Prepaid expenses and other current assets	117	268
Accounts payable	1,871	(834)
Operating lease liability	(80)	(65)
Customer deposits	2	(43)
Accrued liabilities and other	(319)	175
Warranty settlement	(8)	(63)
Deferred revenue	32	35
Net cash used in operating activities	<u>(11,247)</u>	<u>(11,036)</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of short-term investments	(6,145)	(23,119)
Proceeds from maturities of short-term investments	10,000	33,300
Capital expenditures for property and equipment	(133)	(201)
Investment in patents and trademarks	(355)	(133)
Purchase of intangible assets	(2,321)	-
Investment in long-term deposits	-	-
Proceeds from long-term deposits	(66)	(3)
Net cash provided by (used in) investing activities	<u>980</u>	<u>9,844</u>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from exercise of stock options	-	83
Proceeds from "the Offering"	9,871	-
Net cash provided by financing activities	<u>9,871</u>	<u>83</u>
<b>Net decrease in cash and cash equivalents</b>	(396)	(1,109)
<b>Cash and cash equivalents, beginning of period</b>	5,330	4,937
<b>Cash and cash equivalents, end of period</b>	<u>\$ 4,934</u>	<u>\$ 3,828</u>