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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, 2025**

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

For the transition period from _____________ to ______________

Commission file number: 001-38420

VIRTRA, INC.
(Exact name of registrant as specified in its charter)

Nevada	**93-1207631**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
295 E. Corporate Place, Chandler, AZ	**85225**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(480) 968-1488**

N/A
(Former name, former address, and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value	VTSI	Nasdaq Capital Market

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large, accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth 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	☒
		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 ☒

As of November 5, 2025, the registrant had 11,300,607 shares of common stock outstanding.

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VIRTRA, INC.
CONDENSED BALANCE SHEETS
(UNAUDITED)

		September 30, 2025 (Unaudited)		December 31, 2024
ASSETS				
Current assets:				
Cash and cash equivalents	$	20,767,105	$	18,040,827
Accounts receivable, net		5,008,846		8,005,452
Inventory, net		12,337,341		14,583,400
Unbilled revenue		1,595,419		2,570,441
Prepaid expenses and other current assets		2,546,410		1,273,115
Deferred contract costs – short-term		341,009		-
Total current assets		42,596,130		44,473,235
Long-term assets:				
Property and equipment, net		16,346,665		16,204,663
Operating lease right-of-use asset, net		311,859		437,095
Intangible assets, net		2,628,683		558,651
Security deposits, long-term		15,979		35,691
Other assets, long-term		148,177		148,177
Deferred tax asset, net		3,482,134		3,595,574
Deferred contract costs – long-term		673,949		-
Total long-term assets		23,607,446		20,979,851
Total assets	$	66,203,576	$	65,453,086
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$	1,184,863	$	957,384
Accrued compensation and related costs		916,841		1,253,544
Accrued expenses and other current liabilities		489,527		657,114
Note payable, current		226,910		230,787
Operating lease liability, short-term		195,085		192,410
Deferred revenue, short-term		6,670,352		6,355,316
Total current liabilities		9,683,578		9,646,555
Long-term liabilities:				
Deferred revenue, long-term		2,175,811		2,282,996
Note payable, long-term		7,378,357		7,567,536
Operating lease liability, long-term		135,196		265,111
Total long-term liabilities		9,689,364		10,115,643
Total liabilities		19,372,942		19,762,198
Commitments and contingencies (See Note 11)				
Stockholders' equity:				
Preferred stock $0.0001 par value; 2,500,000 authorized; no shares issued or outstanding		-		-
Common stock $0.0001 par value; 50,000,000 shares authorized; 11,283,107 shares issued and outstanding as of September 30, 2025 and 11,255,709 shares issued and outstanding as of December 31, 2024		1,128		1,125
Class A common stock $0.0001 par value; 2,500,000 shares authorized; no shares issued or outstanding		-		-
Class B common stock $0.0001 par value; 7,500,000 shares authorized; no shares issued or outstanding		-		-
Additional paid-in capital		33,004,048		32,915,112
Retained Earnings		13,825,458		12,774,651
Total stockholders' equity		46,830,634		45,690,888
Total liabilities and stockholders' equity	$	66,203,576	$	65,453,086

See accompanying notes to unaudited condensed financial statements.

VIRTRA, INC.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024 (Restated)
Revenues:				
Net sales	$ 5,349,993	$ 7,484,269	$ 19,489,178	$ 20,905,730
Total revenue	5,349,993	7,484,269	19,489,178	20,905,730
Cost of sales	1,831,969	1,986,296	5,961,795	5,168,978
Gross profit	3,518,024	5,497,973	13,527,383	15,736,752
Operating expenses:				
General and administrative	3,278,663	3,615,947	9,788,609	10,925,915
Research and development	689,521	1,126,394	1,906,764	2,273,422
Net operating expense	3,968,184	4,742,341	11,695,373	13,199,337
Income (loss) from operations	(450,160)	755,632	1,832,010	3,285,392
Other income (expense):				
Other income	114,454	104,447	264,337	731,847
Other (expense)	(24,771)	(68,978)	(924,449)	(210,237)
Net other income (expense)	89,683	35,469	(660,112)	521,610
Income (Loss) before provision for income taxes	(360,477)	791,101	1,171,898	3,059,025
Provision (Benefit) for income taxes	28,090	208,000	121,091	807,000
Net income (loss)	$ (388,567)	$ 583,101	$ 1,050,807	$ 2,252,025
Net income (loss) per common share:				
Basic	$ (0.03)	$ 0.05	$ 0.09	$ 0.21
Diluted	$ (0.03)	$ 0.05	$ 0.09	$ 0.21
Weighted average shares outstanding:				
Basic	11,269,164	11,175,882	11,263,694	10,982,083
Diluted	11,269,164	11,175,882	11,263,694	10,982,083

See accompanying notes to unaudited condensed financial statements.

VIRTRA, INC.
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid in	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Earnings	Total
Nine Months Ended Sept 30, 2025							
Balance, December 31, 2024	-	$ -	11,255,709	$ 1,125	$ 32,915,112	$ 12,774,651	$ 45,690,888
Stock options exercised			-	-	-	-	-
Stock reserved for future services	-	-	-	-	29,514	-	29,514
RSUs issued (stock for services)	-	-	4,500	1	-	-	1
Net income	-	-	-	-	-	1,264,060	1,264,060
Balance, March 31, 2025	-	-	11,260,209	1,126	32,944,626	14,038,711	46,984,463
Stock options exercised	-	-	-	-	-	-	-
Stock reserved for future services	-	-	-	-	183,309	-	183,309
RSUs issued (stock for services)	-	-	1,379	-	-	-	-
Net income	-	-	-	-	-	175,314	175,314
Balance, June 30, 2025	-	-	11,261,588	1,126	33,127,935	14,214,025	47,343,086
Stock options exercised	-	-	-	-	-	-	-
Stock reserved for future services	-	-	-	-	(250,252)	-	(250,252)
RSUs issued (stock for services)	-	-	21,519	2	126,365	-	126,367
Net income	-	-	-	-	-	(388,567)	(388,567)
Balance, Sept 30, 2025	-	$ -	11,283,107	$ 1,128	$ 33,004,048	$ 13,825,458	$ 46,830,634
Nine Months Ended Sept 30, 2024 (Restated)							
Balance, Dec 31, 2023	-	-	11,107,230	$ 1,109	$ 31,957,765	$ 11,410,970	$ 43,369,844
Stock options exercised	-	-	2,500	1	10,749	-	10,750
Stock reserved for future services	-	-	-	-	139,999	-	139,999
RSUs issued (stock for services)	-	-	-	-	-	-	-
Net income	-	-	-	-	-	468,196	468,196
Balance, March 31, 2024	-	-	11,109,730	1,110	32,108,513	11,879,166	43,988,789
Stock options exercised	-	-	2,500	1	9,400	-	9,401
Stock reserved for future services	-	-	-	-	212,004	-	212,004
RSUs issued (stock for services)	-						
Net income	-	-	-	-	-	1,200,728	1,200,728
Balance, June 30, 2024	-	-	11,112,230	1,111	32,329,917	13,079,893	45,410,921
Stock options exercised	-	-			156,002	-	156,002
Stock reserved for future services	-	-	-	-	-	-	-
RSUs issued (stock for services)	-	-	130,695	13	-	-	13
Net income	-	-	-	-	-	583,101	583,101
Balance, Sept 30, 2024	-	-	11,242,925	$ 1,124	$ 32,485,919	$ 13,662,995	$ 46,150,038

See accompanying notes to unaudited condensed financial statements.

VIRTRA, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30	
	2025	**2024**
		(restated)
Cash flows from operating activities:		
Net income	$ 1,050,807	$ 2,252,025
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	952,407	834,494
Right of use amortization	125,236	238,213
Employee stock compensation	88,938	-
Bad debt expense	-	-
Stock issued for service	-	-
Changes in operating assets and liabilities:		
Accounts receivable, net	2,996,606	9,255,373
Inventory, net	2,246,059	(1,507,068)
Deferred Contract Costs – short-term	(341,009)	-
Deferred taxes	113,440	132,151
Deferred Contract Costs – long-term	(673,949)	-
Unbilled revenue	975,022	(1,149,314)
Prepaid expenses and other current assets	(1,273,295)	(979,345)
Other assets	19,712	-
Accounts payable and other accrued expenses	(276,810)	(4,921,027)
Operating lease right of use	(127,239)	(61,704)
Deferred revenue	207,851	(1,927,880)
Net cash provided by operating activities	6,083,776	2,165,918
Cash flows from investing activities:		
Internal intangible assets	(2,265,489)	-
Purchase of property and equipment	(898,953)	(1,692,249)
Net cash (used in) investing activities	(3,164,442)	(1,692,249)
Cash flows from financing activities:		
Principal payments of debt	(193,056)	(183,221)
Stock issued for options exercised	-	528,165
Net cash provided by (used in) financing activities	(193,056)	344,944
Net increase (decrease) in cash	2,726,278	818,613
Cash and restricted cash, beginning of period	18,040,827	18,849,842
Cash and restricted cash, end of period	$ 20,767,105	$ 19,668,455
Supplemental disclosure of cash flow information:		
Income taxes paid	$ 599,237	$ 5,315,442
Interest paid	$ 175,008	$ 182,419

See Note 4. for additional details concerning intangible asset classification and see accompanying notes to unaudited condensed financial statements.

VIRTRA, INC.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Note 1. Organization and Significant Accounting Policies

Organization and Business Operations

VirTra, Inc. (the "Company," "VirTra," "we," "us" or "our"), located in Chandler, Arizona, is a global provider of judgmental use of force training simulators and firearms training simulators for the law enforcement, military, educational and commercial markets. The Company's patented technologies, software, and scenarios provide intense training for de-escalation, judgmental use-of-force, marksmanship, and related training that mimics real-world situations. VirTra's mission is to save and improve lives worldwide through practical and highly effective virtual reality and simulator technology. The Company sells its products worldwide through a direct sales force and international distribution partners. The original business started in 1993 as Ferris Productions, Inc and ultimately became VirTra, Inc., a Nevada corporation.

Basis of Presentation

The unaudited financial statements included herein have been prepared by us without audit pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and should be read in conjunction with our audited financial statements for the year ended December 31, 2024 included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed with the SEC on March 27, 2025. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted as permitted by the SEC, although we believe the disclosures that are made are adequate to make the information presented herein not misleading.

The accompanying unaudited financial statements reflect, in our opinion, all normal recurring adjustments necessary to present fairly our financial position on September 30, 2025, and the results of our operations and cash flows for the periods presented. We derived the December 31, 2024, balance sheet data from audited financial statements; however, we did not include all disclosures required by GAAP.

Interim results are subject to seasonal variations, and the results of operations for the three and nine months ended September 30, 2025, are not necessarily indicative of the results to be expected for the full year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates. Significant accounting estimates in these financial statements include valuation assumptions for share-based payments, allowance for doubtful accounts, inventory reserves, accrual for warranty reserves, the carrying value of long-lived assets and intangible assets, income tax valuation allowances, and the allocation of the transaction price to the performance obligations in our contracts with customers.

Revenue Recognition

The Company adopted the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customer (Topic 606) ("ASC 606") on January 1, 2018, and the Company elected to use the modified retrospective transition method which requires application of ASC 606 to uncompleted contracts at the date of adoption. The adoption of ASC 606 did not have a material impact on the financial statements.

Under ASC 606, the Company must identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) the Company satisfies a performance obligation. Significant judgment is necessary when making these determinations.

Restatement of Year over Year Revenue Numbers for 2024

During the audit of the 2024 financial statements, it was discovered that due to issues in the implementation of new accounting software, a revenue line was missing in 2023. This occurred when a deposit from a 2021 customer was not accurately entered into the 2021 initial launch of the new accounting system. $747,977 of revenue was recorded in the first quarter of 2024 instead of in 2023, resulting in an overstatement of revenues for the quarter ending March 31, 2024, of $747,977. This adjustment was made in the audited financials of year ending 2024; however, this means that comparatives from 2024 to 2025 will continue to show the decrease of $747,977.

Sources of Revenues

The Company's primary sources of revenue are derived from simulator and accessories sales, training and installation, the sale of customizable software, the sale of customized content scenarios, and the sale of extended service-type warranties. Sales discounts are presented in the financial statements as reductions in determining net revenues. Credit sales are recorded as current assets (accounts receivable and unbilled revenue). Prepaid deposits received at the time of sale and extended warranties purchased are recorded as current and long-term liabilities (deferred revenue) until earned. The following briefly summarizes the nature of our performance obligations and method of revenue recognition:

Performance Obligation	Method of Recognition
Simulator and accessories	Upon transfer of control
STEP Program	Deferred and recognized over the life of the contract
Installation and training	Upon completion or over the period of services being rendered
Extended service-type warranty	Deferred and recognized over the life of the extended warranty
Customized software and content	Upon transfer of control or over the period services are performed depending on the terms of the contract
Customized content scenario	As performance obligation is transferred over time (input method using time and materials expanded)
Design and prototyping	Recognized at the completion of each agreed upon milestone
Sales-based royalty exchanged for license of intellectual property	Recognized as the performance obligation is satisfied over time – which is as the sales occur.

The Company recognizes revenue upon transfer of control or upon completion of the services for the simulator and accessories; for the installation and training and customized software performance obligations as the customer has the right and ability to direct the use of these products and services and the customer obtains all of the remaining benefit from these products and services at that time. Revenue from certain customized content contracts may be recognized over the period the services are performed based on the terms of the contract. For the sales-based royalty exchanged for license of intellectual property, the Company recognized revenue as the sales occur over time.

The Company recognizes revenue on a straight-line basis over the period of services being rendered for the extended service-type warranties as these warranties represent a performance obligation to "stand ready to perform" over the duration of the warranties. As such, the warranty service is performed continuously over the warranty period.

Each contract states the transaction price. The contracts do not include variable consideration, significant financing components or non-cash consideration. The Company has elected to exclude sales and similar taxes from the measurement of the transaction price. The contract's transaction price is allocated to the performance obligations based upon their stand-alone selling prices. Discounts on the stand-alone selling prices, if any, are allocated proportionately to each performance obligation.

Disaggregation of Revenue

Under ASC 606, disaggregated revenue from contracts with customers depicts the nature, amount, timing, and uncertainty of revenue and cash flows affected by economic factors. The Company has evaluated revenues recognized and the following table illustrates the disaggregation disclosure by customer's location and performance obligation.

	Three Months Ended September 30							
	2025				*2024*			
	Commercial	Government	International	Total	Commercial	Government	International	Total
Simulators and accessories	$ 61,255	$ 1,915,280	$ 1,119,252	**$ 3,095,787**	$ 165,852	$ 4,045,332	$ 308,718	**$ 4,519,902**
Extended Service-type warranties	34,679	805,771	37,072	**877,522**	23,528	1,307,200	25,060	**1,355,788**
Customized software and content	-	-	-	**-**	15,420	107,942	-	**123,362**
Installation and training	-	149,237	(15,500)	**133,737**	-	147,128	11,553	**158,681**
Design & Prototyping	-	154,663	-	**154,663**	-	398,672	-	**398,672**
STEP	2,392	1,050,250	35,642	**1,088,284**	-	849,150	78,714	**927,864**
Total Revenue	**$ 98,326**	**$ 4,075,201**	**$ 1,176,466**	**$ 5,349,993**	**$ 204,800**	**$ 6,855,425**	**$ 424,045**	**$ 7,484,269**

	Nine Months Ended September 30 (RESTATED)							
	2025				*2024*			
	Commercial	Government	International	Total	Commercial	Government	International	Total
Simulators and accessories	$ 191,746	$ 7,108,579	$ 4,062,041	**$ 11,362,366**	$ 378,204	$ 9,784,028	$ 1,316,835	**$ 11,479,067**
Extended Service-type warranties	112,036	2,727,081	82,822	**2,921,939**	95,528	3,510,051	51,365	**3,656,944**
Customized software and content	-	97,622	101,832	**199,454**	15,420	390,475	82,500	**488,395**
Installation and training	7,875	479,315	155,101	**642,291**	4,196	841,158	23,367	**568,721**
Design & Prototyping	-	1,300,415	-	**1,300,415**	-	1,845,580	-	**1,845,580**
STEP	6,537	2,961,733	94,443	**3,062,713**	-	2,769,309	97,714	**2,867,023**
Total Revenue	**$ 318,194**	**$ 14,674,745**	**$ 4,496,239**	**$ 19,489,178**	**$ 493,348**	**$ 18,840,601**	**$ 2,319,758**	**$ 20,905,730**

Commercial customers include selling through prime contractors for military or law enforcement contracts domestically. Government customers are defined as directly selling to government agencies. For the three months ended September 30, 2025, governmental customers comprised $4,075,201 or 76% of total net sales, commercial customers comprised $98,326 or 2% of total net sales and international customers comprised $1,176,466 or 22% of total net sales. By comparison, for the three months ended September 30, 2024, governmental customers comprised $6,855,425 or 92% of total net sales, commercial customers comprised $204,800 or 3% of total net sales and international customers comprised $424,045 or 6% of total net sales. For the nine months ended September 30, 2025, governmental customers comprised $14,674,745 or 75% of total net sales, commercial customers comprised $318,194 or 2% of total net sales and international customers comprised $4,496,239 or 23% of total net sales. By comparison, for the nine months ended September 30, 2024, governmental customers comprised $18,840,601 or 87% of total net sales, commercial customers comprised $493,348 or 2% of total net sales and international customers comprised $2,319,758 or 11% of total net sales. For the nine months ended September 30, 2025, and 2024, the Company recorded $3,062,713 and $2,867,023, respectively, in STEP revenue, or 16% and 14%, respectively, of total net sales.

Segment Information

Information related to the Company's reportable operating business segments is shown below. The Company's reportable segments are reported in a manner consistent with the way management evaluates the businesses. The results of operations are regularly reviewed by the Company's chief operating decision maker ("CODM"), the Chief Executive Officer. The Company identifies its reportable business segments based on differences in products and services. The accounting policies of the business segments are the same as those described in the summary of significant accounting policies. To evaluate each reportable segment's performance, the CODM uses income from operations as a measure of profit and loss. The CODM compares operational performance against management expectations when making decisions regarding allocation of operating and capital resources to each segment.

The Company has identified the following business segments:

- Simulators and Accessories- These include all variations of the VirTra simulator, simulated recoil kits, Return first devices, Taser©, OC Spray, low light devices and refill options.
- Extended Service-type warranties – Warranties on all products past 1 or more years
- Customized software and Custom content- Contracts with specific suppliers who have asked for content related directly to their situations that we design and film or specific software requests for their system only
- Installation and Training – Installation of our simulators at the specific sites as well as extra training classes preformed onsite, virtually or at the VirTra Training Center
- Design and Prototyping – Specific contracts related to hardware development for specific customers
- Subscription Training Equipment Partnership (STEP)™ is a program that allows agencies to utilize VirTra's simulator products, accessories, and V-VICTA interactive coursework on a subscription basis.

	Three months ending September 30, 2025	
Sale of product	2025	2024
Simulators and accessories	$ 3,095,787	$ 4,519,902
Extended Service-type warranties	877,522	1,355,788
Customized software and content	-	123,362
Installation and training	133,737	158,681
Design & Prototyping	154,663	398,672
STEP	1,088,284	927,864
Total consolidated	$ 5,349,993	$ 7,484,269

Depreciation and amortization	2025	2024
Simulators and accessories	$ 85,489	$ 71,518
Extended Service-type warranties	-	-
Customized software and content	249	5,833
Installation and training	-	-
Design & Prototyping	22,141	22,141
STEP	140,231	111,103
Corporate	(125,544)	98,821
Total consolidated	$ 122,566	$ 309,417

Segment income (loss)	2025	2024
Simulators and accessories	$ 1,169,158	$ 2,342,110
Extended Service-type warranties	1,081,636	1,480,951
Customized software and content	108,600	123,363
Installation and training	(58,075)	(109,896)
Design & Prototyping	268,654	1,004,713
STEP	948,053	656,733
Corporate	(3,860,593)	(4,914,870)
Total	$ (388,567)	$ 583,104

Net of expenditures and disposals for segment assets	2025	2024
Simulators and accessories	$ -	$ 36,443
Extended Service-type warranties	-	-
Customized software and content	-	-
Installation and training	-	-
Design & Prototyping	-	-
STEP	117,205	60,233
Corporate purchases	(308,594)	78,200
Expenditures for segment assets	$ (191,389)	$ 174,876

Segment assets	2025	2024
Simulators and accessories	$ 21,531,403	$ 24,661,568
Extended Service-type warranties	-	-
Customized software and content	292,247	329,372
Installation and training	-	-
Design & Prototyping	307,456	1,388,148
STEP	1,116,313	935,846
Corporate Assets	42,956,157	38,753,442
Segment assets	$ 66,203,576	$ 66,068,376

See Note 3. for additional details about segment asset expenditures

VIRTRA, INC.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

	Nine months ending September 30, 2025	
Sale of product	2025	2024
Simulators and accessories	$ 11,362,366	$ 11,479,067
Extended Service-type warranties	2,921,939	3,656,944
Customized software and content	199,454	488,395
Installation and training	642,291	568,721
Design & Prototyping	1,300,415	1,845,580
STEP	3,062,713	2,867,023
Total consolidated	$ 19,489,179	$ 20,905,730

Depreciation and amortization	2025	2024
Simulators and accessories	$ 323,834	$ 173,864
Extended Service-type warranties	-	-
Customized software and content	748	748
Installation and training	-	-
Design & Prototyping	66,422	54,343
STEP	400,228	342,074
Corporate	161,175	256,798
Total consolidated	$ 952,407	$ 827,827

Segment income (loss)	2025	2024
Simulators and accessories	$ 6,493,618	$ 6,887,367
Extended Service-type warranties	3,262,145	4,413,070
Customized software and content	523,347	488,396
Installation and training	35,204	-58,294
Design & Prototyping	550,584	2,058,358
STEP	2,662,486	1,947,854
Corporate	(12,476,576)	(13,484,727)
Total	$ 1,050,808	$ 2,252,024

Net of expenditures and disposals for segment assets	2025	2024
Simulators and accessories	$ 464,643	$ 1,501,438
Extended Service-type warranties	-	-
Customized software and content	2,265,489	-
Installation and training	-	-
Design & Prototyping	-	-
STEP	577,210	210,625
Corporate purchases	(281,457)	(19,815)
Expenditures for segment assets	$ 3,025,885	$ 1,692,248

Segment assets	2025	2024
Simulators and accessories	$ 21,531,403	$ 24,661,568
Extended Service-type warranties	-	-
Customized software and content	292,247	329,372
Installation and training	-	-
Design & Prototyping	307,456	1,388,148
STEP	1,116,313	935,846
Corporate Assets	42,956,157	38,753,442
Segment assets	$ 66,203,576	$ 66,068,376

See Note 3. for additional details about segment asset expenditures

Customer Deposits

Customer deposits consist of prepaid deposits received for equipment purchase orders and for Subscription Training Equipment Partnership ("STEP") operating agreements that expire annually. Customer deposits are considered a deferred liability until the completion of the customer's contract performance obligation. When revenue is recognized, the deposit is applied to the customer's receivable balance. Customer deposits are recorded as both current and long-term liabilities under deferred revenue on the accompanying balance sheet. As of September 30, 2025, there was $3,878,940 in current and $26,960 in long-term. On December 31, 2024, there was only a current liability totaling $3,755,187. Changes in deferred revenue amounts related to customer deposits will fluctuate from year to year based upon the mix of customers required to prepay deposits under the Company's credit policy.

Warranty

The Company warranties its products from manufacturing defects on a limited basis for a period of one year after purchase but also sells separately priced extended service-type warranties for periods of up to four years after the expiration of the standard one-year warranty. During the term of the initial one-year warranty, if the device fails to operate properly from defects in materials and workmanship, the Company will fix or replace the defective product. Deferred revenue for separately priced extended warranties one year or less totaled $2,791,412 and $2,600,129 as of September 30, 2025, and December 31, 2024, respectively. Deferred revenue for separately priced extended warranties longer than one year totaled $2,148,850 and $2,207,950 as of September 30, 2025, and December 31, 2024, respectively. The accrual for the one-year manufacturer's warranty liability totaled $194,000 and $212,000 as of September 30, 2025, and December 31, 2024, respectively. During the nine months ending September 30, 2025, and 2024, the Company recognized revenue of $2,921,939 and $2,439,199, respectively, related to the extended service-type warranties that were amortized from the deferred revenue balance at the beginning of each period. Changes in deferred revenue amounts related to extended service-type warranties will fluctuate from year to year based upon the average remaining life of the warranties at the beginning of the period and new extended service-type warranties sold during the period.

STEP Revenue

The Company's STEP operations consist principally of leasing its simulator products under operating agreements expiring in one year. At the commencement of a STEP agreement, any lease payments received are deferred and no income is recognized. Subsequently, payments are amortized and recognized as revenue on a straight-line basis over the term of the agreement. The agreements are generally for a period of 12 months and can be renewed for an additional 12-month period up to two additional 12-month period maximum of 36-months for the entire agreement. This is a change from prior years which allowed for renewals up to 48 months for a total of 60 months. Agreements may be terminated by either party upon written notice of termination at least 60 days prior to the end of the 12-month period. The payments are generally fixed for the first year of the agreement, with increases in payments in subsequent years to be mutually agreed upon. The agreements do not include variable lease payments or free rent periods. In addition, the agreements do not provide for the underlying assets to be purchased at their fair market values at interim periods or at maturity. Each STEP agreement comes with full customer support and stand-ready advance replacement parts to maintain each system for the duration of the lease. The amount that the Company expects to derive from the STEP equipment following the end of the agreement term is dependent upon the number of agreement terms renewed. The agreements do not include a residual value guarantee. Management notes with the 4-year history of providing this service and additional revenue stream, the Company has only had cancellation of a total of 9 STEP agreements before the 5-year end date of the contract, which equates to less than 5% of all agreements.

Concentration of Credit Risk and Major Customers and Suppliers

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, certificates of deposit, and accounts receivable.

The Company's cash, cash equivalents and certificates of deposit are maintained with financial institutions with high credit standings and are FDIC insured deposits. The FDIC insures deposits according to the ownership category in which the funds are insured and how the accounts are titled. The standard deposit insurance coverage limit is $250,000 per depositor, per FDIC-insured bank, per ownership category. The Company had uninsured cash and cash equivalents of $20,267,105 and $17,540,827 as of September 30, 2025, and December 31, 2024, respectively.

Sales are typically made on credit and the Company generally does not require collateral. Management performs ongoing credit evaluations of its customers' financial condition and maintains an allowance for estimated losses. Historically, the Company has experienced minimal charges relative to doubtful accounts.

Historically, the Company primarily sells its products to U.S. federal, state, and municipal agencies.

As of September 30, 2025, the Company had one customer that accounted for 40% of total accounts receivable. As of December 31, 2024, the Company had two customers that accounted for 28% and 13% of total accounts receivable.

As of September 30, 2025, the Company had two suppliers that accounted for 15% and 14% of the total accounts payable.

For the three months ended September 30, 2025, the Company had one customer that accounted for 12% of total revenue and for three months ended September 30, 2024, one customer exceeded 10% of total revenues.

For the nine months ended September 30, 2025, the Company had no customers that accounted for more than 10% of total revenue and for nine months ended September 30, 2024, no single customer exceeded 10% of total revenues.

Net Income per Common Share

The net income per common share is computed by dividing net income by the weighted average of common shares outstanding. Diluted net income per share reflects the potential dilution, using the treasury stock method, that would occur if outstanding stock options and warrants were exercised. Earnings per share computations are as follows:

	Three Months Ended September 30	
	2025	***2024***
		(restated)
Net Income (Loss)	$ (388,567)	$ 583,101
Weighted average common stock outstanding	11,269,164	11,175,882
Incremental shares from stock options	-	-
Weighted average common stock outstanding, diluted	11,269,164	11,175,882
Net Income (Loss) per common share and common equivalent share		
Basic	$ (0.03)	$ 0.05
Diluted	$ (0.03)	$ 0.05

	Nine Months Ended September 30	
	2025	***2024***
Net Income	$ 1,050,808	$ 2,252,025
Weighted average common stock outstanding	11,263,694	10,982,083
Incremental shares from stock options	-	-
Weighted average common stock outstanding, diluted	11,263,694	10,982,083
Net Income (Loss) per common share and common equivalent share		
Basic	$ 0.09	$ 0.21
Diluted	$ 0.09	$ 0.21

Note 2. Inventory

Inventory consisted of the following as of:

	September 30, 2025	December 31, 2024
Raw materials, WIP, finished goods and Materials being inspected	$ 12,824,712	$ 15,070,771
Reserve	(487,371)	(487,371)
Total Inventory	**$ 12,337,341**	**$ 14,583,400**

The Company regularly evaluates the useful life of its spare parts inventory but did not have any cause to reclassify any this quarter.

Note 3. Property and Equipment

Property and equipment consisted of the following as of:

	September 30, 2025	December 31, 2024
Land	$ 1,778,987	$ 1,778,987
Building & Building Improvements	11,566,566	11,523,813
Computer equipment	970,083	1,301,700
Furniture and office equipment	353,137	349,669
Machinery and equipment	4,833,395	4,368,752
STEP equipment	3,138,985	2,561,775
Leasehold improvements	340,703	336,763
Construction in Progress	138,556	-
Total property and equipment	23,120,412	22,221,459
Less: Accumulated depreciation and amortization	(6,773,747)	(6,016,796)
Property and equipment, net	$ 16,346,665	$ 16,204,663

Depreciation expenses, including STEP depreciation, were $1,101,013 and $827,828 for the nine months ended September 30, 2025, and 2024, respectively. In the third quarter of 2025, the Company disposed of approximately $344,000 worth of outdated IT equipment that has been fully depreciated and no longer had value.

Note 4. Intangible Assets

Intangible asset consisted of the following as of:

	September 30, 2025	December 31, 2024
Patents	$ 160,000	$ 160,000
Capitalized media content	451,244	451,244
Capitalized software	2,265,489	-
Acquired lease intangible assets	-	-
Total intangible assets	2,876,733	611,244
Less accumulated amortization	(248,050)	(52,593)
Intangible assets, net	$ 2,628,683	$ 558,651

Amortization expenses were $196,196 and $6,667 for the nine months ended September 30, 2025, and 2024, respectively.

In the second quarter of 2025, the Company reclassified capitalized software development costs associated with V-XR from work in progress to an intangible asset upon the sale and delivery of the initial unit. The asset is being amortized over five years, reflecting its estimated useful life as determined through comprehensive evaluation.

Note 5. Leases

From 2016 through March 2019, the Company leased approximately 4,529 rentable square feet of office and industrial space from an unaffiliated third party for its machine shop at 2169 East 5th St., Tempe, Arizona 85284. In April 2019, the Company relocated the machine shop from the 5th St. location to 7910 South Kyrene Road, located within the same business complex as its head office. The Company executed a lease amendment to add an additional 5,131 rentable square feet for the machine shop and extended its existing office lease through April 30, 2024. Based on the requirements to move and leave the building in compliance with the company's lease term, VirTra chose to use the holdover option in the lease agreement for the period of one additional month. The cost of this was split with the subtenant, this extended the lease through May 31, 2024, at which time VirTra entirely vacated the property.

On June 1, 2022, we entered into a new lease of approximately 9,350 square feet located at 12301 Challenger Parkway, Orlando, Florida, from an unaffiliate third party through May 2027. Effective June 1, 2022, the Company obtained a right-of-use asset in exchange for a new operating lease liability of $840,855. Effective January 1, 2019, the Company obtained a right-of-use asset in exchange for a new operating lease liability in the amount of $1,721,380 and derecognized $46,523 deferred rent for an adjusted operating lease right-of-use asset in the net amount of $1,674,857.

The Company's lease agreements do not contain any residual value guarantees, restrictive covenants, or variable lease payments. The Company has not entered into any financing leases.

In addition to base rent, the Company's lease provides for additional payments for other charges, such as rental tax. The lease includes fixed rent escalations. The Company's lease does not include an option to renew.

The Company determines if an arrangement is a lease at inception. Operating leases are recorded in operating lease right of use assets, net, operating lease liability – short-term, and operating lease liability – long-term on its balance sheets.

Operating lease assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Company's lease does not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate used at adoption was 4.5%. Significant judgement is required when determining the Company's incremental borrowing rate. The Company uses the implicit rate when readily determinable. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The balance sheet classification of lease assets and liabilities as of September 30, 2025, are as follows:

Balance Sheet Classification	September 30, 2025	December 31, 2024
Assets		
Operating lease right-of-use assets, December 31, 2024	$ 437,095	$ 716,687
Amortization for the nine months ended September 30, 2025	(125,236)	(279,592)
Total operating lease right-of-use asset, September 30, 2025	$ 311,859	$ 437,095
Liabilities		
Current		
Operating lease liability, short-term	$ 195,085	$ 192,410
Non-current		
Operating lease liability, long-term	135,196	265,111
Total lease liabilities	$ 330,281	$ 457,521

Future minimum lease payments as of September 30, 2025, under non-cancellable operating leases are as follows:

2025	$ 48,465
2026	196,311
2027	99,382
Total Lease Payments	344,158
Less: imputed interest	(13,877)
Operating Lease Liability	$ 330,281

Rent expenses for the nine months ended September 30, 2025, and 2024 were $145,588 and $382,162, respectively.

Note 6. Accrued Expenses

Accrued compensation and related costs consist of the following as of:

	September 30, 2025	December 31, 2024
Salaries and wages payable	$ 330,475	$ 545,592
Employee benefits payable	21,974	34,125
Accrued paid time off (PTO)	324,139	322,406
Profit sharing payable	240,253	351,421
Total accrued compensation and related costs	$ 916,841	$ 1,253,544

Accrued expenses and other current liabilities consisted of the following as of:

	September 30, 2025	December 31, 2024
Manufacturer's warranties	$ 194,000	$ 212,000
Taxes payable	142,972	
Miscellaneous payable	152,555	445,114
Total accrued expenses and other current liabilities	$ 489,527	$ 657,114

Note 7. Note Payable

On August 25, 2021, the Company completed the purchase of real property located in Chandler, Arizona (the "Property") for $10,800,000, paid with cash and proceeds from a mortgage loan from Arizona Bank & Trust in the amount of $8,600,000. The loan terms include interest to be accrued at a fixed rate of 3% per year, 119 regular monthly payments of $40,978, and one irregular payment of $5,956,538 due on the maturity date of August 23, 2031. The Company began making monthly payments on September 23, 2021. The payment and performance of the loan is secured by a security interest in the property acquired.

Note payable amounts consist of the following:

	September 30, 2025	December 31, 2024
Short-term liabilities		
Note payable, principal	$ 215,983	$ 218,890
Accrued interest to date	10,927	11,897
Note Payable, short-term	$ 226,910	$ 230,787
Long-term liabilities		
Note payable, principal	$ 7,378,357	$ 7,567,536
Note payable, long term	$ 7,378,357	$ 7,567,536

Note 8. Related Party Transactions

None.

Note 9. Commitments and Contingencies

Litigation

From time to time, the Company is notified of litigation or that a claim is being made against it. The Company evaluates contingencies on an on-going basis and has established loss provisions for matters in which losses are probable and the amount of loss can be reasonably estimated. There is no known pending or threatened litigation at this time.

Restricted Stock Unit Grants

During the three months ended September 30, 2025, an employee was granted 6,624 shares of common stock pursuant to the vesting of a Restricted Stock Unit grant, and the Company's Chief Executive Officer was granted 14,895 shares of common stock (after deducting 10,105 shares for the estimated tax liability) pursuant to a discretionary grant under his Restricted Stock Unit Agreement.

Profit Sharing

VirTra provides a discretionary profit-sharing program that pays out a percentage of Company profits each year as a cash bonus to eligible employees. The cash payment is typically split into two equal payments and distributed pro-rata in April and October of the following year to only active employees. For the nine months ended September 30, 2025, and 2024, $(240,253) was credited to the operations to account for a true up to actual net income and $500,000 was expensed to operations for profit sharing, respectively.

Note 10. Stockholders' Equity

Common stock activity

During the nine months ended September 30, 2025, the Company settled restricted stock units as follows:

- to a Vice President by issuing him 1,379 shares;
- to the Chief Technology Officer by issuing him 6,624 shares; and
- to the Chief Executive Officer as described in Note 9 above by issuing him 14,895 shares.

Note 11. Subsequent Events

A total of 17,500 shares of common stock were granted to the Company's four directors in consideration for their services as directors.

In October of 2025, the Company's board of directors authorized sending a letter of intent to the landlord of our Orlando office for VirTra to purchase the building on Challenger Parkway by April 1st , 2026.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited financial statements and related notes included in this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto as of and for the year ended December 31, 2024 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the Securities and Exchange Commission (the "SEC") on March 27, 2025.

Forward-Looking Statements

The information in this discussion contains forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), which are subject to the "safe harbour" created by those sections. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "should," "could," "predicts," "potential," "continue," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. The forward-looking statements are applicable only as of the date on which they are made, and we do not assume any obligation to update any forward-looking statements. All forward-looking statements in this Quarterly Report on Form 10-Q are made based on our current expectations, forecasts, estimates and assumptions, and involve risks, uncertainties and other factors that could cause results or events to differ materially from those expressed in the forward-looking statements. In evaluating these statements, you should specifically consider numerous factors, uncertainties and risks that could affect our future results or operations. These factors, uncertainties and risks may cause our actual results to differ materially from any forward-looking statement set forth in this Quarterly Report on Form 10-Q. You should carefully consider these risks and uncertainties described and other information contained in the reports we file with or furnish to the SEC before making any investment decision with respect to our securities. All forward-looking statements attributable to us or people acting on our behalf are expressly qualified in their entirety by this cautionary statement.

Business Overview

VirTra, Inc. (the "Company," "VirTra," "we," "us" and "our") is a global provider of judgmental use of force training simulator and firearms training simulators for the law enforcement, military, educational and commercial markets. The Company's patented technologies, software, and scenarios provide intense training for de-escalation, judgmental use-of-force, marksmanship, and related training that mimics real-world situations. VirTra's mission is to save and improve lives worldwide through practical and highly effective virtual reality and simulator technology.

The VirTra firearms training simulator allows marksmanship and realistic scenario-based training to take place daily without the need for a shooting range, protective equipment, role players, safety officers, or a scenario-based training site. We have developed a higher standard in simulation training including capabilities such as: multi-screen, video-based scenarios, unique scenario authoring ability, superior training scenarios, the patented Threat-Fire® shoot-back system, powerful gas-powered simulated recoil weapons, and more. The simulator also allows students to receive immediate feedback from the instructor without the potential for sustaining injuries by the instructor or the students. The instructor can teach and re-mediate critical issues, while placing realistic stress on the students due to the realism and safe training environment created by the VirTra simulator.

Business Strategy

We have two main customer groups, law enforcement and military, with a plan to expand our product into the complementary markets of hospitals and private security. Our focus is to expand the market share and scope of our training simulators sales to these identified customer groups by pursuing the following key growth strategies:

- ***Build Our Core Business***. Our goal is to profitably grow our market share by continuing to develop, produce and market the most effective simulators possible. Through disciplined growth in our business, we have achieved a solid balance sheet by increasing our working capital and limiting our bank debt. We plan to add staff to our experienced management team as needed to meet the expected increase in demand for our products and services as we increase our marketing and sales activities.

- ***Increase Total Addressable Market.*** We plan to increase the size of our total addressable market. This effort will focus on new marketing and new products and/or service offerings for the purpose of widening the number of types of customers who might consider our products or services uniquely compelling.

- ***Broaden Product Offerings.*** Since its formation in 1993, our company has had a proud tradition of innovation in the field of simulation and virtual reality. We plan to release revolutionary new products and services as well as continue incremental improvements to existing product lines. In some cases, the company may enter a new market segment via the introduction of a new type of product or service.

- ***Partners and Acquisitions.*** We try to spend our time and funds wisely and not tackle tasks that can be done more efficiently with partners. For example, international distribution is often best accomplished through a local distributor or agent. We are also open to the potential of acquiring additional businesses or of being acquired ourselves, based on what is expected to be optimal in benefit for both our company and our stockholders.

Product Offerings

Our simulator products include the following:

- V-300™ Simulator – a 300° wrap-around screen with video capability is the higher standard for simulation training

  - The V-300™ is the higher standard for decision-making simulation and tactical firearms training. Five screens and a 300-degree immersive training environment ensures that time in the simulator translates into real world survival skills. The system reconfigures to support 15 individual firing lanes.

  - A key feature of the V-300™ shows how quickly judgment decisions must be made, and, sometimes, if they are not made immediately and accurately, it can lead to the possible loss of lives. This feature, among others, supports our value proposition to our customers is that best practices are being prepared enough for the surprises that could be around every corner and the ability to safely neutralize any life-threatening encounters.

- V-180™ Simulator – a 180° screen with video capability is for smaller spaces or smaller budgets

  - The V-180™ is the higher standard for decision-making simulation and tactical firearms training. Three screens and a 180-degree immersive training environment ensure that time in the simulator translates into real world survival skills.

- V-100™ Simulator & V-100™ MIL – a single-screen based simulator systems

  - The V-100™ is the higher standard among single-screen firearms training simulators. Firearms training mode supports up to 4 individual firing lanes at one time. The optional Threat-Fire™ device safely simulates enemy return fire with an electric impulse (or vibration version), reinforcing performance under pressure. We offer an upgrade path, so a V-100™ firearms training and force options simulator can affordably grow into an advanced multi-screen trainer in upgraded products that we offer customers for future purchase.

- The V-100™ MIL is sold to various military commands throughout the world and can support any local language. The system is extremely compact and can even share space with a standard classroom or fits into almost any existing facility. If a portable firearms simulator is needed, this model offers the most compact single-screen simulator on the market today – everything organized into one standard case. The V-100™ MIL is the higher standard among single-screen small arms training simulators. Military Engagement Skills mode supplies realistic scenario training taken from real world events.

- The V-ST PRO™ a highly realistic single screen firearms shooting and skills training simulator with the ability to scale to multiple screens creating superior training environments. The system's flexibility supports a combination of marksmanship and use of force training on up to 5 screens from a single operator station. The V-ST PRO™ is also capable of displaying 1 to 30 lanes of marksmanship featuring real world, accurate ballistics.

- Virtual Interactive Coursework Training Academy (V-VICTA)™ enables law enforcement agencies, to effectively teach, train, test and sustain departmental training requirements through nationally accredited coursework and training scenarios using our simulators.

- VirTra's Red Dot Optic Training, a 4-hour nationally certified course developed with Victory First and Aimpoint, equips law enforcement officers with the skills to transition from iron sights to pistol-mounted red dot sights through 21 practical drills. Part of the V-VICTA program, it enhances accuracy and target acquisition while addressing optic failures, offered free to VirTra customers with an annual service agreement

- Subscription Training Equipment Partnership (STEP)™ is a program that allows agencies to utilize VirTra's simulator products, accessories, and V-VICTA interactive coursework on a subscription basis.

- V-Author® proprietary software allows users to create, edit, and train with content specific to the agency's objectives and environments. V-Author is an easy-to-use application capable of almost unlimited custom scenarios, skill drills, targeting exercises, and firearms courses of fire. It also allows panoramic photos of any local location so users can train in their actual reality.

- Simulated Recoil Kits - a wide range of highly realistic and reliable simulated recoil kits/weapons made in the USA. VirTra's True-Fire® recoil kits do not allow for faulty extra shots. Recoil kits use either CO2 or HPA greatly reducing the need for costly ammunition.

- Return Fire Device – the patented Threat-Fire® device applies real-world stress on the trainees during simulation training. Stress inoculation is a key component of training exercises. VirTra holds a patent for electronic simulation in simulation making the pairing of the device and the simulators a sourced item.

- TASER©, OC spray and low-light training devices that interact with VirTra's simulators for training.

- V-XR is an extended reality headset-based training solution. It comes ready to use out of the box with two headsets, a trainer tablet, charging stations, a router, a casting device, and cables in a portable hard case, with a 3-year manufacturer's warranty.

Results of operations for the three and nine months ended September 30, 2025 and September 30, 2024

Revenues. Net sales were $5,349,993 for the three months ended September 30, 2025, compared to $7,484,269 for the same period in 2024, a decrease of $2,134,276 or 29%. Net sales were $19,489,178 for the nine months ended September 30, 2025, compared to $20,905,730 for the same period in 2024, a decrease of $1,416,552 or 7%. The decrease in revenue can be attributed to slower bookings in the second quarter and at the beginning of the third quarter, so we were unable to convert many bookings into revenue.

Cost of Sales. Cost of sales were $1,831,969 for the three months ended September 30, 2025, compared to $1,986,296 for the same period in 2024, a decrease of $154,327 or 8%. Cost of sales were $5,961,795 for the nine months ended September 30, 2025, compared to $5,168,978 for the same period in 2024 or an increase of $792,817 or 15%. The dollar increase from 2024 to 2025 correlates to the closing of multiple R&D projects in the quarter that resulted in an expense being recorded, but not related to revenue.

Gross Profit. Gross profit was $3,518,024 for the three months ended September 30, 2025, compared to $5,497,973 for the same period in 2024, a decrease of $1,979,949, or 36%. Gross profit was $13,527,383 for the nine months ended September 30, 2025, compared to $15,736,752 for the same period in 2024, a decrease of $2,209,369, or 14%. The gross profit margin for the three months ended September 30, 2025 and 2024 was 66% and 73%, respectively. The gross profit margin for the nine months ended September 30, 2025 and 2024 was 69% and 75%, respectively. This decline is driven by the increase in Cost of Sales for the year along with the closing of projects without supporting revenue as stated above.

Operating Expenses. Net operating expense was $3,968,184 for the three months ended September 30, 2025, compared to $4,742,341 for the same period in 2024, a decrease of $774,157, or 16%. Net operating expense was $11,695,373 for the nine months ended September 30, 2025, compared to $13,199,337 for the same period in 2024, a decrease of $1,503,964, or 11%. This decrease comes from the Company's efforts to lower overhead and operating costs as we navigate an increasingly difficult funding environment for our government customers.

Operating Income/Loss. Operating loss was $450,160 for the three months ended September 30, 2025, compared to $755,632 operating income for the same period in 2024, a decrease of $1,205,792 or 160%. Operating income was $1,832,010 for the nine months ended September 30, 2025, compared to $3,285,392 for the same period in 2024, a decrease of $1,453,382 or 44%.

Other Income/Expense. Other income net of other expense was $89,683 for the three months ended September 30, 2025, compared to net other income of $35,469 for the same period in 2024, an increase of $54,214, or 153%, primarily from interest income. Other expense was $660,112 for the nine months ended September 30, 2025, compared to net other income of $521,610 for the same period in 2024, a decrease of $1,181,722, or 227%, primarily from gain/loss on foreign exchange.

Provision (Benefit) for Income Tax. Provision for income tax was $28,090 for the three months ended September 30, 2025, compared to $208,000 for the same period in 2024, a decrease of $179,910, or 86%. Provision for income tax was $121,091 for the nine months ended September 30, 2025, compared to $807,000 for the same period in 2024, a decrease of $685,909, or 85%. The provision for income tax is estimated quarterly applying both federal and state tax rates.

Net Income/Loss. Net loss was $388,567 for the three months ended September 30, 2025, compared to $583,101 net income for the same period in 2024, a decrease of $971,668 or 167%. Net income was $1,050,807 for the nine months ended September 30, 2025, compared to $2,252,025 for the same period in 2024, a decrease of $1,201,218 or 53%. The fluctuations in net income relate to each respective section discussed above.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization. Explanation and Use of Non-GAAP Financial Measures:

Earnings before interest, income taxes, depreciation, and amortization and before other non-operating costs and income ("EBITDA") and adjusted EBITDA are non-GAAP measures. Adjusted EBITDA also includes non-cash stock option expense. Other companies may calculate adjusted EBITDA differently. The Company calculates its adjusted EBITDA to eliminate the impact of certain items it does not consider to be indicative of its performance and its ongoing operations. Adjusted EBITDA is presented herein because management believes the presentation of adjusted EBITDA provides useful information to the Company's investors regarding the Company's financial condition and results of operations and because adjusted EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Company's industry, several of which present EBITDA and a form of adjusted EBITDA when reporting their results. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under accounting principles generally accepted in the United States of America ("GAAP"). Adjusted EBITDA should not be considered as an alternative for net income (loss), cash flows from operating activities and other income or cash flow statement data prepared in accordance with GAAP or as a measure of profitability or liquidity. A reconciliation of net loss to adjusted EBITDA is provided in the following table:

	For the Three Months Ended				**For the Nine Months Ended**			
						(Restated)		
	September 30, 2025	September 30, 2024	Increase (Decrease)	% Change	September 30, 2025	September 30, 2024	Increase (Decrease)	% Change
Net Income (Loss)	$ (388,567)	$ 583,101	$ (971,668)	-167%	$ 1,050,807	$ 2,252,025	$ (1,201,218)	-53%
Adjustments:								
Provision for income taxes	28,090	208,000	(179,910)	-86%	121,091	807,000	(685,909)	-85%
Depreciation and amortization	466,876	308,924	157,952	51%	1,297,209	834,494	462,715	55%
Interest (net)	(55,831)	(55,919)	88	0%	(103,958)	(144,876)	40,918	-28%
EBITDA	50,568	1,044,106	(993,539)	-95%	2,365,149	3,748,643	(1,383,494)	-37%
Right of use amortization	40,871	38,720	2,151	6%	125,236	238,213	(112,977)	-47%
Adjusted EBITDA	$ 91,438	$ 1,082,826	$ (991,388)	-92%	$ 2,490,385	$ 3,986,856	$ (1,496,471)	-38%

Liquidity and Capital Resources

Liquidity is an enterprise's ability to generate enough cash to meet its needs for cash requirements. The Company had $20,767,105 and $18,040,827 of cash and cash equivalents as of September 30, 2025 and December 31, 2024, respectively. Working capital was $32,912,552 and $34,826,680 as of September 30, 2025 and December 31, 2024, respectively.

Net cash provided by operating activities was $6,083,776 and $2,165,918 for the nine months ended September 30, 2025 and 2024, respectively. Net cash provided by operating activities resulted primarily from the decrease in accounts receivable and inventory.

Net cash used in investing activities was $3,164,442 for the nine months ended September 30, 2025, compared to net cash used in investing activities of $1,692,249 for the comparable 2024 period. Investing activities in 2025 and 2024 consisted of converting the V-XR software development to an intangible asset valued at approximately $2.2 million.

Net cash used in financing activities was $193,056 for the nine months ended September 30, 2025, compared to $344,944 provided for the nine months ended September 30, 2024. In both periods, cash was used primarily for principal payment of debt. In 2024, this was also offset by the proceeds from the issuance of stock options, which we no longer have in 2025.

Bookings and Backlog

The Company defines bookings as the total of newly signed contracts, awarded RFP's and purchase orders received in a defined time period. The Company received bookings totaling $8.4 million for the three months ended and $19.4 million for the nine months ending September 30, 2025. The Company has made one change to the booking qualifications in the fourth quarter of 2024. We have strengthened the language in the STEP contract Terms and Conditions to guarantee the agreement for the full three-year term. This change secures future revenue and lowers our risk of unsigned or cancelled contracts. Since the change was only made in the fourth quarter of 2024, we still estimate that there are approximately $3.2 million in renewable STEP contract options still outstanding. Based on current renewal rates, the Company believes 95% of those options will be exercised.

The Company defines backlog as the accumulation of bookings from signed contracts and purchase orders that are not started, or have uncompleted performance objectives, and cannot be recognized as revenue until delivered in a future quarter. The Company splits the backlog into three categories. The first is capital which includes sales of all the simulators, corresponding accessories, installs, training custom content and custom design work. The second and third are extended warranty agreements and STEP agreements that are deferred revenue recognized on a straight-line basis over the life of each respective agreement. As of September 30, 2025, the Company's backlog was $21.9 million, consisting of $10.2 million in Capital, $5.3 million in Service and $6.4 million in STEP.

A portion of new capital bookings received in the third quarter of 2025 was converted to revenue in the third quarter, and management recognizes that a portion of capital contracts will extend into 2026 by request of the customers. Management's estimate for the conversion of backlog is based on current contract delivery dates; however, contract terms and install dates are subject to modification and are routinely changed at the request of the customer or due to factors outside the Company's control.

With a new federal administration in place at the beginning of 2025, it is unknown what impact that will have on our bookings for the remainder of 2025. Additionally we note that although the Government shutdown began at the start of the fourth quarter and does not impact this third quarter report, it will make an impact on the Company in the fourth quarter as all federal funding is currently shut down. We are continuing to monitor the status and timing with all agencies as this shutdown can delay new contract bookings as well as cause delay in receipts of current deliverables that are not known at this time.

Cash Requirements

Our management believes that our current capital resources will be adequate to continue operating the company and maintaining our current business strategy for more than 12 months from the filing of this Quarterly Report. We are, however, open to raising additional funds from the capital markets, at a fair valuation, to expand our product and services offered, to enhance our sales and marketing efforts and effectiveness, and to aggressively take advantage of market opportunities. There can be no assurance, however, that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, if and when it is needed, we will be forced to scale down our plans for expanded marketing and sales efforts.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our unaudited financial statements, which have been prepared in accordance with GAAP. The preparation of our unaudited financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to areas that require a significant level of judgment or are otherwise subject to an inherent degree of uncertainty. Significant accounting estimates in these financial statements include valuation assumptions for share-based payments, allowance for doubtful accounts and notes receivable, inventory reserves, accrual for warranty reserves, the carrying value of long-lived assets, income tax valuation allowances, the carrying value of cost basis investments, and the allocation of the transaction price to the performance obligations in our contracts with customers. We base our estimates on historical experience, our observance of trends in particular areas, and information or valuations and various other assumptions that we believe to be reasonable under the circumstances and which form the basis for making judgments about the carrying value of assets and liabilities that may not be readily apparent from other sources. Actual amounts could differ significantly from amounts previously estimated. For a discussion of our critical accounting policies, refer to Part I, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2024. Management believes there have been no changes in our critical accounting policies during the three months ended September 30, 2025.

Recent Accounting Pronouncements

See Note 1 to our financial statements, included in Part I, Item 1., Financial Information of this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

As of September 30, 2025, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. The term "off-balance sheet arrangement" generally means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with us is a party, under which we have any obligation arising under a guarantee contract, derivative instrument or variable interest or a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity or market risk support for such assets.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not required for smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of disclosure controls and procedures

We maintain "disclosure controls and procedures," as that term is defined in Rule 13a-15(e), promulgated by the SEC pursuant to the Exchange Act. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our company's reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officers and principal financial officer, to allow timely decisions regarding required disclosure. Our management, with the participation of our principal executive officers and principal financial officer, evaluated our company's disclosure controls and procedures as of the end of the period covered by this quarterly report on Form 10-Q. Based on this evaluation, our principal executive officers and principal financial officer concluded that as of September 30, 2025, our disclosure controls and procedures were not effective. The ineffectiveness of our disclosure controls and procedures was due to material weaknesses, which we identified in our report on internal control over financial reporting contained in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 27, 2025. These weaknesses were (i) lack of multiple levels of management review on complex business, accounting, and financial reporting issues and (ii) failure to implement adequate system and manual controls. As noted in the 10-K report, until such time as we expand our staff to include additional accounting and executive personnel and accounting systems and procedures, it is likely the first material weakness will continue. With respect to the second material weakness, our Board of Directors has directed management to implement more effective system and manual controls and this process is currently underway.

Change in internal control over financial reporting

There has been no change in our internal control over financial reporting that occurred during the quarterly period ended September 30, 2025, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. However, during the quarter ended September 30, 2025, and continuing into 2025, we are implementing more formal review and documentation of workflow processes and increasing our ERP training for our staff. We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within any company have been detected.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There is no material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which we are a party or of which any of our property is the subject.

ITEM 1A. RISK FACTORS

Not required for smaller reporting companies.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) None

(b) There have been no material changes to the procedures by which security holders may recommend nominees to the Company's Board of Directors since the filing with the SEC of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

(c) None.

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description
31.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

VIRTRA, INC.

Date: November 10, 2025

By: */s/ John F. Givens II*
John F. Givens II
Chief Executive Officer
(principal executive officer)

By: */s/ Alanna Boudreau*
Chief Financial Officer
(principal financial officer)

Exhibit 31.1

CERTIFICATIONS

I, John F. Givens II, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended September 30, 2025, of VirTra, 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 officer(s) 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 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;

(b) 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;

(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 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 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 10, 2025

/s/ John F. Givens II
John F. Givens II
Chief Executive Officer (principal executive officer)

Exhibit 31.2

CERTIFICATIONS

I, Alanna Boudreau, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended September 30, 2025, of VirTra, 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, considering 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, 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 officer(s) 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 10, 2025

/s/ Alanna Boudreau
Alanna Boudreau
Chief Financial Officer (principal financial officer)

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

In connection with the quarterly report on Form 10-Q of VirTra, Inc. (the "Company") for the quarter ended September 30, 2025 as filed with the Securities and Exchange Commission (the "Report"), we, John F. Givens II, Chief Executive Officer, and Alanna Boudreau, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 10, 2025

/s/ John F. Givens II
John F. Givens II, Chief Executive Officer
(principal executive officer)

Date: November 10, 2025

/s/ Alanna Boudreau
Alanna Boudreau, Chief Financial Officer
(principal financial officer)