

Investor Relations Counsel

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VirTra Reports Record 2014 Revenue of \$9.9 million and Record Profit of \$0.8 million for Fourth Quarter 2014

Tempe, Arizona (March 31, 2015) -- **VirTra Systems (OTC Pink: VTSI)**, a leading provider of [firearms simulators](#) to military, law enforcement agencies and other organizations, today announced the release of its year end 2014 audited financial statements. Included with the corporate financial statements for the year ended December 31, 2014, VirTra has released the report of its independent registered public accounting firm, Semple Marchal & Cooper, LLP. The audited financial statements are available on VirTra's website and [here](#).

Financial Summary:

- Net sales were a record \$9.9 million for the year ending December 31, 2014, compared to the previous year's sales of \$9.8 million.
- Gross margin for 2014 was 56% of net sales, compared to 66% last year. The primary drivers for the decrease were client-paid customization projects, with some personnel expenses recorded in cost of products sold versus selling, general and administrative expenses (SG&A).
- SG&A expenses of \$4.2 million in 2014 decreased 13%, from \$4.9 million in 2013. As a percent of revenue, SG&A was 43% for 2014 compared to 50% in the prior year. The change is due to the recording of certain customization project personnel expenses in cost of products sold.
- Income from operations was \$1.3 million for the year ending December 31, 2014. Net income for the current year is 13% of net sales.
- Stockholders' equity increased to \$2.7 million at December 31, 2014, compared to \$1.4 million at December 31, 2013. The company had no debt as of December 31, 2014.
- Throughout 2014, the company used \$0.3 million in cash from operating activities. Cash and cash equivalents were \$1.9 million at the end of 2014, down from \$2.4 million at December 31, 2013.

Other Significant Events:

- During the second half of 2014, the company signed two new high-profile clients: the Los Angeles County Sheriff's Department, on October 17, 2014, and the U.S. Department of Homeland Security on September 22, 2014.
- During third quarter 2014, VirTra received a record \$10.7 million in purchase orders.

Mark Skidmore, Vice President and Chief Accounting Officer for VirTra, said, "The fourth quarter of 2014 was one of our best quarters ever, as the company generated \$3.6 million in revenues and \$0.8 million in income from operations. Income from operations for the year declined compared to 2013 primarily as a result of expenditures related to increased investment in personnel, product development, and sales efforts for domestic and international projects."

Bob Ferris, Chairman and Chief Executive Officer of VirTra, commented, "VirTra laid a strong foundation for growth during 2014 in a number of areas. First, several of the largest and most influential law enforcement agencies selected VirTra as

a vendor, propelling us to record financial results. Second, VirTra aggressively pursued business development work in conjunction with highly respected international distributors. Third, we increased the staff, investment dollars and intensity of pace in every area of product development at VirTra. Finally, we negotiated a co-venture agreement with Modern Round for VirTra's technology to power a commercial market simulator-based shooting concept with industry veterans. Our shareholders enjoyed a 100% increase in our stock price during 2014 and we believe our strong position in multiple markets gives us potential for sustained growth."

About VirTra Systems

VirTra is a global leading provider of the world's most realistic and effective shooting simulators. VirTra is the higher standard in firearms training simulators, offering a variety of simulator platforms, powerful gas-powered recoil kits and the patented Threat-Fire™ simulated hostile return fire system. VirTra's products provide the very best simulation training available for personnel that are entrusted with lethal force and critical missions. The Company's common stock is not registered under the Securities Exchange Act of 1934 and the Company does not currently file periodic or other reports with the Securities and Exchange Commission.

www.VirTra.com

Forward-looking Statements

This news release includes certain information that may constitute forward-looking statements made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "proposed," "planned," "potential" and similar expressions, or are those, which, by their nature, refer to future events. All statements, other than statements of historical fact, included herein, including statements about VirTra's beliefs and expectations, are forward-looking statements. Forward-looking information is necessarily based upon a number of assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information. Although VirTra believes that such statements are reasonable, it can give no assurance that such forward-looking information will prove to be accurate. VirTra cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors. Accordingly, due to the risks, uncertainties and assumptions inherent in forward-looking information, readers and prospective investors in the Company's securities should not place undue reliance on forward-looking information. All forward-looking information contained in this press release is given as of the date hereof, is based upon the opinions and estimates of management and information available to management as at the date hereof and is subject to change. The Company assumes no obligation to revise or update forward-looking information to reflect new circumstances, whether as a result of new information, future events or otherwise, except as required by law.

- - - -FINANCIALS FOLLOWING- - - -

VIRTRA SYSTEMS, INC. BALANCE SHEETS as of December 31:

	<u>2014</u>	<u>2013</u>
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 1,912,729	\$ 2,358,955
Accounts receivable.....	1,610,381	786,877
Inventory.....	702,829	407,434
Prepaid expenses and other current assets.....	58,124	44,902
Total current assets.....	4,284,063	3,598,168
Property and equipment, net.....	367,898	460,513
Total assets.....	<u>\$ 4,651,961</u>	<u>\$ 4,058,681</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable.....	\$ 339,373	\$ 289,820
Accrued compensation and related costs.....	394,920	588,097
Accrued expenses and other current liabilities.....	147,904	153,875
Deferred revenue.....	952,464	1,516,792
Total current liabilities.....	1,834,661	2,548,584
Long-term liabilities:		
Accrued rent liability - long-term.....	95,375	144,990
Total liabilities.....	<u>1,930,036</u>	<u>2,693,574</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock \$0.005 par value; 2,000,000 shares authorized; no shares issued or outstanding as of December 31, 2014 and 2013.....	-	-
Common stock \$0.005 par value; 500,000,000 shares authorized; 158,328,245 shares issued and 158,285,045 shares outstanding as of December 31, 2014 and 2013, respectively.....	791,641	791,641
Additional paid-in capital.....	13,239,621	13,144,044
Treasury stock at cost, 43,200 common shares as of December 31, 2014 and 2013, respectively.....	(2,981)	(2,981)
Accumulated deficit.....	(11,306,356)	(12,567,597)
Total stockholders' equity.....	<u>2,721,925</u>	<u>1,365,107</u>
Total liabilities and stockholders' equity.....	<u>\$ 4,651,961</u>	<u>\$ 4,058,681</u>

VIRTRA SYSTEMS, INC. STATEMENTS OF OPERATIONS for the period:

	<u>2014</u>	<u>2013</u>
Net revenues.....	\$ 9,860,019	\$ 9,819,519
Cost of products sold.....	<u>4,352,550</u>	<u>3,361,307</u>
Gross margin.....	5,507,469	6,458,212
General and administrative expenses.....	<u>4,243,826</u>	<u>4,864,056</u>
Income from operations.....	<u>1,263,643</u>	<u>1,594,156</u>
Other income/(expense):		
Other income.....	2,343	847
Other expense.....	<u>(4,745)</u>	<u>(14,227)</u>
Net other income/(expense).....	<u>(2,402)</u>	<u>(13,380)</u>
Income before income taxes.....	1,261,241	1,580,776
Income tax expense/(benefit).....	<u>-</u>	<u>-</u>
Net income.....	<u>\$ 1,261,241</u>	<u>\$ 1,580,776</u>
Weighted average of common and common equivalent shares outstanding:		
-Basic.....	158,285,045	158,285,045
-Diluted.....	163,145,302	159,199,484
Net income per common and common equivalent share:		
-Basic.....	\$ 0.01	\$ 0.01
-Diluted.....	\$ 0.01	\$ 0.01

VIRTRA SYSTEMS, INC. STATEMENTS OF STOCKHOLDERS' (DEFICIT)/EQUITY for the period:

	<u>Common stock</u>		<u>Additional paid-in capital</u>	<u>Treasury Stock</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Balance at January 1, 2013.....	158,285,045	\$ 791,641	\$ 13,032,498	\$ (2,981)	\$ (14,148,373)	\$ (327,215)
Net income.....	-	-	-	-	1,580,776	1,580,776
Stock-based compensation.....	<u>-</u>	<u>-</u>	<u>111,546</u>	<u>-</u>	<u>-</u>	<u>111,546</u>
Balance at December 31, 2013.....	158,285,045	791,641	13,144,044	(2,981)	(12,567,597)	1,365,107
Net income.....	-	-	-	-	1,261,241	1,261,241
Stock-based compensation.....	<u>-</u>	<u>-</u>	<u>95,577</u>	<u>-</u>	<u>-</u>	<u>95,577</u>
Balance at December 31, 2014.....	<u>158,285,045</u>	<u>\$ 791,641</u>	<u>\$ 13,239,621</u>	<u>\$ (2,981)</u>	<u>\$ (11,306,356)</u>	<u>\$ 2,721,925</u>

VIRTRA SYSTEMS, INC. STATEMENTS OF CASH FLOWS for the period:

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Net income.....	\$ 1,261,241	\$ 1,580,776
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	192,153	218,059
Stock-based compensation.....	95,577	111,546
Changes in operating assets and liabilities:		
Accounts receivable.....	(823,504)	(323,935)
Inventory.....	(295,395)	(37,415)
Prepaid expenses and other assets.....	(13,222)	20,656
Accounts payable and other accrued expenses.....	(199,210)	364,133
Deferred revenue.....	(564,328)	343,343
Net cash provided/(used) by operating activities.....	<u>(346,688)</u>	<u>2,277,163</u>
Cash flows from investing activities:		
Purchase of property and equipment.....	<u>(99,538)</u>	<u>(66,192)</u>
Net cash used in investing activities.....	<u>(99,538)</u>	<u>(66,192)</u>
Cash flows from financing activities:		
Draws on line of credit.....	-	150,000
Repayments of line of credit.....	-	(150,000)
Payments on term loan.....	<u>-</u>	<u>(224,135)</u>
Net cash used in financing activities.....	<u>-</u>	<u>(224,135)</u>
Increase/(decrease) in cash and cash equivalents.....	(446,226)	1,986,836
Cash and cash equivalents, beginning of period.....	<u>2,358,955</u>	<u>372,119</u>
Cash and cash equivalents, end of period.....	<u>\$ 1,912,729</u>	<u>\$ 2,358,955</u>
Cash paid during the period for:		
Interest.....	<u>\$ -</u>	<u>\$ 7,738</u>
Taxes.....	<u>\$ -</u>	<u>\$ -</u>

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