

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF
WRAP TECHNOLOGIES, INC.**

*Adopted November 7, 2018 and
Amended February 14, 2020*

The Board of Directors (the “*Board*”) of Wrap Technologies, Inc., a Delaware corporation (the “*Company*”), has established an Audit Committee (the “*Committee*”) with the authority, responsibility and specific duties as described in this Charter.

I. PURPOSE

The Committee is appointed by the Board to assist the Board in the following oversight functions for the Company, and other such responsibilities that may be delegated to the Committee by the Board. These duties include: oversight of the accounting and financial reporting processes of the Company and audits of the financial statements of the Company, including (a) the integrity of the Company’s financial statements, (b) the Company’s compliance with legal and regulatory requirements, (c) the independent registered public accounting firm qualifications and independence, (d) the performance of the Company’s internal audit function and independent registered public accounting firm, and (e) such other duties as may be directed by the Board. In addition, the Committee will, when required, prepare or cause to be prepared subject to the Committee’s review and approval, the report of the Committee as required by the rules of the Securities and Exchange Commission (the “*SEC*”) for inclusion in the Company’s annual proxy statement and/or Form 10-K in accordance with applicable rules.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles (“*GAAP*”) and applicable rules and regulations. These are the responsibilities of management and the independent registered public accounting firm (“*independent public accountants*”) to the Company.

Management is responsible for maintaining appropriate accounting and financial reporting principles, policies, internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. The independent public accountants are responsible for planning and carrying out a proper audit of the Company’s annual financial statements and of the Company’s internal control over financial reporting, and reviewing of the Company’s quarterly financial statements prior to the filing of each quarterly report on Form 10-Q and other procedures as agreed with management. It is not the duty or responsibility of this Committee or any of its members to conduct “field work” or perform other types of auditing or accounting reviews or procedures or to set auditor independence standards.

Each member of this Committee is entitled to rely on (a) the integrity of those persons and organizations within and outside the Company from which it receives information, (b) the accuracy of the financial and other information provided to this Committee by such persons or organizations absent actual knowledge to the contrary (which will be reported promptly to the Board), and (c) representations made by management as to any non-audit services provided by the independent public accountants to the Company.

II. COMMITTEE MEMBERSHIP AND QUALIFICATIONS

The Committee will be comprised of up to three members appointed by the Board. Each member of the Committee will be directors who satisfy the requirements for “independence” imposed by the Nasdaq Capital Stock Market, Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”) and meet the independence requirements of the SEC (including Rule 10A-3 promulgated under the Exchange Act and other applicable law. Each Committee member must be financially literate, as defined by the Board in its business judgment, or must be able to become financially literate within a reasonable period of time after his or her appointment to the Committee.

At least one member of the Committee is required to be an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K. The identity of the audit committee financial expert will be disclosed annually in the Company’s proxy statement for so long as such disclosure is required by applicable rules of the SEC or otherwise. The members of the Committee will be appointed by and serve at the discretion of the Board. The Committee Chair will be appointed by the Board. Committee members may be replaced at any time and at the discretion of the Board.

III. RESPONSIBILITIES AND AUTHORITY

The Board delegates to the Committee the express authority to do the following:

A. Independent Public Accountants.

1. *Selection and Fees.* Be directly responsible for the appointment, compensation, retention and oversight of the work of the independent public accountants (including resolution of disagreements between management and the independent public accountant regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, and, where appropriate, terminate and replace such firm. Such independent public accountants will report directly, and be ultimately accountable, to the Committee.
2. *Scope of Audit.* Review, evaluate and approve the annual engagement proposal of the independent public accountants (including the proposed scope and approach of the annual audit).
3. *Pre-Approval of Audit and Non-Audit Services.* Pre-approve all auditing services and all non-auditing services to be performed by the independent public accountants. Such pre-approval can be given as part of the Committee’s approval of the scope of the engagement of the independent public accountants or on an individual basis. The pre-approval of non-auditing services can be delegated by the Committee to one or more of its members, but the decision must be presented to the full Committee at the next scheduled meeting. The independent public accountants will not be retained to perform the prohibited non-audit functions attached hereto as Exhibit A.
4. *Statement from Independent Public Accountants.* Obtain and review from the independent public accountants at least annually a formal written statement regarding: (a) the independent public accountants’ internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the independent public accountants, or by any inquiry or investigation by governmental or professional authorities,

within the preceding five years, with respect to one or more independent audits carried out by the independent public accountants, and any steps taken to deal with any such issues; and (c) in order to assess the independent public accountants' independence) all relationships between the independent public accountants and the Company.

5. *Hiring Policies.* Set clear hiring policies for employees and former employees of the independent public accountants.
6. *Review Problems.* Review with the independent public accountants any audit problems or difficulties the independent public accountants may have encountered and management's responses, including: (a) any restrictions on the scope of activities or access to requested information; (b) any recommendations made by the independent public accountants as a result of the audit; (c) any significant disagreements with management; (d) any accounting adjustments that were noted or proposed by the independent public accountants but were "passed" (as immaterial or otherwise); (e) any communications between the audit team and the independent public accountants' national office respecting auditing or accounting issues presented by the engagement; (f) any "management" or "internal control" letter issued, or proposed to be issued, by the independent public accountants to the Company; and (g) the responsibilities, budget and staffing of the Company's internal audit function.
7. *Review of the Independent Public Accountants.* At least annually, evaluate the independent public accountants' qualifications, performance and independence, including a review and evaluation of the lead partner of the independent public accountants. Ensure that the lead or coordinating audit partner having primary responsibility for the audit or review and the concurring or reviewing audit partner of the independent public accountants are rotated at least every five years and that other audit partners (as defined by the SEC) are rotated at least every seven years in accordance with rules promulgated by the SEC. Consider whether there should also be a regular rotation of the independent accountants. Present conclusions with respect to the independent public accountants to the full Board.

B. Financial Reporting.

1. *Annual and Quarterly Financials.* Review and discuss with management and the independent public accountants the Company's annual and quarterly financial statements (including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", when subject to the reporting requirements of the Exchange Act and the independent public accountants' reviews of the quarterly financial statements, when applicable), prior to the release of such information.
2. *Accounting Principles.* Review with management and the independent public accountants (a) material accounting principles applied in financial reporting, including any material changes in the selection or application of accounting principles followed in prior years; (b) any items required to be communicated by the independent public accountants in accordance with Public Company Accounting Oversight Board ("PCAOB") Auditing Standard No. 1301; and (c) analyses prepared by management and/or the independent public accountant setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

3. *Press Releases.* Discuss and review generally with management earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, all of which relates to being publicly traded. Review the type and presentation of information to be included in earnings press releases, including any use of “pro forma,” or “adjusted” non-GAAP, information.
4. *Regulatory Developments.* Review with management and the independent public accountants the effect of regulatory and accounting initiatives, as well as off-balance sheet structures (if applicable) on the Company’s financial statements.

C. Internal Audit and Risk Management.

1. *Internal Audit and Controls.* Review the budget, qualifications, activities, effectiveness and organizational structure of the internal audit function, when and if established by the Board, and the performance, appointment and replacement of any lead internal auditor, and review summaries of material internal audit reports and management’s responses. Review major issues as to the adequacy of the Company’s internal controls and any steps for remediation to be adopted in light of control deficiencies.
2. *Risk Management.* Periodically discuss policies with respect to risk assessment and risk management, and the Company’s plans to monitor, control and minimize such risks and exposures, with the independent public accountants, internal auditors and management.

D. Financial Reporting Processes.

Reports. Obtain and review reports from the independent public accountants regarding: (a) all critical accounting policies and practices to be used by the Company; (b) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent public accountants; and (c) all other material written communications between the independent public accountants and management, including any management letter or schedule of unadjusted differences.

E. Legal and Regulatory Compliance.

1. *Committee Report.* Prepare the annual report included in the Company’s proxy statement as required by the proxy rules issued or enforced by the SEC upon becoming subject to the 1934 Act.
2. *Complaints.* Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The foregoing is specifically addressed via the Company’s Whistleblower Program wherein the Committee will review and reassess the adequacy of the Whistleblower Program at least annually and recommend any proposed changes to the Board, as appropriate.
3. *Laws and Regulations.* Review with appropriate corporate personnel and outside advisors or experts, if applicable, the Company’s compliance with significant legal and regulatory requirements.

4. *Tax Compliance.* Review the Company's tax compliance plan and tax filing procedures with appropriate person(s) responsible for such filings.

F. Other.

1. *Recommendations and Reports.* Regularly report to the Board on the Committee's activities and make appropriate recommendations. Review with the full Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent public accountants, or the performance of the internal audit function.
2. *Evaluation.* Annually evaluate the performance of the Committee. At a minimum, compare Committee performance to the requirements of this Charter and any other duties delegated by the Board.
3. *Review and Publication of Charter.* Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board, as appropriate, and publish the Charter as required by applicable law.
4. *Insider Trading.* Discuss with the Chief Financial Officer on a periodic basis, and at least annually, the existence, if any, of insider trading policy violations. Review and reassess the adequacy of the Insider Trading Policy at least annually and recommend any proposed changes to the Board, as appropriate.
5. *Code of Business Conduct and Ethics.* Review and reassess the adequacy of the Code of Business Conduct and Ethics Policy at least annually and recommend any proposed changes to the Board, as appropriate.
6. *Whistleblower Policy.* Review and reassess the adequacy of the Whistleblower Policy at least annually to ensure the effectiveness of the procedures thereunder and recommend any proposed changes to the Board, as appropriate.
7. *Related Person Transaction(s) and Policy.* Discuss with management any related persons transactions and compliance with Company policy. Review and reassess the adequacy of the Related Person Transaction Policy at least annually and recommend any proposed changes to the Board, as appropriate.

IV. MEETINGS

The Committee will hold regular meetings at least four times annually. The Committee will also conduct special meetings, to be called by the Committee Chair, as it determines necessary and appropriate in addition to regular meetings. At the request of any two members of the Committee, a special meeting of the Committee will be held promptly.

A majority of the Committee will constitute a quorum for the transaction of business. The action of a majority of those present at a meeting, at which a quorum is present, will be the act of the Committee. The Committee will keep a record of its actions and proceedings and report to the full Board as necessary and appropriate.

The Committee will meet separately, periodically, in executive session with (a) the Chief Financial Officer (b) members of management, and (c) the independent public accountants, to discuss any matters that the

Committee or any of such persons believes should be discussed in the interest of fulfilling the purpose, responsibility and authority of the Committee or any of such persons.

V. SUBCOMMITTEES

The Committee has the power to appoint and delegate matters to subcommittees, but no subcommittee will have any final decision-making authority on behalf of the Board or the Committee.

VI. RELIANCE, EXPERTS, COOPERATION, CONFLICTS AND EXPENSES

A. Retention of Independent Counsel, Advisors and Experts. The Committee has the power, in its sole discretion, to retain at the Company's expense any independent counsel, advisors and experts as it deems necessary or appropriate to carry out its duties.

B. Reliance Permitted. The Committee will act in reliance on management, the Company's independent public accountants, internal auditors, and advisors and experts, as it deems necessary or appropriate to enable it to carry out its duties.

C. Investigations. The Committee has the power, in its discretion, to conduct any investigation it deems necessary or appropriate to enable it to carry out its duties.

D. Required Participation of Employees. The Committee will have unrestricted access to the Company's employees, independent public accountants, internal auditors, internal and outside counsel, and may require any employee of the Company or representative of the Company's outside counsel or independent public accountants to attend a meeting of the Committee or to meet with any members of the Committee or representative of the Committee's counsel, advisors or experts.

E. Conflicts. Committee members should adhere to the organization code of conduct and any values and ethics established by the Company. It is the responsibility of the Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee. If there is any question as to whether Committee member(s) should recuse themselves from a vote, the Committee should vote to determine whether the member should recuse himself or herself.

F. Expenses. The Company will provide the Committee with appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board, for:

1. *Compensation to independent public accountants.* The independent public accountants engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
2. *Compensation to Advisors.* Advisors that are engaged by the Committee under Section VI.A hereof; and
3. *Other Expenses.* Administrative expenses of the Committee that is necessary or appropriate in carrying out its duties.

EXHIBIT A

Prohibited Non-Audit Services

1. Bookkeeping or other services related to the accounting records or financial statements of the Company;
2. Financial information systems design and implementation;
3. Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
4. Actuarial services;
5. Internal audit outsourcing services;
6. Management functions or human resources;
7. Broker or dealer, investment advisor, or investment banking services;
8. Legal services and expert services unrelated to the audit; and
9. Any other services that the PCAOB to be formed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 determines, by regulation, is impermissible.