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

FORM 10-K

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

For the fiscal year ended **December 31, 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

(State or other jurisdiction of
incorporation or organization)

93-1207631

(I.R.S. Employer
Identification No.)

295 E. Corporate Place, Chandler, AZ

(Address of principal executive offices)

85225

(Zip Code)

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

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports 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, a 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the voting stock and non-voting common equity held by non-affiliates of the registrant, based upon the closing sale price of the registrant's common stock on June 30, 2025, was approximately \$65,136,216.

As of March 23, 2026, the registrant had 11,303,885 outstanding shares of common stock.

DOCUMENTS INCORPORATED BY REFERENCE

None.



TABLE OF CONTENTS

	Page Numbers
PART I	
Item 1. Business	4
Item 1A. Risk Factors	9
Item 1B. Unresolved Staff Comments	17
Item 1C. Cybersecurity	17
Item 2. Properties	18
Item 3. Legal Proceedings	18
Item 4. Mine Safety Disclosures	18
PART II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities	19
Item 6. Reserved	19
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	19
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	26
Item 8. Financial Statements and Supplementary Data	27
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures	28
Item 9A. Controls and Procedures	28
Item 9B. Other Information	29
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspection	29
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	29
Item 11. Executive Compensation	34
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	37
Item 13. Certain Relationships and Related Transactions, and Director Independence	38
Item 14. Principal Accountant Fees and Services	38
PART IV	
Item 15. Exhibit and Financial Statement Schedules	39
Item 16. Form 10-K Summary	39
Signatures	40

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 (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which are subject to the “safe harbor” 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 Annual Report on Form 10-K 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 various 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 Annual Report on Form 10-K. You should carefully consider these risk and uncertainties described and other information contained in the reports we file with or furnish to the Securities and Exchange Commission (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.

PART I

ITEM 1. BUSINESS.

Our Corporate History

We are a corporation organized and existing under the laws of the State of Nevada. The original business started in 1993 as Ferris Productions, Inc. In September 2001, Ferris Productions, Inc. merged with GameCom, Inc. to ultimately become VirTra Systems, Inc., a Texas corporation.

Effective as of October 1, 2016, we completed a conversion from a Texas corporation to a Nevada corporation pursuant to a Redomestication Plan of Conversion (the “Plan of Conversion”) that was approved by our Board of Directors on June 23, 2016, and by our stockholders on September 16, 2016.

As part of the Plan of Conversion, we filed Articles of Incorporation in Nevada whereby we changed our name from VirTra Systems, Inc. to VirTra, Inc. and revised our capitalization. Our Articles of Incorporation filed in Nevada authorize us to issue 62,500,000 shares, of which (1) 60,000,000 shares shall be common stock, par value \$0.0001 per share (the “Common Stock”), of which (a) 50,000,000 shares shall be Common Stock, (b) 2,500,000 shares shall be Class A Common Stock, par value \$0.0001 per share (the “Class A Common Stock”), and (c) 7,500,000 shares shall be Class B Common Stock, par value \$0.0001 per share (the “Class B Common Stock”) and (2) 2,500,000 shares shall be Preferred Stock, par value \$0.0001 per share, which may, at the sole discretion of the Board of Directors, be issued in one or more series (the “Preferred Stock”). We also adopted new bylaws as part of the Plan of Conversion.

Effective March 2, 2018, we effected a 1-for-2 reverse stock split of our issued and outstanding Common Stock (the “Reverse Stock Split”). All references to shares of our Common Stock in this Annual Report on Form 10-K refer to the number of shares of Common Stock after giving effect to the Reverse Stock Split and are presented as if the Reverse Stock Split had occurred at the beginning of the earliest period presented.

Business Overview

VirTra, Inc. (the “Company,” “VirTra,” “we,” “us” and “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, 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 highly effective virtual reality and simulator technology.

The VirTra firearms training simulator allows marksmanship and realistic scenario-based training to take place on a daily basis 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 is able to teach and remediate 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, namely, law enforcement and military. These are different markets and require different sales and marketing programs as well as personnel. Our focus is to expand the market share and scope of our training simulator 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 highly effective simulators and critical in-house integration components. We focus on delivering integrated solutions that enhance performance, reliability, and scalability for our customers. Through disciplined execution, we have strengthened our financial position by increasing working capital and limiting bank debt. We plan to selectively expand our management and technical teams as needed to support anticipated demand and increased 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 customer types 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 new products and services, as well as continue incremental improvements to existing product lines. In certain cases, the Company may enter new market segments through the introduction of new types of products or services. We also intend to leverage advancements in artificial intelligence and large language models to enhance realism, improve user interaction and client relatability, and reduce development time and costs across our product portfolio.
- **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 for our long-term future 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 practice is 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[™] Software allows users to create, edit, and train with content specific to 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 courseware proven to be highly effective for users of VirTra simulation products.
- True-Fire[™] is the improved version of VirTra's patented drop-in recoil kits that greatly increases reliability of laser activation. VirTra's experienced engineering team introduced proprietary mechanical enhancements and upgraded firmware/software to enable more accurate differentiation of intentional versus unintentional activation of the recoil kit laser. This helped to further reduce the rare chance of laser activation when the weapon is manipulated, tapped, or dropped during simulation training.
- Return Fire Device – the patented Threat-Fire[™] device which applies real-world stress on the trainees during simulation training.
- VirTra has installed a volumetric video capture studio in order to create training scenarios that are used in either screen-based simulators or headset-based simulators. Volumetric video realism far exceeds that of computer-generated avatars which likely gives VirTra a strategic advantage for highly desired de-escalation training, especially when simulating human interaction is required. By using this studio, along with outside filming, we are able to offer customers the ability to purchase custom scenarios to meet their specific needs.
- 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.

Operations and Suppliers

We produce some of our own products. We also rely on a variety of suppliers. Management is uncertain whether we might encounter future delays with suppliers that would have a material impact on us.

Competition and Competitive Landscape

We compete against a number of established companies that provide similar products and services, some of which have financial, technical, marketing, sales, manufacturing, distribution and other resources significantly greater than ours. There are also companies whose products do not compete directly but are sometimes closely related to the products we offer. Axon, Laser Shot, Inc., InVeris, MILO, Conflict Kinetics, and Ti Training Corp are our main competitors in some or all our markets.

We believe that our products and services are superior to those offered by our competitors based on our association with industry experts, the strength in developing a more effective training solution ecosystem, our patented products and our extensive library of training content that is certified by IADELST that would require time and a substantial investment by a competitor to offer a comparable product.

VirTra buys and tests new headsets on a regular basis and has made some software and content preparations to add a variety of commercial off the shelf headset-based product to our offerings. VirTra recoil kits, return fire devices and other accessories would likely also work with a headset-based product in an indirect way.

Intellectual Property

We own or have rights to trademarks or trade names that we use in connection with the operation of our business, including our corporate names, logos and website names. In addition, we own or have the rights to copyrights, trade secrets and other proprietary rights that protect the content of our products and the formulations for such products. This Annual Report on Form 10-K may also contain trademarks, service marks and trade names of other companies, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this Annual Report on Form 10-K is not intended to, and should not be read to, imply a relationship with or endorsement or sponsorship of us. Solely for convenience, some of the copyrights, trade names and trademarks referred to in this Annual Report on Form 10-K are listed without their ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to our copyrights, trade names and trademarks. All other trademarks are the property of their respective owners.

We rely on certain proprietary technology and seek to protect our interests through a combination of patents, trademarks, copyrights, know-how, trade secrets and security measures, including confidentiality agreements. Our policy generally is to secure protection for significant innovations to the fullest extent practicable. Further, we seek to expand and improve the technological base and individual features of our products through ongoing research and development programs.

As of the end of 2025, VirTra owns 8 issued patents, one of which was granted in 2025. Three previously filed patent applications are under USPTO examination and awaiting determination, a process that can take up to 30 months from the application date, and longer in some cases. In addition, two patent applications were filed with the USPTO in 2025. Finally, VirTra is in the drafting phase of five patent applications that have not yet been filed with USPTO.

We own the trademarks for "VirTra," "VirTra Systems", "Threat-Fire", "ArmorGen" and many other branding trademarks. These trademarks are registered in the United States. We consider the protection of our trademarks to be important to our business.

We also have copyright protection for our intellectual property produced for use in our products.

We rely on the laws of unfair competition and trade secrets to protect our proprietary rights. We attempt to protect our trade secrets and other proprietary information through confidentiality and non-disclosure agreements with customers, suppliers, employees and consultants, and through other security measures. However, we may be unable to detect the unauthorized use of or take appropriate steps to enforce our intellectual property rights. Effective trade secret protection may not be available in every country in which we offer or intend to offer our products and services to the same extent as in the United States. Failure to adequately protect our intellectual property could harm or even destroy our brands and impair our ability to compete effectively. Further, enforcing our intellectual property rights could result in the expenditure of significant financial and managerial resources and may not prove successful. Although we intend to protect our rights vigorously, there can be no assurance that these measures will be successful.

Research and Development

During the years ended December 31, 2025, and 2024, our research and product development expenses were \$2,383,595 and \$3,003,302, respectively. The decrease in research and development costs in 2025 was primarily attributable to the capitalization of certain significant development initiatives rather than expensing those costs as incurred. The Company continues to invest in new product offerings and innovative ideas to enhance and expand its product portfolio.

Sources and Availability of Raw Materials/Manufacturing and Assembly

We obtain the key components of our products from a variety of sources that we purchase on a purchase order basis from local suppliers at market prices based on our production requirements. We believe alternative sources generally exist for the components used in our products.

Our manufacturing, assembly, warehouse and shipping facilities are in Chandler, Arizona. See Item 2 – Properties.

Employees

As of March 23, 2026, we employed 94 full-time employees and 4 part-time employees. We maintain a satisfactory working relationship with our employees

Operations

Our operations are conducted from our principal executive office in Chandler, Arizona. In 2022 we opened a facility in Orlando, Florida to support east coast operations. We do not currently have any employees internationally; however, our U.S.-based sales force works to secure contracts to supply our products in U.S. and foreign markets. As of December 31, 2025, we have performed sales contracts and warranty service obligations in the U.S. and various foreign countries. When our products are introduced into an international market, it is either pursuant to a contract directly with a vetted customer located in the foreign country, a vetted foreign distributor, a foreign government agency, or pursuant to a contract between our Company and a U.S. government agency (such as the U.S. Department of State). In the latter instance, our customer is the relevant U.S. government agency. The government agency may then distribute our products to third parties within that particular country.

Regulatory Matters

Our business is regulated in most of our markets. We deal with numerous U.S. government agencies and entities, including, but not limited to, branches of the U.S. military and the Department of Homeland Security. Similar government authorities exist in our international markets.

We are also subject to export laws and regulations. These laws include, among others, the U.S. Export Administration Regulations, administered by the U.S. Department of Commerce, Bureau of Industry and Security, the International Traffic in Arms Regulations (the “ITAR”), administered by the U.S. Department of State, Directorate of Defense Trade Controls, and trade sanctions, regulations and embargoes administered by the U.S. Department of Treasury, Office of Foreign Assets Control. Among its many provisions, the ITAR requires a license application for the export of firearms and congressional approval for any application with a total value of \$1 million or higher.

Any failures to comply with these laws and regulations could result in civil or criminal penalties, fines, investigations, adverse publicity and restrictions on our ability to export our products and repeat failures could carry more significant penalties. Any changes in export regulations may further restrict the export of our products. The length of time required by the licensing processes can vary, potentially delaying the shipment of products and the recognition of the corresponding revenue. Any restrictions on the export of our products could have a material adverse effect on our competitive position, results of operations, cash flow, or financial condition.

For additional information related to export regulations, see Item 1A, “Risk Factors – Risks Related to Our Business.”

Government Contracts

The U.S. government, and other governments, may terminate any of our government contracts at their convenience, as well as for default, based on our failure to meet specified performance requirements. If any of our U.S. government contracts were to be terminated for convenience, we generally would be entitled to receive payment for work completed and allowable termination or cancellation costs. If any of our government contracts were to be terminated for default, generally the U.S. government would pay only for the work that has been accepted and can require us to pay the difference between the original contract price and the cost to re-procure the contract items, net of the work accepted from the original contract. The U.S. government can also hold us liable for damages resulting from the default. For additional information related to government contracts, see Item 1A. “Risk Factors – Risks Related to Our Business.”

Environmental

We are subject to various federal, state, local and non-U.S. laws and regulations relating to environmental protection, including the discharge, treatment, storage, disposal and remediation of hazardous substances and wastes. We continually assess our compliance status and management of environmental matters to ensure our operations are in substantial compliance with all applicable environmental laws and regulations. Investigation, remediation, operation and maintenance costs associated with environmental compliance and management of sites are a normal, recurring part of our operations. These costs often are allowable costs under our contracts with the U.S. government. It is reasonably possible that continued environmental compliance could have a material impact on our results of operations, financial condition or cash flows if additional work requirements or more stringent clean-up standards are imposed by regulators, new areas of soil and groundwater contamination are discovered and/or expansions of work scope are prompted by the results of investigations.

ITEM 1A. RISK FACTORS

In addition to the other information contained in this Annual Report on Form 10-K, we have identified the following risks and uncertainties that may have a material adverse effect on our business, financial condition or results of operations. You should carefully consider the risks described below before making an investment decision.

Risks Related to Our Business

We depend on international, federal, state, regional and local contracts for substantially all of our revenues and the loss of government contracts or a delay or decline in funding of existing or future government contracts could decrease our backlog or adversely affect our sales and cash flows and our ability to fund our growth.

Our revenues from contracts, directly or indirectly, with foreign and U.S. Federal, state, regional and local governmental agencies represented approximately 79% of our total revenues in fiscal year 2025. Although these various government agencies are subject to common budgetary pressures and other factors, many of our various government customers exercise independent purchasing decisions. As a result of the concentration of business with governmental agencies, we are vulnerable to adverse changes in our revenues, income and cash flows if a significant number of our government contracts, subcontracts or prospects are delayed or canceled for budgetary or other reasons.

The factors that could cause us to lose these contracts and could decrease our backlog or otherwise materially harm our business, prospects, financial condition or results of operations include:

- budget constraints affecting government spending generally, or specific departments or agencies such as U.S. or foreign defense and transit agencies and regional transit agencies, and changes in fiscal policies or a reduction of available funding;
- re-allocation of government resources as the result of actual or threatened terrorism or hostile activities or for other reasons;
- increasing customers’ demands for broad uncapped indemnifications provisions with no termination date and unwillingness to agree to request to remove such clauses when possible or negotiate caps and a defined end point to our obligations;

- disruptions in our customers' ability to access funding from capital markets;
- curtailment of governments' use of outsourced service providers and governments' in-sourcing of certain services;
- the adoption of new laws or regulations pertaining to government procurement;
- government appropriations delays or blanket reductions in departmental budgets;
- suspension or prohibition from contracting with the government or any significant agency with which we conduct business;
- increased use of shorter duration awards, which increases the frequency we may need to re compete for work;
- impairment of our reputation or relationships with any significant government agency with which we conduct business;
- decreased use of small business set asides or changes to the definition of small business by government agencies;
- increased use of lowest-priced, technically acceptable contract award criteria by government agencies;
- increased aggressiveness by the government in seeking rights in technical data, computer software, and computer software documentation that we deliver under a contract, which may result in "leveling the playing field" for competitors on follow-on procurements;
- impairment of our ability to provide third-party guarantees and letters of credit;
- delays in the payment of our invoices by government payment offices; and
- national or international health emergencies, such as the COVID-19 public health pandemic.

Government spending priorities and terms may change in a manner adverse to our business.

A significant percentage of our revenue comes from domestic or foreign police and military forces. If these government entities must cut their budgets, it is possible that we will lose this source of revenue, which could materially adversely affect our business, prospects, financial condition or results of operations. We are working on diversifying our business so that we are not as dependent, but there is no assurance that we will be successful at doing so.

Intense competition could negatively impact on our sales and operating results.

Our products are sold in highly competitive markets with limited barriers to entry. We compete against established companies that provide similar products and services, some of which have financial, technical, marketing, sales, manufacturing, distribution and other resources significantly greater than ours. There are also companies whose products do not compete directly but are sometimes closely related to the products we offer (see Competition and Competitive Landscape Discussion in Item 1 above).

We believe that our products and services are superior to those offered by our competitors based on our strength in developing higher quality software solutions, our patented accessories and our extensive library of training scenario content that would require a substantial investment of money and time by a competitor to offer a comparable product. The introduction by competitors of lower-priced or more innovative products could, however, result in a significant decline in our revenues and have a material adverse effect on our operating results, financial position and cash flow.

If we are unable to anticipate customer preferences or to effectively identify, market and sell future products, our future revenues and operating results could be adversely affected.

Our future success depends on our ability to effectively identify, market and sell new products that respond to new and evolving customer preferences. Accordingly, our revenues and operating results may be adversely affected if we are unable to identify or acquire rights to new products that satisfy customer preferences. In addition, any new products that we market may not generate sufficient revenues to recoup their identification, development, acquisition, marketing, selling and other costs.

Decline in federal, state, regional or local government spending would likely negatively affect our product revenues and earnings.

The success of each of the products we plan to sell depends substantially on the amount of funds budgeted by federal, state and local government agencies that make up our current and potential customers. Global credit and financial markets have experienced extreme disruptions in the recent past, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. There can be no assurance that similar disruptions will not occur in the future. Deterioration in general economic conditions may result in lower tax revenues that could lead to reductions in government spending, especially spending for discretionary simulation training products such as ours. Poor economic conditions could in turn lead to substantial decreases in our net sales or have a material adverse effect on our operating results, financial position and cash flows.

Uncertainty in the development, deployment, and use of AI in our products and services, as well as our business more broadly, could adversely affect our business and reputation.

- **Rapid evolution and integration challenges** — In particular, AI and machine learning technologies are rapidly developing and as these technologies are incorporated into our products and the operations of our customers, the pace of change has in the past and may in the future continue to accelerate. As with many new and emerging technologies, AI presents numerous risks and challenges to our internal business operations and our customers. For example, unexpected failures or inaccuracies in AI-driven systems could expose our customers to operational risks, particularly in high-stakes use cases such as law enforcement or public safety.
- **Generative AI immaturity and defects** — The development, adoption, integration and use of generative AI technology remains in the early stages and consequently, our AI technology may contain material defects or errors. Thoroughly testing generative AI models is both financially and operationally challenging due to their complexity and the unpredictability of outputs.
- **Inherited risks from acquisitions and models** — Anticipated benefits of such transactions may not materialize due to factors such as: inability to integrate or profitably benefit from acquired products, technologies (including AI and machine learning models), or businesses; inherited risks associated with AI or machine learning models (including model performance limitations, bias, explainability challenges, or reliance on training data) that may be incomplete, inaccurate, or subject to regulatory restrictions.
- **Regulatory and privacy implications** — We are subject to evolving U.S. and foreign laws governing the collection, processing, storage, and transfer of personal and sensitive information, as well as the development and deployment of AI systems. AI capabilities are integrated across our product portfolio, and we market AI-enabled functionality to customers as part of our long-term product strategy. As a result, regulatory developments affecting AI systems may directly impact our products and services.

We may not be able to receive or retain the necessary licenses or authorizations required for us to export or re-export our products, technical data or services, or to transfer technology from foreign sources and to work collaboratively with them. Denials of such licenses and authorizations could have a material adverse effect on our business and results of operations.

U.S. regulations concerning export controls require us to screen potential customers, destinations, and technology to ensure that sensitive equipment, technology and services are not exported in violation of U.S. policy or diverted to improper uses or users. For us to export certain products, technical data or services, we are required to obtain licenses from the U.S. government, often on a transaction-by-transaction basis. These licenses are generally required for the export of military versions of our products and technical data and for defense services. We cannot be sure of our ability to obtain the U.S. government licenses or other approvals required to export our products, technical data and services for sales to foreign governments, foreign commercial customers or foreign destinations.

In addition, for us to obtain certain technical know-how from foreign vendors and to collaborate on improvements on such technology with foreign vendors, we may need to obtain U.S. government approval for such collaboration through manufacturing license or technical assistance agreements approved by U.S. government export control agencies. The U.S. government has the right, without notice, to revoke or suspend export licenses and authorizations for reasons of foreign policy, issues over which we have no control. Failure to receive the required licenses or authorizations would hinder our ability to export our products, data and services and to use some advanced technology from foreign sources. This could have a material adverse effect on our business, results of operations and financial condition.

Our failure to comply with export control rules could have a material adverse effect on our business.

Our failure to comply with the export control rules described above could expose us to significant criminal or civil enforcement action by the U.S. government, and a conviction could result in denial of export privileges, as well as contractual suspension or debarment under U.S. government contracts, either of which could have a material adverse effect on our business, results of operations and financial condition.

Failure to comply with the United States Foreign Corrupt Practices Act could subject us to penalties and other adverse consequences.

We are subject to the United States Foreign Corrupt Practices Act, which generally prohibits United States companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices occur from time to time in the foreign countries where we sell our products and services. We can make no assurance, however, that our employees or other agents will not engage in such conduct for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

We may face competition from providers of comparable products. Increased competition in those product categories could negatively affect our future revenues and operating results.

Since we will not be the only seller and since we have a limited number of patents, the introduction of comparable products designed to compete with our products may increase in the future. With so much focus on homeland security and terrorism, it is possible that more companies will enter our business and sell new and/or innovative training tools. One area of particular concern is new virtual reality (VR) hardware and software. If other companies are able to create new training tools that are more realistic or effective, we may not be able to compete effectively. Introduction by competitors of comparable products, a maturing product lifecycle or other factors could result in a decline in our revenues derived from these products. A significant decline in our sales of these products, without offsetting sales gains, would have a material adverse effect on our operating results, financial position and cash flow.

We operate in a highly competitive market and the size and resources of some of our competitors may allow them to compete more effectively than we can, resulting in a loss of our market share and a decrease in our revenues and gross profit.

The markets for law enforcement and military simulation training are highly competitive and include many new competitors as well as increased competition from established companies expanding their production and marketing of products. Despite owning patents, trademarks and copyrights, our current and future competitors could manufacture and sell products with performance characteristics and functionality like the products we sell and that we plan to sell. Some of our competitors are large companies with strong worldwide brand recognition that have significantly greater financial, distribution, marketing and other resources than we do (see Competition and Competitive Landscape section above). Some of our competitors have significant competitive advantages, including longer operating histories, larger sales forces, bigger advertising budgets, better brand recognition, greater economies of scale and long-term relationships with key military customers that are potentially highly valuable because of the significant volume that our competitors sell to them.

As a result, these competitors may be better equipped than we are to influence customer preferences or otherwise increase their market share by:

- quickly adapting to changes in customer requirements;
- readily taking advantage of acquisition and other opportunities;
- discounting excess inventory that has been written down or written off;
- devoting resources to the marketing and sale of their products, including significant advertising, media placement and product endorsement;
- adopting aggressive pricing policies; and
- engaging in lengthy and costly intellectual property and other disputes.

Disruptions could negatively impact revenue and results of operation.

Our ability to manufacture and/or sell our products may be impaired by damage or disruption to our manufacturing, warehousing or distribution capabilities, or to the capabilities of our suppliers, contract manufacturers, logistics service providers or independent distributors. This damage or disruption could result from execution issues, as well as factors that are hard to predict or are beyond our control, such as product or raw material scarcity, adverse weather conditions, natural disasters, fire, terrorism, pandemics, strikes, cybersecurity breaches, government shutdowns, disruptions in logistics, supplier capacity constraints or other events. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, may adversely affect our business or financial results, particularly in circumstances when a product is sourced from a single supplier or location. Disputes with significant suppliers, contract manufacturers, logistics service providers or independent distributors, including disputes regarding pricing or performance, may also adversely affect our ability to manufacture and/or sell our products, as well as our business or financial results. We are actively monitoring economic instability and its potential impact on our supply chain and operations.

Some of the components of our products pose potential safety risks which could create potential liability exposure for us.

Some of the components of our products contain elements that may pose potential safety risks. In addition to these risks, there can be no assurance that accidents in the facilities that use our products will not occur. Any accident, whether occasioned using all or any part of our products or technology or by our customers' operations, could adversely affect commercial acceptance of our products and could result in claims for damages resulting from injuries or death. Any of these occurrences would materially adversely affect our operations and financial condition. If our products fail to perform as specified, users of these products may assert claims for substantial amounts. These claims could have a materially adverse effect on our financial condition and results of operations. There is no assurance that the amount of the general product liability insurance that we maintain will be sufficient to cover potential claims or that the present amount of insurance can be maintained at the present level of cost, or at all.

Assertions by third parties of infringement or other violation by us of their intellectual property rights could result in significant costs and substantially harm our business and operating results.

Companies engaged in the sales of products are frequently subject to litigation based on allegations of infringement, misappropriation or other violations of intellectual property rights. Some companies, including some of our competitors, own large numbers of patents, copyrights, trademarks and trade secrets, which they may use to assert claims against us. Third parties may in the future assert that we have infringed, misappropriated or otherwise violated their intellectual property rights. Existing laws and regulations are evolving and subject to different interpretations, and various federal and state legislative or regulatory bodies may expand current or enact new laws or regulations. We cannot guarantee that we are not infringing or violating any third-party intellectual property rights.

We cannot predict whether assertions of third-party intellectual property rights or any infringement or misappropriation claims arising from such assertions will substantially harm our business and operating results. If we are forced to defend against any infringement or misappropriation claims, we may be required to expend significant time and financial resources on the defense of such claims, even if without merit, settled out of court, or determined in our favor. Furthermore, an adverse outcome of a dispute may require us to: pay damages, potentially including treble damages and attorneys' fees, if we are found to have willfully infringed a party's intellectual property; cease making, licensing or using products or services that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our products; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies or materials; or to indemnify our partners and other third parties. Royalty or licensing agreements, if required or desirable, may be unavailable on terms acceptable to us, or at all, and may require significant royalty payments and other expenditures. In addition, we do not carry broadly applicable patent liability insurance and any lawsuits regarding patent rights, regardless of their success, could be expensive to resolve and would divert the time and attention of our management and technical personnel.

Our business is dependent on proprietary rights that may be difficult to protect and could affect our ability to compete effectively.

Our ability to compete effectively will depend on our ability to maintain the proprietary nature of our technology and content through a combination of patent, trademark, copyright and trade secret protection, non-disclosure agreements and licensing arrangements.

Litigation, or participation in administrative proceedings, may be necessary to protect our proprietary rights. This type of litigation can be costly and time consuming and could divert Company resources and management attention to defend our rights, and this could harm us even if we were to be successful in the litigation and there is no guarantee we would be successful in such litigation. In the absence of patent protection, and despite our reliance upon our proprietary confidential information, our competitors may be able to use innovations like those used by us to design and manufacture products directly competitive with our products. In addition, no assurance can be given that others will not obtain patents that we will need to license or design around. To the extent any of our products are covered by third-party patents, we could need to acquire a license under such patents to develop and market our products.

Despite our efforts to safeguard and maintain our proprietary rights, we may not be successful in doing so. In addition, competition is intense, and there can be no assurance that our competitors will not independently develop or patent technologies that are substantially equivalent or superior to our technology. In the event of patent litigation, we cannot assure you that a court would determine that we were the first creator of inventions covered by our issued patents or pending patent applications or that we were the first to file patent applications for those inventions. If existing or future third-party patents containing broad claims were upheld by the courts or if we were found to infringe third-party patents, we may not be able to obtain the required licenses from the holders of such patents on acceptable terms, if at all. Failure to obtain these licenses could cause delays in the introduction of our products or necessitate costly attempts to design such patents, or could foreclose the development, manufacture or sale of our products. We could also incur substantial costs in defending ourselves in patent infringement suits brought by others and in prosecuting patent infringement suits against infringers.

We also rely on trade secrets and proprietary know-how that we seek to protect, in part, through non-disclosure and confidentiality agreements with our customers, employees, consultants, and entities with which we maintain strategic relationships. We cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach or that our trade secrets will not otherwise become known or be independently developed by competitors.

We depend on our executive officers, the loss of whom could materially harm our business.

We rely upon the accumulated knowledge, skills and experience of our executive officers and significant employees. Our Chief Executive Officer, John Givens, has unique expertise and long-standing relationships in the military simulation market that could have a material impact on our Company's future. If he were to leave us or become incapacitated, we might suffer in our planning and execution of business strategy and operations, impacting our financial results. We also do not maintain any key man life insurance policies for any of our employees.

If we are unable to implement and maintain effective internal control over financial reporting in the future, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Common Stock may decline.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Further, we are required to report any changes in internal controls on a quarterly basis. In addition, we are required to furnish a report by management on the effectiveness of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act").

We will design, implement, and test the internal controls over financial reporting required to comply with these obligations. If we identify material weaknesses in our internal control over financial reporting, if we are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is ineffective, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of the Common Stock could be negatively affected. We also could become subject to investigations by the stock exchange on which the securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

We do incur significantly increased costs because of operating as a public company, and our management is required to devote substantial time to new compliance initiatives.

As a public company with an obligation to file reports with the SEC under the Exchange Act, we do incur significant legal, accounting and other expenses that we would not incur as a private company. In addition, the Sarbanes-Oxley Act imposes various requirements on public companies including requiring establishment and maintenance of effective disclosure and financial controls. Our management and other personnel devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased and could continue to increase our legal and financial compliance costs and could make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain directors' and officers' liability insurance, which could make it more difficult for us to attract and retain qualified members of our Board of Directors. We cannot predict or estimate the amount of additional costs we will incur to meet our additional disclosure obligations under the Exchange Act or the timing of such costs.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. We must perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. In addition, we are required to have our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting the later of (i) our second annual report on Form 10-K, or (ii) the first annual report on Form 10-K following the date on which we are no longer an emerging growth company and no longer qualify as a smaller reporting company. Our compliance with Section 404 of the Sarbanes-Oxley Act could require that we incur substantial accounting expenses and expend significant management efforts including the potential of hiring additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. If we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

Our ability to successfully implement our business plan and comply with Section 404 requires us to be able to prepare timely and accurate financial statements. We expect to continue improving the existing and implementing new operational and financial systems, procedures and controls to manage our business effectively. Any delay in the implementation of, or disruption in the transition to, new or enhanced systems, procedures or controls, may cause our operations to suffer and we may be unable to conclude that our internal control over financial reporting is effective and to obtain an unqualified report on internal controls from our auditors as required under Section 404 of the Sarbanes-Oxley Act. This, in turn, could have an adverse impact on trading prices for our Common Stock, and could adversely affect our ability to access the capital markets.

Risks Relating to Our Stock

NASDAQ may delist our Common Stock from trading on its exchange, which could limit stockholders' ability to trade our Common Stock.

Our Common Stock is listed for trading on NASDAQ and requires us to meet certain financial, public float, bid price and liquidity standards on an ongoing basis to continue the listing of our Common Stock. If we fail to meet these continued listing requirements, our Common Stock may be subject to delisting. If our Common Stock is delisted and we are not able to list our Common Stock on another national securities exchange, we expect our securities would be quoted on an over-the-counter market. If this were to occur, our stockholders could face significant material adverse consequences, including limited availability of market quotations for our Common Stock and reduced liquidity for the trading of our securities. In addition, we could experience a decreased ability to issue additional securities and obtain additional financing in the future.

Our Common Stock price is likely to be highly volatile because of several factors, including limited public fluctuation.

The market price of our Common Stock has been volatile in the past and the market price of our Common Stock could be volatile in the future. You may not be able to resell shares of our Common Stock following periods of volatility because of the market's adverse reaction to volatility.

Other factors that could cause such volatility may include, among other things:

- actual or anticipated fluctuations in our operating results, including the loss of a large or key customer or vendor;
- the absence of securities analysts covering us and distributing research and recommendations about us;
- we may have a low trading volume for a few reasons, including that a large portion of our stock is closely held;
- overall stock market fluctuations;
- announcements concerning our business or those of our competitors;
- actual or perceived limitations on our ability to raise capital when we require it, and to raise such capital on favorable terms;
- conditions or trends in the industry;
- litigation;
- changes in market valuations of other similar companies;
- future sales of Common Stock;
- departure of key personnel or failure to hire key personnel; and
- general market conditions including those national and international events that adversely affect markets

Any of these factors could have a significant and adverse impact on the market price of our Common Stock. In addition, the stock market in general has at times experienced extreme volatility and rapid decline that has often been unrelated or disproportionate to the operating performance of companies. These broad market fluctuations may adversely affect the trading price of our Common Stock, regardless of our actual operating performance.

Because our officers and Board of Directors will make all management decisions, you should only invest in our securities if you are comfortable entrusting our directors to make all decisions.

Our Board of Directors will have the sole right to make all decisions with respect to our management. Investors will not have an opportunity to evaluate the specific projects that will be financed with future operating income. You should not purchase our securities unless you are willing to entrust all aspects of our management to our officers and directors.

Our issuance of additional Common Stock in exchange for services or to repay debt would dilute your proportionate ownership and voting rights and could have a negative impact on the market price of our Common Stock.

We may issue shares of Common Stock and Common Stock issuable upon exercise of stock options and warrants to pay for debt or services, without further approval by our stockholders based upon such factors as our Board of Directors may deem relevant at that time. It is possible that we will issue additional shares of Common Stock under circumstances we may deem appropriate at the time.

Shares eligible for future sale may adversely affect the market.

From time to time, certain of our stockholders may be eligible to sell all or some of their shares of Common Stock by means of ordinary brokerage transactions in the open market pursuant to Rule 144 promulgated under the Securities Act, subject to certain limitations. In general, pursuant to Rule 144, non-affiliate stockholders may sell freely after six months, subject only to the current public information requirement. Affiliates may sell after six months, subject to the Rule 144 volume, manner of sale (for equity securities), current public information, and notice requirements. Of the approximately 11,303,885 shares of our Common Stock outstanding as of March 23, 2026, no shares, other than those held by persons who are “control persons”, are restricted subject to Rule 144. Given the limited trading of our Common Stock, resale of even a small number of shares of our Common Stock pursuant to Rule 144 or an effective registration statement may adversely affect the market price of our Common Stock.

Our equity incentive plan allows us to issue stock options and award shares in our Common Stock. We may in the future create additional equity incentive plans, which may at that time require us to file a registration statement under the Securities Act to cover the issuance of shares upon the exercise or vesting of awards granted or otherwise purchased under those plans. As a result, any shares issued or granted under the plans may be freely tradable in the public market. If equity securities are issued under the plans, if implemented, and it is perceived that they will be sold in the public market, then the price of our Common Stock could decline substantially.

No holders of any shares of our Common Stock have the right to require us to file registration statements for the public resale of such shares.

The provisions of our Articles of Incorporation and Bylaws may delay or prevent a takeover which may not be in the best interests of our stockholders.

The provisions of our Articles of Incorporation and our Bylaws may be deemed to have anti-takeover effects, which include when and by whom special meetings of our stockholders may be called, and may delay, defer or prevent a takeover attempt. In addition, certain provisions of the Nevada Revised Statutes also may be deemed to have certain anti-takeover effects which include that control of shares acquired more than certain specified thresholds will not possess any voting rights unless these voting rights are approved by a majority of a corporation’s disinterested stockholders. Further, our Articles of Incorporation authorize the issuance of up to 2,500,000 shares of preferred stock with such rights and preferences as may be determined from time to time by our Board of Directors at their sole discretion. Our Board of Directors may, without stockholder approval, establish and issue series of preferred stock with dividends, liquidation, conversion, voting or other rights that could adversely affect the voting power or other rights of the holders of our Common Stock.

We have never paid dividends on our Common Stock and have no plans to do so in the future.

Holders of shares of our Common Stock are entitled to receive such dividends as may be declared by our Board of Directors. To date, we have paid no cash dividends on our shares of Common Stock, and we do not expect to pay cash dividends on our Common Stock in the foreseeable future. We intend to retain future earnings, if any, to provide funds for the operations of our business. Therefore, any return investors in our Common Stock may have will be in the form of appreciation, if any, in the market value of their shares of Common Stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 1C. CYBERSECURITY.

We are committed to our goal to protect sensitive business-related and personal information, as well as our information systems. Although the size and scope of our operations is limited compared to larger global operations, we are subject to numerous and evolving cybersecurity risks that could adversely and materially affect our business, financial condition, and results of operations. In that regard, we have increased our investment in information systems by hiring a Director of Technology in 2024 to replace limited outsourced services previously utilized and bolstered our IT department with other hires. In 2024 we evaluated and implemented top tier security enhancements across company data systems in the form of new virus, malware, and ransomware protections, SEIM, email and systems security protections, improved systems management, and email/phishing security training for staff. Additionally, we have completed implementation of the requirements to meet National Institute of Standards and Technology (NIST) SP 800-171, including enclave assessment and compliance requirements. We are currently working towards CMMC certification and expect to be ready for a third-party assessment sometime during the 2026 fiscal year.

Our management leadership team, with oversight from the Board of Directors, plans to further implement a comprehensive cybersecurity program, including incident response process, aligned with the NIST Cybersecurity Framework and NIST Computer Security Incident Handling Guide (NIST SP 800-61) to assess, identify, address and manage risks from cybersecurity threats that may result in material adverse effects on the confidentiality, integrity and availability of our business and information systems.

Our Director of Technology reports to our Chief Financial Officer and has operational responsibility for our information security programs, protections, and efforts, along with leading efforts for implementing, monitoring, and maintaining cybersecurity and data security strategy, policy, standards, architecture, and practices across our business. We anticipate that our Director of Technology will update the Chief Financial Officer and Chief Executive Officer on these matters and work closely with these senior executives to oversee compliance with legal, regulatory, and contractual security requirements with the guidance of outside counsel.

We anticipate that our Board, in coordination with the Audit Committee, will oversee the Company's enterprise risks arising from cybersecurity threats and will periodically review the measures we have implemented to identify and mitigate data protection and cybersecurity risks. We have a NIST enclave Cybersecurity Incident Response Plan ("CSIRP"), but do not currently have a company-wide CSIRP to provide the organizational and operational structure, processes, and procedures for investigating, containing, documenting and mitigating cybersecurity incidents. We expect to further implement a risk-based approach to identifying, preventing, and mitigating cybersecurity threats and incidents, while also further implementing controls and procedures that provide for the prompt escalation of certain cybersecurity incidents so that decisions regarding the public disclosure and reporting of such incidents can be made by management in a timely manner.

We also rely on information technology and third-party vendors to support our operations, including our secure processing of personal, confidential, sensitive, proprietary, and other types of information. Despite improved data protections and efforts to continuously improve our and our vendors' ability to protect against cyber incidents, we may not be able to fully protect all information systems from all evolving threats. Such incidents may lead to reputational harm, loss of goodwill, revenue and customer loss, legal actions, and statutory penalties, among other consequences. While we have not experienced any material cybersecurity incidents in recent years, there can be no guarantee that we will not be the subject of future threats or incidents.

ITEM 2. PROPERTIES.

On August 25, 2021, we purchased an industrial building of approximately 76,650 square feet situated on approximately 4.3 acres at 295 East Corporate Place in Chandler, Arizona. We believe that this building allows for our expected growth in simulator development and production, recoil kit development and production, training content creation as well as administrative, customer and technology support as we plan to scale, in addition to providing a larger and centralized facility to enhance efficiency. In addition to the centralization, we were also able to convert the additional space to a dedicated training and demonstration space. This allows us to offer onsite training in the use of our systems and allows us to do remote demonstrations of our systems to our harder to reach departments.

On June 1, 2022, we moved into a newly leased 9,350-square-foot facility in Orlando, Florida. This location has been instrumental in expanding our military business and strengthening our customer service presence on the East Coast. On October 23, 2025, we signed a letter of intent to purchase this Orlando property for \$5 million. On March 6, 2026, we executed the Purchase and Sale Agreement, with the transaction expected to close in the second quarter of 2026. The property includes the 9,350-square-foot building currently occupied by VirTra, as well as a second 15,000-square-foot building divided into two suites. One suite is leased through 2028, and the other suite is leased through 2027 with two optional three-year renewal periods.

ITEM 3. LEGAL PROCEEDINGS.

There are 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 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our Common Stock is traded on The NASDAQ Capital Market under the stock symbol, "VTSI."

Holders of Common Stock

As of March 23, 2026, 11,303,885 shares of our Common Stock were outstanding and held by approximately 34 holders of record. In addition, we have no shares of Class A Common Stock, Class B Common Stock or Preferred Stock issued and outstanding.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis should be read in conjunction with our financial statements and related notes thereto included in this Annual Report on Form 10-K. The discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in those forward-looking statements because of many factors, including, but not limited to, those set forth under "Risk Factors" and elsewhere in this Annual Report on Form 10-K.

Business Overview

VirTra, Inc. (the "Company," "VirTra," "we," "us" and "our") is a global provider of judgmental use of force training simulators, firearms training simulators and driving 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, namely, law enforcement and military. These are very different markets and require different sales and marketing programs as well as personnel. 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 highly effective simulators and critical in-house integration components. We focus on delivering integrated solutions that enhance performance, reliability, and scalability for our customers. Through disciplined execution, we have strengthened our financial position by increasing working capital and limiting bank debt. We plan to selectively expand our management and technical teams as needed to support anticipated demand and increased 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 product 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 new products and services, as well as continue incremental improvements to existing product lines. In certain cases, the Company may enter new market segments through the introduction of new types of products or services. We also intend to leverage advancements in artificial intelligence and large language models to enhance realism, improve user interaction and client relatability, and reduce development time and costs across our product portfolio.
- **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 for our long-term future 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.
- VirTra has installed a volumetric video capture studio in order to create training scenarios that are used in either screen-based simulators or headset-based simulators. Volumetric video realism far exceeds that of computer-generated avatars which likely gives VirTra a strategic advantage for highly desired de-escalation training, especially when simulating human interaction is required. By using this studio, along with outside filming, we are able to offer customers the ability to purchase custom scenarios to meet their specific needs.
- 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 years ended December 31, 2025, and December 31, 2024

Revenues. Revenues were \$22,402,188 for the year ended December 31, 2025, compared to \$26,350,819 for the same period in 2024, representing a decrease of \$3,948,631 or 15%. The decrease was primarily attributable to a particularly challenging sales year in which VirTra faced significant external headwinds, including government shutdowns and a transition in federal leadership that resulted in notable reductions to Department of Defense related program funding. These factors were further compounded by the composition of our 2025 bookings, the majority of which originated from international customers operating under extended 6 to 12-month delivery timelines, thereby delaying revenue recognition and contributing to an increase in backlog and a year-over-year decline in revenue. Additionally, widespread delays in federal funding and grant disbursements affected numerous domestic departments, limiting their ability to initiate or complete purchases and reducing our opportunity to close and convert local sales during the period.

Cost of Sales. Cost of sales were \$7,199,562 for the year ended December 31, 2025, compared to \$6,938,304 for the same period in 2024, representing an increase of \$261,258 or 4%. The year-over-year increase was primarily attributable to the completion of several content creation and engineering enhancement projects for existing products. This increase reflects the Company's continued focus on delivering new content to customers on a recurring basis. These costs were not offset in the current period by expenditures related to the development of new projects, as they were in the prior year for the VXR, SVT, and VAMIS products, which would otherwise have been captured as work in progress.

Gross Profit. Gross profit was \$15,202,626 for the year ended December 31, 2025, compared to \$19,412,515 for the same period in 2024, representing a decrease of \$4,209,889 or 22%. The gross profit margin was 68% for the year ended December 31, 2025, and 74% for the same period in 2024. The gross profit decrease was mainly due to the decrease in revenue and the increase in cost of sale described above.

Operating Expenses. Net operating expense was \$14,765,131 for the year ended December 31, 2025, compared to \$17,416,184 for the same period in 2024, representing a decrease of \$2,651,053 or 15%, with general and administrative expenses decreasing by \$2,031,346 or 14% and research and development expenses decreasing by \$619,707 or 21%. The decrease in operating and general and administrative expenses reflects management's continued efforts to appropriately align overhead costs with current revenue levels. The decrease in research and development costs in 2025 was primarily attributable to the capitalization of certain significant development initiatives rather than expensing those costs as incurred. The Company continues to invest in new product offerings and innovative ideas to enhance and expand its product portfolio.

Other Income (Expense). Other net expense was \$290,307 for the year ended December 31, 2025, compared to other income of \$254,636 for the same period in 2024, representing a decrease of \$544,943. This decrease is due to large foreign exchange expenses related to 2023 contracts that finalized, where the payment ended up being significantly lower due to the major shift in exchange rate.

Income Tax Expense (Benefit). Income tax benefit was \$111,258 for the year ended December 31, 2025, compared to an expense of \$887,286 for the same period in 2024, representing a decrease in expense of \$998,544 or 113%.

Net Income. Net income was \$258,446 for the year ended December 31, 2025, compared to net income of \$1,363,681 for the same period in 2024, representing a decrease of \$1,105,235 or 81%. All the factors discussed above played a role in the net result, with our main issue being the year-over-year decrease in revenue. We continue to decrease our operating expenses, which offset some of the decrease in revenues.

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

Earnings (loss) 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, impairment expense and bad debt 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 U.S. GAAP. Adjusted EBITDA should not be considered as an alternative for net income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with U.S. GAAP or as a measure of profitability or liquidity. A reconciliation of net income to adjusted EBITDA is provided in the following table:

	For the Year Ended			
	December 31, 2025	December 31, 2024	Increase (Decrease)	% Change
Net Income (Loss)	\$ 258,446	\$ 1,363,681	\$ (1,105,235)	-81%
Adjustments:				
Provision for income taxes	(111,258)	887,286	(998,544)	-113%
Depreciation and amortization	1,762,468	1,136,812	625,656	55%
Interest (net)	(139,516)	(182,018)	(42,502)	-23%
EBITDA	1,770,140	3,205,761	(1,434,621)	-45%
Right of use amortization	(168,988)	(279,592)	110,604	40%
Adjusted EBITDA	\$ 1,601,152	\$ 2,926,169	\$ (1,325,017)	-45%

Liquidity and Capital Resources. Liquidity is the ability of an enterprise to generate adequate amounts of cash to meet its needs for cash requirements. The Company had \$18,594,598 and \$18,040,827 of cash and cash equivalents as of December 31, 2025 and 2024, respectively. Working capital was \$30,793,890 and \$34,328,543 as of December 31, 2025 and 2024, respectively.

Net cash provided by operating activities was \$4,587,967 for the year ended December 31, 2025, as compared to \$1,257,266 of cash provided by operating activities for the year ended December 31, 2024. The increase in cash provided was primarily driven by efforts made by the team to collect accounts receivable and lowering our on-hand inventory and work-in-process accounts.

Net cash used in investing activities was \$3,780,744 for the year ended December 31, 2025, and net cash used in investing activities was \$1,845,572 for the year ended December 31, 2024. The cash used in 2025 was driven by the creation of an intangible asset for our VXR product and purchase of additional property and equipment in 2025.

Net cash used in financing activities was \$253,452 for the year ended December 31, 2025, as compared to \$220,709 used in financing activities for the year ended December 31, 2024. This cash was used primarily to fund our mortgage payments.

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 \$7.3 million for the three months ended December 31, 2025. This brings the total bookings for the year ended 2025 to \$26.7 million. The Company has made one change to the booking qualifications. As previously disclosed, in 2024 we strengthened the language in the STEP contract Terms and Conditions to guarantee the agreement for the full three-year term. This change was done to secure future revenue and lower our risk of unsigned or cancelled contracts. Therefore, with this change, we believe there are \$2.5 million in renewable STEP contract options still outstanding, and 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 are 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, respectively, that are deferred revenue recognized on a straight-line basis over the life of each respective agreement. As of December 31, 2025, the Company's backlog was \$13.8 million in Capital, \$5.1 million in Service and \$6.7 million in STEP, for a total of \$25.6 million.

Management estimates the majority of the new bookings received in the fourth quarter of 2025 will be converted to revenue in 2026. Management's estimate for the conversion of backlog is based on current contract delivery dates; however, contract terms and installation dates are subject to modification and are routinely changed at the request of the customer or due to factors outside the Company's control.

Cash Requirements

Our management believes that our current capital resources will be adequate to continue operating our Company and maintaining our current business strategy for more than 12 months from the filing of this Annual Report. We are, however, open to raising additional funds from the capital markets, at a fair valuation, to purchase a business or assets, expand our production capacity, expand our product and services, 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, when it is needed, we will be forced to scale down our plans for expanded marketing and sales efforts.

Critical Accounting Policies

We have identified the following policies below as critical to our business and results of operations. Our reported results are impacted by the application of the following accounting policies, some of which require management to make subjective or complex judgments. These judgments involve making estimates and assumptions about the effect of matters that are inherently uncertain and may significantly impact quarterly or annual results of operations. For all of these policies, management cautions that future events rarely develop exactly as expected, and the best estimates routinely require adjustment. The methods, estimates, interpretations and judgments we use in applying our most critical accounting policies can have a significant impact on the results that we report in our financial statements.

The following discussion provides supplemental information regarding the significant estimates, judgments and assumptions made in implementing the Company's critical accounting policies.

Basis of Presentation and Use of Estimates

Our financial statements have been prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions 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. On an ongoing basis, management evaluates its estimates and judgments. Management bases the estimates on historical experience and on various other factors that it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. For any given individual estimate or assumption, we make, it is possible that other people applying reasonable judgment to the same facts and circumstances could develop different estimates. Significant accounting estimates in these financial statements include valuation assumptions for share-based payments, allowance for credit losses, 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. Actual results could differ significantly from those estimates.

Allowance for Credit Losses

The Company only ships products when it has reasonable assurance that it will receive payment from the customer. When such assurance is not available, the Company will require payment in advance. For customers other than United States governmental agencies, the Company generally requires advance deposits prior to shipment. The assessment of a customer's creditworthiness is reliant on management's judgment regarding such factors as previous payment history, credit rating, credit references and market reputation. The Company has decided to take a more conservative approach to the bad debt reserve by calculating a percentage of all outstanding accounts receivable and updating the reserve quarterly based on the age of the accounts receivable.

Inventory Valuation

Inventory is stated at the lower of cost or net realizable value with cost being determined on the average cost method. Work in progress and finished goods inventory includes an allocation for capitalized labor and overhead. Provision is made for obsolete, slow moving, or defective items where appropriate. This estimated valuation requires that management make certain judgments about the likelihood that specific inventory items may have minimal or no realizable value in the future. These judgments are based on the current quantity of the item on hand compared to historical sales volumes, potential alternative uses of the products and the age of the inventory item.

Property and Equipment

Property and equipment are carried at cost, net of depreciation. Depreciation commences at the time the assets are placed in service. Depreciation is provided using the straight-line method over the estimated economic lives of the assets or for leasehold improvements, over the shorter of the estimated useful life or the remaining lease term. In determining the depreciation rate, historical disposal experience, holding periods and trends in the market are reviewed.

We periodically perform reviews to determine whether facts and circumstances exist which indicate that the carrying amount of assets may not be recoverable or that the useful life of assets is shorter or longer than originally estimated. We assess the recoverability of our assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their estimated remaining lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets.

Revenue Recognition

We account for revenue recognition in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, which we adopted on January 1, 2018, using the modified retrospective transition method. We evaluated the distinct performance obligations and the pattern of revenue recognition of our contracts upon adoption of the standard. Consequently, after our review of contracts, we concluded that the impact of adopting the standard did not have a significant effect on our balance sheets, statements of operations, changes in stockholders' equity, or cash flows.

Revenues include sales of products and services and are net of discounts. Product sales consist of simulators, upgrade components, scenarios, scenario software, recoil kits, Threat-Fire[®] and other accessories. Services include installation, training, limited assurance-type warranties, extended service-type warranty agreements, related support, customer content and design work.

We determined our revenue recognition through the identification of the contract with a customer, identification of the performance obligations within the contract, determination of the transaction price, allocation of the transaction price to the performance obligations within the contract and recognition of revenue when, or as, the performance obligations have been satisfied.

In reviewing our contracts, the identification of the performance obligations within the contracts, allocation of the transaction price to the performance obligations and the point when performance obligations were satisfied required significant judgment. In identifying the performance obligations, the Company considered whether the customer has a reasonable expectation that the Company will provide those goods or services and would view those goods or services as part of the negotiated exchange. The Company believes that, generally, our performance obligations are explicit in the contracts. The Company allocates the transaction price to the performance obligations based on the relative standalone selling price basis. This required consideration and determination of the stand-alone selling price for each distinct good or service using various sources of information. Under ASC 606, the Company recognizes revenue only when it satisfies a performance obligation by transferring the good or service to the customer. To determine when the performance obligation had been transferred to the customer, the Company considers control of the performance obligation transferred once the customer has the right and ability to direct the use of the product or service and the customer obtains substantially all the remaining benefit from the products and services.

Stock-Based Compensation

The Company calculates the cost of awards of equity instruments based on the grant date fair value of the awards using the Black-Scholes-Merton option pricing valuation model, which incorporates various assumptions including volatility, expected term and risk-free interest rates.

The expected term of the options is the estimated period of time until exercise and was determined using the SEC's safe harbor rules, using an average of vesting and contractual terms, as we did not have sufficient historical experience of similar awards. Expected stock price volatility is based on the historical volatility of the Company's stock. The risk-free interest rate is based on the implied yield available on United States Treasury zero-coupon issues with an equivalent remaining term. The estimated fair value of stock-based compensation awards and other options is amortized on a straight-line basis over the relevant vesting period. Share-based compensation expense is recognized based on awards ultimately expected to vest. Forfeitures are recorded in subsequent periods when they occur.

Income Taxes

We use significant judgment in determining the provision for income taxes, deferred tax assets and liabilities, and any valuation allowance recorded against net deferred tax assets. In preparing our financial statements, we are required to estimate income taxes in each of the domestic and foreign jurisdictions in which we operate. This process involves estimating the actual current tax liability together with assessing temporary differences resulting from differing treatment of items, such as depreciation and amortization of property and equipment and benefits of net operating loss tax carryforwards. These differences result in deferred tax assets, which include tax loss carryforwards, and liabilities. We then assess the likelihood that deferred tax assets will be recovered from future taxable income, and to the extent that recovery is not likely or there is insufficient operating history, we establish a valuation allowance. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. In projecting future taxable income, we begin with historical results and incorporate assumptions about the amount of future state, federal, and foreign pretax operating income adjusted for items that do not have tax consequences. The assumptions about future taxable income require significant judgment and are consistent with the plans and estimates we are using to manage the underlying business. To the extent we establish or change a valuation allowance in a period, we include an adjustment within the tax provision of our statements of operations.

Deferred tax assets reflect current statutory income tax rates in effect for the period in which the deferred tax assets are expected to be realized. As changes in tax laws or statutory tax rates are enacted, deferred tax assets and liabilities are adjusted through the provision of income taxes.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across our global operations. A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. We (1) record unrecognized tax benefits as liabilities in accordance with ASC 740 and (2) adjust these liabilities when our judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the unrecognized tax benefit liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available.

Warranty Reserve

For sales to customers within the U.S. and for all international sales, we typically provide a one-year assurance-type warranty but may provide longer warranty periods if contractually required. We provide a warranty on our simulators that covers the cost of replacement parts and labor on defective products. We estimate, based upon a review of historical warranty claim experience, the costs that may be incurred under our warranty policies and record a liability in the amount of such estimate at the time a product is sold. Factors that affect our warranty liability include the number of units sold, historical and anticipated rates of warranty claims, and cost per claim. At our discretion, based upon the cost to either repair or replace a product, we have occasionally replaced such products covered under warranty with a new or refurbished model. We periodically assess the adequacy of our recorded warranty liability and make adjustments to the accrual as claims data and historical experience warrants.

Recent Accounting Pronouncements

See Note 1 to our financial statements, included in Item 8. Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

As of December 31, 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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

INDEX TO HISTORICAL FINANCIAL STATEMENTS

Audited financial statements for the years ended December 31, 2025 and 2024	
Report of Independent Registered Public Accounting Firm (Haynie, Salt Lake City, Utah, PCAOB ID 457)	F-1
Balance Sheets as of December 31, 2025 and 2024	F-2
Statements of Operations for the years ended December 31, 2025 and 2024	F-3
Statements of Changes in Stockholders' Equity for the years ended December 31, 2025 and 2024	F-4
Statements of Cash Flows for the years ended December 31, 2025 and 2024	F-5
Notes to Financial Statements for the years ended December 31, 2025 and 2024	F-6



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of VirTra, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of VirTra, Inc. (the Company) as of December 31, 2025 and 2024, and the related statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2025, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition – Multiple Element Arrangements

Description of the Matter:

The Company recognized approximately \$22.4 million in revenue during the year ended December 31, 2025. As discussed in Note 1 to the financial statements, the Company enters into several different types of revenue arrangements that often consist of multiple performance obligations and result in multiple revenue streams, each with a different revenue recognition timing. Management must use judgment to determine the appropriate value and allocation of revenue to these performance obligations.

Auditing management's assumptions and judgments can be complex, involves judgment, and requires a thorough understanding of the Company's various revenue streams.

How We Addressed the Matter in Our Audit:

We obtained and reviewed documentation to support the revenue recognition criteria. We tested performance obligations by reviewing the underlying contracts, evaluating management's determination of the method and timing of measuring revenue, and testing management's allocation of revenue to the performance obligations.

A handwritten signature in black ink that reads "Haynie".

Haynie
Salt Lake City, Utah
March 26, 2026

PCAOB #457

We have served as the Company's auditor since 2022.

1785 West 2320 South, Salt Lake City, UT 84119

801-972-4800

HaynieCPAs.com

VIRTRA, INC.
BALANCE SHEETS

	December 31,	
	2025	2024 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,594,598	\$ 18,040,827
Accounts receivable, net	5,502,087	7,507,315
Inventory, net	13,060,024	14,583,400
Unbilled revenue	868,216	2,570,441
Prepaid expenses and other current assets	2,622,462	1,273,115
Deferred contract costs – short-term	374,375	-
Total current assets	<u>41,021,762</u>	<u>43,975,098</u>
Long-term assets:		
Property and equipment, net	16,268,400	16,204,663
Operating lease right-of-use asset, net	268,873	437,095
Intangible assets, net	2,513,186	558,651
Security deposits, long-term	15,979	35,691
Other assets, long-term	424,226	148,177
Deferred tax asset, net	4,135,463	3,595,574
Deferred contract costs – long-term	488,695	-
Total long-term assets	<u>24,114,822</u>	<u>20,979,851</u>
Total assets	<u>\$ 65,136,584</u>	<u>\$ 64,954,949</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 784,074	\$ 957,384
Accrued compensation and related costs	461,430	1,253,544
Accrued expenses and other current liabilities	1,196,565	657,114
Note payable, current	227,754	230,787
Operating lease liability, short-term	196,311	192,410
Deferred revenue, short-term	7,361,738	6,355,316
Total current liabilities	<u>10,227,872</u>	<u>9,646,555</u>
Long-term liabilities:		
Deferred revenue, long-term	1,913,393	2,282,996
Note payable, long-term	7,314,085	7,567,536
Operating lease liability, long-term	89,053	265,111
Total long-term liabilities	<u>9,316,531</u>	<u>10,115,643</u>
Total liabilities	<u>19,544,403</u>	<u>19,762,198</u>
Commitments and contingencies (See Note 10)		
Stockholders' equity:		
Preferred stock \$0.0001 par value; 2,500,000 shares authorized; no shares issued or outstanding	-	-
Common stock \$0.0001 par value; 50,000,000 shares authorized; 11,303,885 shares and 11,255,709 shares issued and outstanding as of December 31, 2025 and 2024, respectively	1,130	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	33,056,091	32,915,112
Retained Earnings	12,534,960	12,276,514
Total stockholders' equity	<u>45,592,181</u>	<u>45,192,751</u>
Total liabilities and stockholders' equity	<u>\$ 65,136,584</u>	<u>\$ 64,954,949</u>

See accompanying notes to financial statements.

VIRTRA, INC.
STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2025	2024
Revenues:		
Net sales	\$ 22,402,188	\$ 26,350,819
Total revenue	22,402,188	26,350,819
Cost of sales	7,199,562	6,938,304
Gross profit	15,202,626	19,412,515
Operating expenses:		
General and administrative	12,381,536	14,412,882
Research and development	2,383,595	3,003,302
Net operating expense	14,765,131	17,416,184
Income (loss) from operations	437,495	1,996,331
Other income (expense):		
Other income	341,013	829,618
Other (expense)	(631,320)	(574,982)
Net income (expense)	(290,307)	254,636
Income before provision for income taxes	147,188	2,250,967
Provision (Benefit) for income taxes	(111,258)	887,286
Net income	\$ 258,446	\$ 1,363,681
Net income per common share:		
Basic	\$ 0.02	\$ 0.12
Diluted	\$ 0.02	\$ 0.12
Weighted average shares outstanding:		
Basic	11,272,483	11,162,917
Diluted	11,272,483	11,162,917

See accompanying notes to financial statements.

VIRTRA, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Year Ending December 31, 2025

	Preferred Stock		Common Stock		Additional Paid in Capital	Accumulated Earnings	Total
	Shares	Amount	Shares	Amount			
Balance, December 31, 2024	-	\$ -	11,255,709	1,125	\$ 32,915,112	\$ 12,276,514	\$ 45,192,751
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	13,540,574	46,486,326
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	13,715,888	46,844,949
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, September 30, 2025	-	-	11,283,107	1,128	33,004,048	13,327,321	46,332,497
Stock reserved for future services	-	-	-	-	(70,998)	-	(70,998)
RSUs issued (stock for services)	-	-	20,778	2	123,041	-	123,043
Net income	-	-	-	-	-	(792,361)	(792,361)
Balance, December 31, 2025	-	\$ -	11,303,885	\$ 1,130	\$ 33,056,091	\$ 12,534,960	\$ 45,592,181

For the Year Ending December 31, 2024 (Restated)

	Preferred Stock		Common Stock		Additional Paid in Capital	Accumulated Earnings	Total
	Shares	Amount	Shares	Amount			
Balance, December 31, 2023	-	\$ -	11,107,230	\$ 1,109	\$ 31,957,765	\$ 10,912,833	\$ 42,871,707
Stock options exercised	-	-	2,500	1	10,749	-	10,750
Stock reserved for future services	-	-	-	-	139,999	-	139,999
Net income	-	-	-	-	-	468,196	468,196
Balance, March 31, 2024	-	-	11,109,730	1,110	32,108,513	11,381,029	43,490,652
Stock options exercised	-	-	2,500	1	9,400	-	9,401
Stock reserved for future services	-	-	-	-	212,004	-	212,004
Net income	-	-	-	-	-	1,200,728	1,200,728
Balance, June 30, 2024	-	-	11,112,230	1,111	32,329,917	12,581,757	44,912,785
RSUs issued (stock for services)	-	-	130,695	13	-	-	13
Stock reserved for future services	-	-	-	-	156,002	-	156,002
Net income	-	-	-	-	-	583,101	583,101
Balance, September 30, 2024	-	-	11,242,925	1,124	32,485,919	13,164,858	45,651,901
RSUs issued (stock for services)	-	-	12,784	1	-	-	1
Stock reserved for future services	-	-	-	-	429,193	-	429,193
Net income	-	-	-	-	-	(888,344)	(888,344)
Balance, December 31, 2024	-	\$ -	11,255,709	\$ 1,125	\$ 32,915,112	\$ 12,276,514	\$ 45,192,751

See accompanying notes to financial statements.

VIRTRA, INC.
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2025	2024 (Restated)
Cash flows from operating activities:		
Net income	\$ 258,446	\$ 1,363,681
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,762,468	1,136,812
Right of use amortization	168,222	279,592
Employee stock compensation	140,983	777,093
Bad debt expense	-	(166,640)
Stock issued for service	-	160,104
Changes in operating assets and liabilities:		
Accounts receivable, net	2,005,229	8,633,309
Inventory, net	1,523,377	(2,178,520)
Deferred taxes	(539,889)	34,580
Deferred Contract Costs	(863,070)	-
Unbilled revenue	1,702,225	(1,460,825)
Prepaid expenses and other current assets	(1,349,348)	(366,313)
Other assets	(256,335)	53,493
Accounts payable and other accrued expenses	(429,004)	(5,606,536)
Operating lease right of use	(172,156)	(292,495)
Deferred revenue	636,819	(1,110,069)
Net cash provided by operating activities	<u>4,587,967</u>	<u>1,257,266</u>
Cash flows used investing activities:		
Internal intangible assets	(2,265,489)	-
Purchase of property and equipment	(1,515,255)	(1,845,572)
Net cash used in investing activities	<u>(3,780,744)</u>	<u>(1,845,572)</u>
Cash flows used financing activities:		
Principal payments of debt	(253,452)	(240,862)
Stock issued for options exercised	-	20,153
Net cash used in financing activities	<u>(253,452)</u>	<u>(220,709)</u>
Net increase in cash	553,771	(809,015)
Cash and restricted cash, beginning of period	18,040,827	18,849,842
Cash and restricted cash, end of period	<u>\$ 18,594,598</u>	<u>\$ 18,040,827</u>
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 224,698	\$ 5,505,793
Interest paid	\$ 234,268	\$ 241,838

See accompanying notes to financial statements.

VirTra, Inc.
Notes to Financial Statements

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, firearms training simulators and driving 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. In September 2001, Ferris Productions, Inc. merged with GameCom, Inc. to ultimately become VirTra, Inc., a Nevada corporation.

Basis of Presentation

The Company’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

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 credit losses and notes receivable, inventory reserves, accrual for warranty reserves, the carrying value of long-lived assets and intangible 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.

Revision of Previously Issued Financial Statements

In connection with the preparation of the Company’s 2025 financial statements, management identified an immaterial error in the previously issued 2023 financial statements related to the currency designation of a single Canadian sales transaction. The transaction was incorrectly recorded in Canadian dollars rather than US dollars, resulting in a \$498,000 overstatement of revenue, net income, and retained earnings for the year ended December 31, 2023.

Management evaluated the error under SAB Topic 1.M (SAB 99) and SAB Topic 1.N (SAB 108) and concluded that the error was not material to the previously issued financial statements. Accordingly, the Company has revised the comparative 2023 financial statements presented herein to correct the error. The \$498,000 adjustment represents approximately 4.7% of ending retained earnings for 2023, and therefore does not give rise to a material misstatement under either the rollover or iron-curtain methods.

During the prior year, the Company recorded an immaterial revision related to the timing of revenue recognition for certain customer shipments, which resulted in an increase of approximately \$747,977 in revenue for 2023. This prior-year revision was solely timing-related and affected only the period-to-period allocation of revenue; it did not impact cumulative net income or retained earnings. As a result, the prior-year revision did not increase the magnitude of the 2023 correction under the aggregation guidance in SAB 108. After considering both items, the net topside adjustment to the Company’s 2023 financial statements was a reduction of approximately \$249,840.

After giving effect to both items, the only permanent impact to retained earnings is the \$498,000 adjustment related to the CAD currency designation error. No other periods were materially affected.

VIRTRA, INC.
STATEMENTS OF OPERATIONS

	<u>12/31/2023 as reported</u>	<u>Topside adjustment</u>	<u>12/31/2023 as restated</u>
Revenues:			
Net sales	\$ 38,043,360	249,840	\$ 38,293,200
Total revenue	38,043,360	249,840	38,293,200
Cost of sales	11,378,264	-	11,378,264
Gross profit	26,665,096	249,840	26,914,936
Operating expenses:			
General and administrative	14,235,194	-	14,235,194
Research and development	2,794,314	-	2,794,314
Net operating expense	17,029,508	-	17,029,508
Income from operations	9,635,588	249,840	9,885,428
Other income (expense):			
Other income/Expense	888,464	-	888,464
Other (expense) income	(302,382)	-	(302,382)
Net other income	586,082	-	586,082
Income before provision for income taxes	10,221,670	249,840	10,471,510
Provision for income taxes	1,818,812	-	1,818,812
Net income	\$ 8,402,858	\$ 249,840	\$ 8,652,698

For the Year Ending December 31, 2024 (Restated)

	Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid in Capital	Earnings	
Balance, December 31, 2023	-	\$ -	11,107,230	\$ 1,109	\$ 31,957,765	\$ 10,912,833	\$ 42,871,707
Stock options exercised	-	-	2,500	1	10,749	-	10,750
Stock reserved for future services	-	-	-	-	139,999	-	139,999
Net income	-	-	-	-	-	468,196	468,196
Balance, March 31, 2024	-	-	11,109,730	1,110	32,108,513	11,381,029	43,490,652
Stock options exercised	-	-	2,500	1	9,400	-	9,401
Stock reserved for future services	-	-	-	-	212,004	-	212,004
Net income	-	-	-	-	-	1,200,728	1,200,728
Balance, June 30, 2024	-	-	11,112,230	1,111	32,329,917	12,581,757	44,912,785
RSUs issued (stock for services)	-	-	130,695	13	-	-	13
Stock reserved for future services	-	-	-	-	156,002	-	156,002
Net income	-	-	-	-	-	583,101	583,101
Balance, September 30, 2024	-	-	11,242,925	1,124	32,485,919	13,164,858	45,651,901
RSUs issued (stock for services)	-	-	12,784	1	-	-	1
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Net income	-	-	-	-	-	(888,344)	(888,344)
Balance, December 31, 2024	-	\$ -	\$ 11,255,709	\$ 1,125	\$ 32,915,112	\$ 12,276,514	\$ 45,192,751

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.

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 expended)
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 substantially 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.

	Twelve Months Ended December 31							
	2025				2024			
	Commercial	Government	International	Total	Commercial	Government	International	Total
Simulators and accessories	\$ 203,168	\$ 8,137,815	\$ 3,679,887	\$ 12,020,870	\$ 237,761	\$ 11,154,431	\$ 2,534,788	\$ 13,926,980
Extended Service-type warranties	146,086	3,565,430	119,894	3,831,410	115,192	3,988,953	51,404	4,155,549
Customized software and content	-	82,202	101,831	184,033	15,420	436,737	256,216	708,373
Installation and training	7,875	660,802	207,220	875,897	7,683	797,344	118,909	923,936
Design & Prototyping	-	1,300,415	-	1,300,415	-	2,823,453	-	2,823,453
STEP	24,670	4,040,430	124,463	4,189,563	-	3,650,579	161,949	3,812,528
Total Revenue	\$ 381,799	\$ 17,787,094	\$ 4,233,295	\$ 22,402,188	\$ 376,056	\$ 22,851,500	\$ 3,123,266	\$ 26,350,819

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 year ended December 31, 2025, governmental customers comprised \$17,787,094, or 79% of total net sales, commercial customers comprised \$381,799 or 2% of total net sales and international customers comprised \$4,233,295 or 19% of total net sales. By comparison, for the year ended December 31, 2024, governmental customers comprised \$22,851,500, or 87% of total net sales, commercial customers comprised \$376,056 or 1% of total net sales and international customers comprised \$3,123,266, or 12% of total net sales. For the years ended December 31, 2025, and 2024, the Company recorded \$4,189,563 and \$3,812,528, respectively, in STEP revenue, or 19% 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 ask for content related directly to their situations that we design and film or specific software request for there 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.

Sale of product	2025	2024
Simulators and accessories	\$ 12,020,870	\$ 13,926,980
Extended Service-type warranties	3,831,410	4,155,549
Customized software and content	184,033	708,373
Installation and training	875,897	923,936
Design & Prototyping	1,300,415	2,823,453
STEP	4,189,563	3,812,528
Total consolidated	\$ 22,402,188	\$ 26,350,819
Depreciation and amortization	2025	2024
Simulators and accessories	\$ 283,613	\$ 376,835
Extended Service-type warranties	-	35,681
Customized software and content	997	7,079
Installation and training	-	7,933
Design & Prototyping	215,040	100,727
STEP	533,245	481,184
Corporate	729,573	127,373
Total consolidated	\$ 1,762,468	\$ 1,136,812

Segment income (loss)	2025	2024
Simulators and accessories	\$ 6,189,162	\$ 8,446,180
Extended Service-type warranties	4,376,260	4,598,386
Customized software and content	633,710	708,373
Installation and training	63,097	106,095
Design & Prototyping	284,078	2,189,402
STEP	3,656,318	3,364,079
Corporate	(14,944,179)	(18,048,834)
Total	\$ 258,446	\$ 1,363,681
Expenditures for segment assets	2025	2024
Simulators and accessories	\$ 24,296	\$ 1,165,526
Extended Service-type warranties	-	-
Customized software and content	2,265,489	-
Installation and training	-	-
Design & Prototyping	442,669	338,212
STEP	334,601	320,484
Corporate purchases	\$ (12,815)	\$ 21,349
	3,054,240	1,845,571
Segment assets	2025	2024
		(Restated)
Simulators and accessories	\$ 22,222,945	\$ 26,578,251
Extended Service-type warranties	-	-
Customized software and content	466,244	281,303
Installation and training	-	-
Design & Prototyping	209,007	1,121,225
STEP	1,123,128	939,330
Corporate Assets	\$ 41,115,260	\$ 36,034,840
	65,136,584	64,954,949

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 a current liability and for the items that will be delivered or converted in to revenue later than one year it is recorded to a long term liability under deferred revenue on the accompanying balance sheet for short term totaled \$4,523,690 and \$3,755,187 on December 31, 2025, and 2024 respectively and \$128,790 for long term on December 31, 2025. 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 \$2,838,048 and \$2,600,129 on December 31, 2025, and 2024, respectively. Deferred revenue for separately priced extended warranties longer than one year totaled \$1,784,603 and \$2,207,950 on December 31, 2025, and 2024, respectively. The accrual for the one-year manufacturer’s warranty liability totaled \$189,000 and \$212,000 on December 31, 2025, and 2024, respectively. During the years ended December 31, 2025, and 2024, the Company recognized revenue of \$3,831,410 and \$4,155,549, 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 periods 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 sixty 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 4-year history of providing this service and additional revenue stream, the Company currently has a cancellation rate of 7%.

Fair Value Measurements

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of input that may be used to measure fair value as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimate of assumptions that market participants would use in pricing the asset or liability.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, certificates of deposit, accounts receivable, accounts payable, notes payable and accrued liabilities. The carrying amount of cash and cash equivalents, receivable, payables and accruals approximates fair value due to the short-term nature of these items. The notes payable also approximate fair value based on evaluations of market interest rates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of 90 days or less at the time of purchase to be cash equivalents.

Certificates of Deposit and Mutual Funds

The Company invests its excess cash in certificates of deposit and money market mutual funds issued by financial institutions with high credit ratings. The certificates of deposit generally have an average maturity of approximately six months and are subject to penalties for early withdrawal. The money market mutual funds are open-ended and can be withdrawn at any time without penalty.

Accounts and Allowance for Credit Losses

The Company recognizes an allowance for losses on accounts receivable based on an analysis of historical bad debt experience, current receivables aging, and expected future write-offs, as well as an assessment of specific identifiable customer accounts considered at risk or uncollectible. Accounts receivable does not bear interest and are charged off after all reasonable collection efforts have been taken. The Company maintained an allowance for credit losses of \$116,381 and \$177,056 on December 31, 2025, and 2024, respectively.

Inventory

Inventory is stated at the lower of cost or net realizable value with cost being determined on the average cost method. Work in progress and finished goods inventory includes an allocation for capitalized labor and overhead. The Company routinely evaluates the carrying value of inventory for slow moving and potentially obsolete inventory and, when appropriate, will record an adjustment to reduce inventory to its estimated net realizable value. Inventory reserves were \$427,603 and \$487,371 on December 31, 2025, and 2024, respectively.

Property and Equipment

Property and equipment are carried at cost, net of depreciation. Gains or losses related to retirements or disposition of fixed assets are recognized in operations in the period incurred. Costs of normal repairs and maintenance are charged to expense as incurred, while betterments or renewals are capitalized. Depreciation commences at the time the assets are placed in service or for STEP equipment under agreements, when the equipment is made available for use by the customer. Depreciation is provided using the straight-line method over the estimated economic lives of the assets or for leasehold improvements, over the shorter of the estimated useful life or the remaining lease term. For STEP equipment under agreements, depreciation is provided using the straight-line method over the sixty-month maximum useful life instead of the remaining agreement term. Estimated useful lives are summarized as follows:

Computer equipment	3-5 years
Furniture and office equipment	5-7 years
Leased STEP equipment	5 years
Leasehold improvements	7 years
Building	39.5 years
Building Improvements	7 years

Intangible Assets

Intangible assets at December 31, 2025 and 2024 consist of capitalized patent costs, media content, and capitalized development costs for our proprietary VXR software platform. Patent amortization is calculated using the straight-line method over their estimated remaining useful lives of approximately 16 years. Media content is amortized on a straight-line basis over its weighted-average remaining useful life of 15 years. Capitalized VXR development costs are amortized using the straight-line method over a five-year useful life, and management evaluates these assets annually for indicators of impairment to ensure the carrying value remains appropriate.

Cost of Products Sold

Cost of products sold includes all manufacturing-related costs, such as materials, labor, travel, and overhead associated with the production of finished goods, component manufacturing, installation services, and other service-related activities. Cost of products sold also includes depreciation of STEP contract fixed assets. In addition, research and development costs and sustainment labor directly related to the creation or enhancement of products, but that do not result in a separately identifiable intangible asset with future carrying value are expensed as incurred and included in cost of products sold. Shipping costs incurred for the delivery of products to customers are also included in cost of products sold

Advertising Costs

Costs associated with advertising are expensed as incurred. Advertising expenses were \$156,155 and \$239,285 for the years ended December 31, 2025 and 2024, respectively. These costs include domestic and international trade shows, websites, and sales promotional materials.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development costs primarily include expenses, including labor, directly related to research and development support. Research and development expenses were \$2,383,595 and \$3,003,302 for the years ended December 31, 2025 and 2024, respectively. The decrease in research and development costs in 2025 was primarily attributable to the capitalization of certain significant development initiatives rather than expensing those costs as incurred. The Company continues to invest in new product offerings and innovative ideas to enhance and expand its product portfolio.

Legal Costs

Legal costs relating to loss contingencies are expensed as incurred. See Note 10. Commitments and Contingencies.

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 \$18,094,598 and \$17,540,827 on December 31, 2025 and 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.

As of December 31, 2025, the Company had two customers that accounted for 31% and 14% of gross accounts receivable. As of December 31, 2024, the Company had two customers that accounted for 22% and 14% of total accounts receivable.

As of December 31, 2025, the Company no single customer that accounts for more than 10% of the annual revenue. As of December 31, 2024, the Company had one customer that accounted for 11% of the total revenue

Income Taxes

Deferred tax assets and liabilities are recorded based on the difference between the financial statement and the tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company calculates a provision for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized by identifying the temporary differences arising from the different treatment of items for tax and accounting purposes. In determining the future tax consequences of events that have been recognized in financial statements or tax returns, judgment and interpretation of statutes are required.

In assessing realizable deferred tax assets, management assesses the likelihood that deferred tax assets will be recovered from future taxable income, and to the extent that recovery is not likely or there is insufficient operating history, a valuation allowance is established. The Company adjusts the valuation allowance in the period management determines it is more likely than not that net deferred tax assets will or will not be realized. After review of the deferred tax asset and valuation allowance in accordance with ASC 740, management determined that it is more likely than not that the Company will fully realize all its deferred tax asset and no valuation allowance was recorded on December 31, 2025 and 2024.

The Company did not recognize any assets or liabilities relative to uncertain tax positions on December 31, 2025 and 2024. Interest or penalties, if any, will be recognized in income tax expense. Since there are no significant unrecognized tax benefits because of tax positions taken, there are no accrued penalties or interest. Tax positions are positions taken in a previously filed tax return or positions expected to be taken in a future tax return that are reflected in measuring current or deferred income tax assets and liabilities reported in the financial statements.

The Company receives tax benefits, only if it is more likely than not that the Company will be able to sustain the tax return position, based on its technical merits. If a tax benefit meets this criterion, it is measured and recognized based on the largest amount of benefit that is cumulatively greater than 50% likely to be realized. Management does not believe that there are any uncertain tax positions on December 31, 2025 or 2024.

The Company is potentially subject to tax audits for its United States federal and various state income and excise tax returns for tax years between 2018 and 2025; however, earlier years may be subject to audit under certain circumstances. Tax audits by their very nature are often complex and can require several years to complete.

Impairment of Long-Lived Assets

Long lived assets, such as equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the asset. On December 31, 2025 and 2024, the Company concluded that there has been no indication of impairment to the carrying value of its long-lived assets. As such, no impairment has been recorded.

Stock Based Compensation

The Company measures the cost of awards of equity instruments based on the grant date fair value of the awards. The Company calculates the fair value of stock-based awards using the Black-Scholes-Merton option pricing valuation model, which incorporates various assumptions including volatility, expected term and risk-free interest rates. See Note 10. Commitments and Contingencies and Note 12. Stockholders' Equity regarding stock-based awards made during the year ended December 31, 2025 and 2024.

The expected term of the options is the estimated period of time until exercise and was determined using an average of vesting and contractual terms, as we did not have sufficient historical experience of similar awards. The risk-free interest rate is based on the implied yield available on United States Treasury zero-coupon issues with an equivalent remaining term. The Company has not paid dividends in the past and does not plan to pay any dividends in the near future. The estimated fair value of stock-based compensation awards and other options is amortized to expense on a straight-line basis over the relevant vesting period. The Company has elected to recognize forfeitures as they occur rather than estimating them at the time of grant.

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:

	Year Ended December 31,	
	2025	2024
Net Income (Loss)	\$ 258,446	\$ 1,363,681
Weighted average common stock outstanding	11,272,483	11,162,917
Incremental shares from stock options	-	-
Weighted average common stock outstanding, diluted	11,272,483	11,162,917
Net Income (Loss) per common share and common equivalent share		
Basic	\$ 0.02	\$ 0.12
Diluted	\$ 0.02	\$ 0.12

Note 2. Inventory

Inventory consisted of the following as of:

	December 31, 2025	December 31, 2024
Raw materials, WIP, finished goods and Materials being inspected	\$ 13,487,627	\$ 15,070,771
Reserve	(427,603)	(487,371)
Total Inventory	\$ 13,060,024	\$ 14,583,400

Note 3. Deferred Contract Costs

	31-Dec-25	31-Dec-24
Deferred Contract Costs - Short Term	\$ 310,673	\$ -
Deferred Contract Costs - Long Term Adjustment	161,047	-
Annual expense	(97,345)	-
Total Short-Term Contract	\$ 374,375	\$ -
Deferred Contract Costs - Long Term	738,368	-
Deferred Contract Costs - Short Term Adjustment	(161,047)	-
Annual expense	(88,626)	-
Total Long-Term Contract	\$ 488,695	\$ -

During the year ended December 31, 2025, the Company entered into a customer agreement that includes development services and a three-year step-priced arrangement. The consideration under the agreement is structured to recover development and other fulfillment costs over the full contract term. In accordance with ASC 340-40, the Company capitalized costs incurred that (i) relate directly to the contract, (ii) generate or enhance resources that will be used in satisfying performance obligations in future periods, and (iii) are expected to be recovered through the transaction price. Capitalized costs primarily include internal and third-party development labor and materials.

Deferred contract costs are amortized on a systematic basis consistent with the pattern of transfer of the related services, which the Company currently estimates to be over the three-year contractual term. The Company evaluates deferred contract costs for impairment each reporting period.

At December 31, 2025 and 2024, deferred contract costs totaled \$863,070 and \$0, respectively, of which \$374,375 and \$0 were classified as current. Amortization expense recognized in cost of revenues was \$185,971 and \$0 for the years ended December 31, 2025 and 2024, respectively. No impairment losses were recognized during the periods presented.

Note 4. Property and Equipment

Property and equipment consisted of the following as of:

	December 31, 2025	December 31, 2024
Land	\$ 1,778,987	\$ 1,778,987
Building & Building Improvements	11,595,706	11,523,813
Computer equipment	995,220	1,301,700
Furniture and office equipment	363,136	349,669
Machinery and equipment	4,835,717	4,368,752
STEP equipment	2,896,376	2,561,775
Leasehold improvements	340,703	336,763
Construction in Progress	204,365	-
Total property and equipment	23,010,210	22,221,459
Less: Accumulated depreciation and amortization	(6,741,810)	(6,016,796)
Property and equipment, net	\$ 16,268,400	\$ 16,204,663

Depreciation expenses, including STEP depreciation, were \$1,451,515 and \$1,127,921 for the years ended December 31, 2025 and 2024, respectively.

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 (Note 7). The Property consists of approximately 4.3 acres and an industrial building of approximately 76,650 square feet. The Company moved all of its operations and headquarters to the Property during 2022.

The fair value of the in-place leases is the estimated cost to replace the leases (including loss of rent, estimated commissions and legal fees paid in similar leases). The capitalized in-place leases are amortized over the remaining term of the leases as amortization expense. The fair value of the above or below market lease is the present value of the difference between the contractual amount to be paid pursuant to the in-place lease and the estimated current market lease rate expected over the remaining non-cancellable life of the lease. The capitalized above or below market lease values are amortized as a decrease or increase to the rental income over the remaining term of the lease.

	<u>December 31, 2021</u>
Land	\$ 1,778,987
Building and building improvements	8,937,050
Acquired Lease Intangible Assets	<u>83,963</u>
Total Purchase Price	<u>\$ 10,800,000</u>

Note 5. Intangible Assets

Intangible assets consisted of the following as of:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Patents	\$ 160,000	\$ 160,000
Capitalized media content	451,244	451,244
Capitalized software	<u>2,265,489</u>	<u>-</u>
Total intangible assets	<u>2,876,733</u>	<u>611,244</u>
Less accumulated amortization	<u>(363,547)</u>	<u>(52,593)</u>
Intangible assets, net	<u>\$ 2,513,186</u>	<u>\$ 558,651</u>

Amortization expense was \$310,953 and \$8,891 for the years ended December 31, 2025 and 2024, respectively. The weighted average remaining period is 7 years.

Note 6. Leases

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.

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 generally 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.

Effective June 1, 2022, the Company obtained a right-of-use asset in exchange for a new operating lease liability in the amount 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.

Balance Sheet Classification	December 31, 2025	December 31, 2024
Assets		
Operating lease right-of-use assets, December 31, 2024	\$ 437,095	\$ 716,687
Amortization for the twelve months ended December 31, 2025	(168,222)	(279,592)
Total operating lease right-of-use asset, December 31, 2025	<u>\$ 268,873</u>	<u>\$ 437,095</u>
Liabilities		
Current		
Operating lease liability, short-term	\$ 196,311	\$ 192,410
Non-current		
Operating lease liability, long-term	89,053	265,111
Total lease liabilities	<u>\$ 285,364</u>	<u>\$ 457,521</u>

Future minimum lease payments as of December 31, 2025, under non-cancellable operating leases are as follows:

	2026	\$	196,311
	2027		99,382
Total Lease Payments			295,693
Less: imputed interest			(10,329)
Operating Lease Liability		\$	<u>285,364</u>

The Company had a deferred rent liability of \$0 on December 31, 2025, and 2024, relative to the increasing future minimum lease payments. Rent expenses for the years ended December 31, 2025, and 2024 were \$193,655 and \$497,393, respectively. As VirTra only has one lease agreement the weighted average remaining lease term is 1.5 years and the average discount rate of that lease is 4.5%

Note 7. Accrued Expenses

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salaries and wages payable	\$ 122,529	\$ 545,592
Employee benefits payable	43,608	34,125
Accrued paid time off (PTO)	295,293	322,406
Profit sharing payable	-	351,421
Total accrued compensation and related costs	<u>\$ 461,430</u>	<u>\$ 1,253,544</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Manufacturer's warranties	\$ 189,000	\$ 212,000
Taxes payable	788,116	-
Miscellaneous payable	219,449	445,114
Total accrued expenses and other current liabilities	<u>\$ 1,196,565</u>	<u>\$ 657,114</u>

Note 8. 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.

The note payable amounts consist of the following:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Short-term liabilities		
Note payable, principal	\$ 215,037	\$ 218,890
Accrued interest to date	12,717	11,897
Note Payable, short-term	<u>\$ 227,754</u>	<u>\$ 230,787</u>
Long-term liabilities		
Note payable, principal	\$ 7,314,085	\$ 7,567,536
Note payable, long term	<u>\$ 7,314,085</u>	<u>\$ 7,567,536</u>

Future minimum Note payments as of December 31, 2025, are as follows:

2026	\$	266,256
2027		274,469
2028		282,343
2029		291,644
2030		300,639
Future		6,126,488
	\$	<u>7,541,839</u>

Note 9. Related Party Transactions

In the fourth quarter of 2025, the Company paid Vialytix, LLC, a company owned by the CEO, John Givens and his wife Michelle Givens, \$62,525 for licenses to a software product developed by Vialytix. The software product, which collects, evaluates, and analyzes simulation data, is modified and integrated by the Company with its product offerings in a format that allows users to increase training and manage budgets. The Company believes that integration of the software with its product offerings provides a customer-desired enhancement and improves the Company's position against its competitors. Mr. Givens had commenced development of the software product prior to joining the Company as an officer in May 2022, and Vialytix and the Company entered into a cooperative agreement in November 2023.

Note 10. Commitments and Contingencies

Litigation

There is no pending litigation at this time. However, the Company settled two minor claims, one of which was disclosed and expensed in 2024 as a subsequent event, where the settlement and payment of \$275,000 was made in 2025. The other claim was settled and paid in 2025 in the amount of \$66,500. Both claims were related to our legacy lease agreement.

Employment Agreements

On May 2, 2022, VirTra, Inc. announced the appointment of John F. Givens II as its co-Chief Executive Officer, effective April 11, 2022. Mr. Givens has been serving as a director of VirTra since November 2020. VirTra agreed to pay Mr. Givens an initial annual base salary of \$298,990, subject to annual review. VirTra issued Mr. Givens a signing bonus of 64,815 shares of common stock which were restricted from transfer until the earlier of: i) 12 months of employment having lapsed or ii) the Company terminating employment with Mr. Givens without cause. Mr. Givens was granted 288,889 Restricted Stock Units, to be awarded based on the achievement of certain performance goals over the next three years.

The Company entered into a three-year employment agreement with Mr. Givens effective September 6, 2024 that provides for an annual base salary of \$360,499, subject to increases based on the cost of living at a minimum. The agreement automatically extends for additional periods of one year. The salary shall be reviewed annually with upward adjustments each year applying the same percentage increase approved for Company-wide cost-of-living adjustments. The employment agreement entitles Mr. Givens to an annual cash bonus if so determined by VirTra's Board of Directors. In addition, the agreement entitles Mr. Givens to participate in any equity incentive plan adopted by the Company.

Restricted Stock Units

In December 2025, the Chief Financial Officer was awarded 5,000 shares (prior to deduction of 1,722 shares to pay tax withholding) for a total of 3,278 shares of common stock upon settlement of restricted stock units.

In August 2025, a single employee was granted 10,000 shares (prior to deduction of 3,376 shares to pay tax withholding) for a total issuance of 6,624 shares of common stock upon settlement of restricted stock units pursuant to his employment agreement.

In September 2025, the Chief Executive Officer was issued 25,000 shares (prior to the deduction of 20,105 shares to pay tax withholding) for a total issuance of 14,895 shares upon settlement of restricted stock units.

In October 2025, the non-employee members of the Board of Directors were issued a total of 17,500 shares as compensation for their service on the Board.

In April 2025, a single employee was granted 2,188 shares (prior to deduction of 809 shares to pay tax withholding) for a total issuance of 1,379 shares of common stock upon settlement of restricted stock units pursuant to his employment 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 only to active employees. For the year ended December 31, 2025 it was determined that because there was no significant net income in 2025, there would be no profit share. The only item is a relief of the profit share accrual from the prior year for amounts not paid out. For December 31, 2024, the amount expensed to operations was \$216,255.

Note 11. Income Taxes

The Company accounts for its deferred tax assets and liabilities, including excess tax benefits of share-based payments, based on the tax ordering of deductions to be used on its tax returns. The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities for the years ended December 31 is as follows:

	Year Ending December 31	
	2025	2024
Deferred Tax Assets:		
Net Operating Loss Carry Forwards	\$ 2,090,454	\$ -
Tax Credits	1,225,923	729,111
Deferred Revenue	570,408	1,488,641
Stock Compensation	12,713	230,617
Reserves, Accrual and Other	241,270	281,995
Intangibles	1,035,153	1,726,212
Right of Use Liability	70,204	112,567
Total Deferred Tax Assets	\$ 5,246,125	\$ 4,569,143
Deferred Tax Liabilities:		
Fixed Assets	\$ (863,076)	\$ (641,880)
Right of Use Asset	(66,146)	(107,543)
Inventory Capitalization	(181,440)	(224,146)
Total Deferred Tax Liabilities	\$ (1,110,662)	\$ (973,569)
Valuation Allowance	-	-
Net Deferred Taxes	\$ 4,135,463	\$ 3,595,574

Internal Revenue Code Section 382 limits the ability to utilize net operating losses if a 50% change in ownership occurs over a three-year period. The Company does not believe that such a limitation of the net operating losses has occurred.

Significant components of the provision (benefit) for income tax for the years ended December 31 are as follows:

	2025	2024
Current	\$ (158,161)	\$ 853,256
Deferred	46,903	34,030
Change in valuation allowance	-	-
Provision (benefit) for income taxes	\$ (111,258)	\$ 887,286

The Company is subject to federal and state taxes. Reconciliations of the Company's effective income tax rate to the federal statutory rate for the years ended December 31 are as follows:

	2025	2024
Federal income tax expense at the statutory rate	21.0%	21.0%
State income taxes, net of federal benefit	33.9%	0.2%
Research credits	56.2%	(11.4)%
Permanent differences	(13.7)%	(5.6)%
Prior period revenue adjustment	-	5.9%
Other	(54.7)%	3.5%
Expiration of stock option compensation	-	10.7%
Inventory tax capitalization method change	9.5%	9.8%
Change in valuation allowance	-	0.0%
Provision (benefit) for income taxes	52.2%	34.1%

Note 12. Stockholders' Equity

Authorized Capital

Common Stock

Authorized Shares. The Company is authorized to issue 60,000,000 shares of common stock, par value \$0.0001 per share, of which (a) 50,000,000 shares shall be common stock, par value \$0.0001, (b) 2,500,000 shares shall be Class A common stock, par value \$0.0001 per share (the "Class A Common Stock"), and (c) 7,500,000 shares shall be Class B common stock, par value \$0.0001 per share (the "Class B Common Stock"). No shares of Class A Common Stock or Class B Common Stock have been issued.

Rights and Preferences. Voting Rights. Except as otherwise required by the Nevada Revised Statutes or as provided by or pursuant to the provisions of the Company's articles of incorporation:

(i) Each holder of common stock shall be entitled to one (1) vote for each share of common stock held of record by such holder. The holders of shares of common stock shall not have cumulative voting rights.

(ii) Each holder of Class A Common Stock shall be entitled to ten (10) votes for each share of Class A Common Stock held of record by such holder. The holders of shares of Class A Common Stock shall not have cumulative voting rights.

(iii) The holders of common stock and Class A Common Stock shall vote together as a single class on all matters on which stockholders are generally entitled to vote.

(iv) The holders of Class B Common Stock shall not be entitled to vote on any matter, except that the holders of Class B Common Stock shall be entitled to vote separately as a class with respect to amendments to the Articles of Incorporation that increase or decrease the aggregate number of authorized shares of such class, increase or decrease the par value of the shares of such class, or alter or change the powers, preferences, or special rights of the shares of such class so as to affect them adversely.

Preferred Stock

Authorized Shares. The Company is authorized to issue 2,500,000 shares of preferred stock, par value \$0.0001 per share (the "Preferred Stock").

Rights and Preferences. The Board of Directors is authorized at any time, and from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, and to determine the designations, preferences, limitations and relative or other rights of the Preferred Stock or any series thereof.

Treasury Stock

During the years ended December 31, 2025 and 2024, the Company purchased no treasury shares.

Non-qualified Stock Options

The Company has periodically issued non-qualified stock options to key employees, officers and directors under a stock option compensation plan approved by the Board of Directors in 2009. Terms of option grants are at the discretion of the Board of Directors and are generally seven years. Upon the exercise of these options, the Company expects to issue new authorized shares of its common stock. The following table summarizes all non-qualified stock options as of:

	December 31, 2025		December 31, 2024	
	Number of Stock Options	Weighted Exercise Price	Number of Stock Options	Weighted Exercise Price
Options outstanding, beginning of year	-	\$ -	15,000	\$ 4.03
Granted	-	-	-	-
Redeemed	-	-	(10,000)	3.76
Exercised	-	-	(5,000)	3.76
Expired / terminated	-	-	-	-
Options outstanding, end of year	-	\$ -	-	\$ -
Options exercisable, end of year	-	\$ -	-	\$ -

2017 Equity Incentive Plan

On August 23, 2017, our Board approved, subject to stockholder approval at the annual meeting of stockholders on October 6, 2017, the VirTra, Inc. 2017 Equity Incentive Plan (the "Equity Plan"). The Equity Plan is intended to make available incentives that will assist us in attracting, retaining and motivating employees, including officers, consultants and directors. We may provide these incentives through the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and units and other cash or stock-based awards.

A total of 1,187,500 shares of our common stock were initially authorized and reserved for issuance under the Equity Plan. This reserve automatically increased on January 1, 2019, and each subsequent anniversary through 2027, by an amount equal to the smaller of (a) 3% of the number of shares of common stock issued and outstanding on the immediately preceding December 31, or (b) an amount determined by the Board.

Awards may be granted under the Equity Plan to our employees, including officers, directors or consultants or those of any present or future parent or subsidiary corporation or other affiliated entity. All awards will be evidenced by a written agreement between us and the holder of the award and may include any of the following: stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and performance units and cash-based awards and other stock-based awards.

For the years ended December 31, 2025 and 2024, there were no options issued under the Equity Plan.

Common stock activity

In December 2025, the Chief Financial Officer was awarded 5,000 shares (prior to deduction of 1,722 shares to pay tax withholding) for a total of 3,278 shares of common stock upon settlement of restricted stock units.

In August 2025, a single employee was granted 10,000 shares (prior to deduction of 3,376 shares to pay tax withholding) for a total issuance of 6,624 shares of common stock upon settlement of restricted stock units pursuant to his employment agreement.

In September 2025, the Chief Executive Officer was issued 25,000 shares (prior to the deduction of 20,105 shares to pay tax withholding) for a total issuance of 14,895 shares upon settlement of restricted stock units.

In October 2025, the non-employee members of the Board of Directors were issued a total of 17,500 shares as compensation for their service on the Board.

In April 2025, a single employee was granted 2,188 shares (prior to deduction of 809 shares to pay tax withholding) for a total issuance of 1,379 shares of common stock upon settlement of restricted stock units pursuant to his employment agreement.

Note 13. Subsequent Events

The two subsequent events that occurred was the resignation of Board member Jeffrey Brown and the appointment of Grant Barber to fill the vacancy, along with the purchase agreement signed for the Orlando office

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

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 annual report on Form 10-K. Based on this evaluation, our principal executive officers and principal financial officer concluded that as of December 31, 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.

Internal control over financial reporting

Management’s annual report on internal control over financial reporting

Our management, including our principal executive officers and principal financial officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our management, with the participation of our principal executive officers and principal financial officer, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2025. Our management’s evaluation of our internal control over financial reporting was based on the 2013 framework in Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that as of December 31, 2025, our internal control over financial reporting was not effective. This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm pursuant to the rules of the SEC for emerging growth companies.

The ineffectiveness of our internal control over financial reporting was due to the following material weaknesses which we identified in our internal control over financial reporting: (i) the lack of multiple levels of management review on complex business, accounting and financial reporting issues, and (ii) we had not implemented adequate system and manual controls. Until such time as we expand our staff to include additional accounting and executive personnel and accounting systems and procedures, it is likely we will continue to report material weaknesses in our internal control over financial reporting.

A material weakness is a deficiency or a combination of control deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Limitations on Effectiveness of Controls

Our principal executive officers and principal financial officer do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additional controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Controls over Financial Reporting

There were changes to our internal control over financial reporting during the year ended December 31, 2025. During the year, we implemented enhancements to our control environment, including the formalization of review and documentation procedures for key workflows, expanded ERP system training, additional costing analyses, and enhanced revenue review procedures. These improvements strengthened the operation and effectiveness of our controls in the current year

However, because these improvements were implemented after the occurrence of an issue originating in a prior period, they did not remediate that historical issue. Accordingly, although the enhanced controls effectively addressed all current-year matters, the previously identified material weakness (or control limitation) remains in place until we are able to demonstrate sustained operating effectiveness over a sufficient period.

ITEM 9B. OTHER INFORMATION.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Board of Directors and Executive Officers

The following table sets forth the names, positions and ages of our current directors and executive officers. Each director is elected at our annual meeting of stockholders and holds office for one year, or until his successor is elected and qualified. Officers are elected by our Board of Directors and their terms of office are at the discretion of our Board.

Name	Age	Position/Title
John F. Givens II	61	Board Chair and Chief Executive Officer and Director
Alanna Boudreau	46	Chief Financial Officer
Gregg C.E. Johnson	61	Director
Michael T. Ayers	62	Director
Lt. Gen.(R) Maria R. Gervais	60	Director
Grant A. Barber	66	Director

Biographical information concerning the directors and executive officers listed above is set forth below:

John F. Givens II.

Mr. Givens has served as Chief Executive Officer of the Company since August 2023 and as Chair of the Board since July 2024. He previously served as Co-Chief Executive Officer beginning April 11, 2022, and has been a member of the Company's Board of Directors since November 2, 2020.

Mr. Givens brings more than 25 years of experience as a board member, entrepreneur, and corporate executive, with a focus on defense, simulation, and training technologies. In 2010, Mr. Givens founded the U.S. operations of BISim and, as President, led the organization from initial formation through product development and commercialization.

Mr. Givens has received numerous awards and recognitions, including appointment to the Board of Directors of the National Center for Simulation and receipt of the "Pioneer Award" for outstanding contributions to the training and effectiveness of U.S. and allied military personnel. He holds a Bachelor of Science degree in Computer Science from the Florida Institute of Technology and served honorably in the United States Army.

The Company believes that Mr. Givens' experience as a founder and executive in the simulation industry, along with his background in business development, technology, and leadership, provide valuable skills and perspectives that qualify him to serve as Chief Executive Officer and Chair of the Board.

Alanna Boudreau. Ms. Boudreau was appointed as our Chief Financial Officer as of December 2022. She brings over 20 years of experience in managerial, financial and operating functions, most recently serving as group controller for the 600 Group PLC (AIM: SIXH), a publicly listed U.K.-based global industrial laser company. At The 600 Group, she oversaw all accounting activities for a business with over \$30 million of revenues that included two manufacturing plants and offices in Orlando, Florida and United Kingdom. Prior to The 600 Group, Boudreau was an Accounting Manager at Advent Health, a leading U.S.-based nonprofit health care company, where she oversaw accounting functions for 12 locations. Boudreau graduated Summa Cum Laude from the New York Institute of Technology, receiving a Bachelor of Science in Business Administration. She received an MBA from the University of Phoenix.

Gregg C.E. Johnson. Mr. Johnson has served as a director of our Company since November 2022. He received his law degree in 1988 from Osgoode Hall Law School in Toronto, Canada, and was admitted as a lawyer in Alberta in 1989. He also has extensive experience in corporate compliance and senior management of high-growth entrepreneurial companies. Since October 2021, Mr. Johnson has been the chief executive officer of Serenus Global Inc., a privately held fast growing medical company based in Tempe, Arizona and Calgary, Alberta. From January 2017 to November 2021, he was the chief executive officer of Upeva, Inc., which provided business advisory services pertaining to capital markets, corporate finance, mergers and acquisitions, crowdfunding, and NASDAQ compliance. Mr. Johnson was the primary advisor to our board on our successful effort to list our stock on NASDAQ as well as a member of VirTra's Advisory Board. He has served as corporate secretary and a director of Vivos Therapeutics, Inc. (Nasdaq: VVOS), a company which focuses on the development and commercialization of innovative biomedical treatment alternatives for obstructive sleep apnea, from May 2016 to March 2018 and has served as a director since February 1, 2026. His career has included experience in all stages of public company development and venture capital for emerging growth companies across Canada and the United States. We believe Mr. Johnson's experience in law, business, corporate compliance and emerging companies provide the requisite qualifications, skills, perspectives, and experience that make him well qualified to serve on our Board of Directors.

Michael T. Ayers. Mr. Ayers has served as a director since October 2024 and has had over 35 years in law enforcement. Since January 2019, Mr. Ayers has been the Executive Director of the Georgia Peace Officer Standards and Training Council, which is a state agency consisting of 39 staff members with oversight of approximately 59,000 peace officers, correctional officers, jailors and communication officers' training and certification. He spent 29 years (January 1990 to January 2019) with the Georgia Bureau of Investigation. In his last position as special agent in charge, he managed investigative activities in an area covering over 30 counties and directly supervised, trained, and developed special agents for the Bureau. We believe that his experience in law enforcement, from patrol officer to senior policy roles, will contribute to the Company being able to produce and deliver better training products and make him well qualified to serve on our Board of Directors.

Lt. Gen.(R) Maria R. Gervais. Lt. Gen.(R) Gervais has served as a director since October 2024 and retired from the U.S. Army in August 2024 after having served in various capacities for over 37 years. In her last position (May 2021 to August 2024), she served as the Deputy Commanding General at the U.S. Army Training and Doctrine Command, with responsibility for leading the talent acquisition, workforce development, and strategic communication for a 1.2 million member organization with a program budget of \$5.1 billion. She directed the recruitment, on-boarding, and training of 100,000 employees and workforce development of over 800,000 employees each year. From October 2017 to May 2021, she served as the first Synthetic Training Environment Cross Functional Team Director, where she led the effort to streamline the Army's acquisition process to accelerate modernization of the Army's training enterprise. Her efforts resulted in the then existing process being reduced from 7 years to 2 years, the accelerated delivery (by 10+ years) of a new training methodology that improved workforce performance, and paving the way for adoption of 3D terrain with the Army. We believe that her extensive career and experience in the U.S. Army, in the U.S. Army, specifically as a thought leader and subject matter expert in the modeling, simulation, virtual/ gaming, and training domains, which uniquely positions her to provide the depth and breadth of knowledge necessary to help the Company make informed decisions related to the military sales expansion initiatives currently being undertaken and make her well qualified to serve on our Board of Directors.

Grant A. Barber. Mr. Barber was elected as a director in February 2026. He has more than 35 years of international financial and operational leadership across technology, telecommunications, and industrial technology markets. From January 2006 to November 2022, he was the executive vice president and chief financial officer for Hughes Communications, Inc., a publicly-traded company acquired by EchoStar Corporation in 2011. During his tenure at Hughes, he helped lead the company's transformation into a public company, overseeing regulatory reporting, public company filings, investor engagement, and multinational governance requirements. He also supported major strategic initiatives that strengthened operational performance and global market reach. Before Hughes, Barber held a similar position at Acterna Inc., a global communications equipment company, where he led a rapid operational turnaround that restored performance. Earlier in his career, he spent nearly two decades at Nortel Networks, overseeing multi-billion-dollar regional and global finance operations across North America and Europe. Mr. Barber holds an Honours Bachelor of Business Administration from Wilfrid Laurier University and has served on several boards, including CIG Wireless Corp. (CIGW), Cloudbolt Software, Inc., and Hughes Systique, LLC. We believe his extensive experience in global finance, strategic planning, and public company governance make him well-qualified to serve on our Board of Directors.

There are no family relationships between any of the executive officers and directors.

Involvement in Certain Legal Proceedings

None of our directors, executive officers, significant employees or control persons has been involved in any legal proceeding listed in Item 401(f) of Regulation S-K in the past 10 years.

Board Composition

Our business and affairs are managed under the direction of our Board of Directors. The number of directors is fixed by our Board of Directors, subject to our articles of incorporation and our bylaws. Currently, our Board of Directors consists of five directors.

Director Independence

Our Board of Directors has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment and affiliations, our Board of Directors has determined that: (i) Messrs. Barber, Johnson and Ayers and Lt. Gen.(R) Gervais did not have a material relationship with us that could compromise their ability to exercise independent judgment in carrying out their responsibilities and that each of these directors was "independent" as that term is defined under the listing standards of NASDAQ and (ii) Mr. Givens was a non-independent director. Therefore, as of the date of this report, a majority of our Board of Directors do not consist of "independent directors" as defined under the listing standards of NASDAQ.

Board Leadership Structure and Board's Role in Risk Oversight

Our Board of Directors has a Chairman, Mr. Givens. The Chairman has authority, among other things, to preside over the Board meetings and set the agenda for Board meetings. Accordingly, the Chairman has substantial ability to shape the work of our Board of Directors. Because a majority of our Board of Directors will be independent, we believe that separation of the roles of Chairman and Chief Executive Officer is not necessary at this time to ensure appropriate oversight by the Board of Directors of our business and affairs. However, no single leadership model is right for all companies and at all times. The Board of Directors recognizes that depending on the circumstances, other leadership models, such as the appointment of a lead independent director, might be appropriate. Accordingly, the Board of Directors may periodically review its leadership structure. In addition, the Board of Directors will hold executive sessions in which only independent directors are present.

Our Board of Directors is generally responsible for the oversight of corporate risk in its review and deliberations relating to our activities. Our principal source of risk falls into two categories, financial and product commercialization. The audit committee will oversee management of financial risks; our Board of Directors regularly reviews information regarding our cash position, liquidity and operations, as well as the risks associated with each. The Board of Directors regularly reviews plans, results and potential risks related to our product development and commercialization efforts. Our compensation committee is expected to oversee risk management as it relates to our compensation plans, policies and practices for all employees including executives and directors, particularly whether our compensation programs may create incentives for our employees to take excessive or inappropriate risks which could have a material adverse effect on us.

Board Committees

Our Board of Directors has established three standing committees—the audit committee, compensation committee, and nominating and corporate governance committee—each of which operates under a charter that has been approved by our Board of Directors. We have appointed people to the Board of Directors and committees of the Board as required to meet the corporate governance requirements of the NASDAQ Listing Rules.

Audit Committee

We have appointed three members of our Board of Directors to the audit committee, Messrs. Barber and Johnson and Lt. Gen.(R) Gervais. Mr. Barber serves as the chairman of the audit committee and satisfies the definition of “audit committee financial expert” within the meaning of SEC regulations and the NASDAQ Listing Rules. In making a determination on which member will qualify as a financial expert, our Board of Directors considered the formal education and nature and scope of such members’ previous experience.

Our audit committee is responsible for, among other things:

- To oversee our accounting and financial reporting and disclosure processes and the audit of our financial statements.
- To select and retain an independent registered public accounting firm to act as our independent auditor.
- To review with management, the internal audit department and our independent auditors the adequacy and effectiveness of our financial reporting processes, internal control over financial reporting and disclosure controls and procedures, including any significant deficiencies or material weaknesses.
- To review and discuss with our independent auditors and management our annual audited financial statements (including the related notes), the form of audit opinion to be issued by the auditors on the financial statements and the disclosure under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” to be included in our annual report on Form 10-K.
- To review and approve the functions of our accounting department and approve the hiring or dismissal of the Chief Accounting Officer, or such person as may, from time to time, be delegated such an internal audit function by the Board.
- To review and discuss with management policies and guidelines to govern the process by which management assesses and manages our risks.
- To establish and oversee procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.
- To review, approve and oversee any transaction between us and any related person and any other potential conflict of interest situations.
- To meet at least four times a year to fulfill its responsibilities.
- To review the audit committee charter at least annually and recommend any proposed changes to the Board for approval.

Compensation Committee

We have appointed three members of our Board of Directors, Messrs. Ayers, Johnson and Barber, to the compensation committee. Mr. Ayers serves as chairman of this committee. Our compensation committee will assist our Board of Directors in the discharge of its responsibilities relating to the compensation of our executive officers.

Our compensation committee is responsible for, among other things:

- To review and approve the compensation of the Chief Executive Officers and to approve the compensation of all other executive officers.
- To review, and approve and, when appropriate, recommend to the Board for approval, any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO and other executive officers, which includes the ability to adopt, amend and terminate such agreements, arrangements or plans.
- To review our incentive compensation arrangements.
- To review and recommend to the Board for approval the frequency with which we will conduct Say on Pay Votes.
- To review the director’s compensation for service on the Board and Board committees at least once a year and to recommend any changes to the Board.
- To meet at least two times a year.
- To review the compensation committee charter at least annually and recommend any proposed changes to the Board for approval.

Nominating and Corporate Governance Committee

We have appointed four members of our Board of Directors, Messrs. Johnson, Ayers and Barber and Lt. Gen.(R) Gervais, to the nominating and corporate governance committee. Mr. Johnson serves as the chairman of the nominating and corporate governance committee.

Our nominating and corporate governance committee is responsible for, among other things:

- To determine the qualifications, qualities, skills, and other expertise required to be a director and to develop, and recommend to the Board for its approval, criteria to be considered in selecting nominees for director.
- To select and approve the nominees for director to be submitted to a stockholder vote at the annual meeting of stockholders.
- To review the Board's committee structure and composition and to appoint directors to serve as members of each committee and committee chairmen.
- To develop and recommend to the Board for approval standards for determining whether a director has a relationship with us that would impair its independence.
- To review and discuss with management the disclosure regarding the operations of the nominating and corporate governance committee and director independence, and to recommend that this disclosure be included in our proxy statement or annual report on Form 10-K, as applicable.
- To monitor compliance with our Code of Ethics and Business Conduct (the "Code of Ethics"), to investigate any alleged breach or violation of the Code of Ethics and to enforce the provisions of the Code of Ethics.
- To meet at least two times a year.
- To review the nominating and corporate governance committee charter at least annually and recommend any proposed changes to the Board for approval

Code of Ethics and Business Conduct and Whistleblower Protection Policy

We have adopted a written Code of Ethics, which outlines the principles of legal and ethical business conduct under which we do business. In addition, we have adopted a written Whistleblower Protection Policy to prevent adverse employment action of any kind against any of our employees who lawfully report information about (i) fraudulent activities within our Company (including wire fraud, mail fraud and bank fraud), (ii) violations of the Sarbanes-Oxley Act pertaining to fraud against stockholders of the Company, (iii) questionable accounting, internal accounting controls or auditing matters of the Company, and (iv) conduct by our executives that violate our Code of Ethics, or that cause reports and other public disclosures by us that are not full, fair and accurate. To advance this commitment, we have adopted this Whistleblower Protection Policy. The Code of Ethics and Whistleblower Protection Policy are applicable to all our directors, officers and employees and are available on our corporate website, www.virtra.com. We intend to disclose any amendments to our Code of Ethics, or waivers of its requirements, on our website or in filings under the Exchange Act to the extent required by applicable rules and exchange requirements.

Director Compensation

2025 Director Compensation Table

Name	Fees earned or paid in cash	Stock Awards	Option Awards	Non-equity incentive plan compensation	Nonqualified deferred compensation earnings	All Other Compensation	Total
Jeffrey D. Brown ¹	\$ 30,000	\$ 24,360	\$ -	\$ -	\$ -	\$ -	\$ 54,360
Gregg C.E. Johnson	\$ 30,000	\$ 24,360	\$ -	\$ -	\$ -	\$ -	\$ 54,360
Michael T. Ayers	\$ 30,000	\$ 21,315	\$ -	\$ -	\$ -	\$ -	\$ 51,315
Lt. Gen.(R) Maria Gervais	\$ 30,000	\$ 36,540	\$ -	\$ -	\$ -	\$ -	\$ 66,540

¹Mr. Brown resigned as a director in February 2026.

Beginning July 1, 2024, each non-employee director (currently Messrs. Barber, Johnson, and Ayers and Lt. Gen.(R) Gervais) are paid \$2,500 per month quarterly in arrears to cover all Board and committee meetings, actions by written consent, and attendance fees. We reimburse our non-employee directors for reasonable travel expenses incurred in attending Board and committee meetings. In addition, on the last business day immediately prior to the annual stockholders meeting, each non-employee director is to receive 2,000 restricted stock units plus 500 restricted stock units for each committee on which he/she serves. The 500 restricted stock unit grant is increased to 1,000 for committees on which the director serves as chair. We also may allow our non-employee directors to participate in any equity compensation plans that we have adopted or may adopt in the future. Historically, our directors that are our employees, have not received compensation for their service as directors.

ITEM 11. EXECUTIVE COMPENSATION

The following table summarizes all compensation recorded by us in the past two fiscal years for:

- our principal executive officer or other individual acting in a similar capacity during the fiscal year ended December 31, 2025,
- our two most highly compensated executive officers, other than our principal executive officers, who were serving as executive officers on December 31, 2025, and
- up to two additional individuals for whom disclosure would have been provided but for the fact that the individual was not serving as an executive officer on December 31, 2025.

For definitional purposes, these individuals are sometimes referred to as the “named executive officers.”

2025 Summary Compensation Table

Name and Principal Position	Fiscal Year Ended	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
John F. Givens II Chief Executive Officer	12/31/2025 12/31/2024	\$ 360,499 \$ 354,361	\$ 8,930 \$ 53,286	\$ 145,750 \$ 796,448	\$ - \$ -	\$ - \$ -	\$ 515,179 \$ 1,204,095
Alanna Boudreau Chief Financial Officer	12/31/2025 12/31/2024	\$ 212,180 \$ 201,385	\$ 5,073 \$ 28,236	\$ 24,250 \$ 78,300	\$ - \$ -	\$ - \$ -	\$ 241,503 \$ 307,921

Executive Employment Agreements

The Company entered into a three-year employment agreement with Mr. Givens effective September 6, 2024 that provides for an annual base salary of \$360,499, subject to increases based on the cost of living at a minimum. The agreement automatically extends for additional periods of one year. The salary shall be reviewed annually with upward adjustments each year applying the same percentage increase approved for Company-wide cost-of-living adjustments. The employment agreement entitles Mr. Givens to an annual cash bonus if so determined by VirTra’s Board of Directors. In addition, the agreement entitles Mr. Givens to participate in any equity incentive plan adopted by the Company.

Employee Benefit and Equity Incentive Plans

Stock Options

There are no current outstanding stock

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 only to active employees. For the year ended December 31, 2025 it was determined that because there was no significant net income in 2025, there would be no profit share. The only item is a relief of the profit share accrual from the prior year for amounts not paid out. For December 31, 2024 the amount expensed to operations was \$216,255.

2017 Equity Incentive Plan

On October 6, 2017, the VirTra, Inc. 2017 Equity Incentive Plan (the "Equity Plan") was approved by our stockholders. The Equity Plan is intended to make available incentives that will assist us in attracting, retaining and motivating employees, including officers, consultants and directors. We may provide these incentives through the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and units and other cash or stock-based awards.

A total of 1,187,500 shares of our Common Stock were initially authorized and reserved for issuance under the Equity Plan. This reserve automatically increased beginning on January 1, 2018, and automatically increases each subsequent anniversary through 2027, by an amount equal to the smaller of (a) 3% of the number of shares of Common Stock issued and outstanding on the immediately preceding December 31, or (b) an amount determined by the Board.

Appropriate adjustments will be made in the number of authorized shares and other numerical limits in the Equity Plan and in outstanding awards to prevent dilution or enlargement of participants' rights in the event of a stock split or other change in our capital structure. Shares subject to awards which expire or are cancelled or forfeited will again become available for issuance under the Equity Plan. The shares available will not be reduced by awards settled in cash or by shares withheld to satisfy tax withholding obligations. Only the net number of shares issued upon the exercise of stock appreciation rights or options exercised by means of a net exercise or by tender of previously owned shares will be deducted from the shares available under the Equity Plan.

The Equity Plan will be generally administered by the compensation committee of our Board of Directors. Subject to the provisions of the Equity Plan, the compensation committee will determine in its discretion the persons to whom and the times at which awards are granted, the sizes of such awards and all of their terms and conditions. However, the compensation committee may delegate to one or more of our officers the authority to grant awards to persons who are not officers or directors, subject to certain limitations contained in the Equity Plan and award guidelines established by the committee. The compensation committee will have the authority to construe and interpret the terms of the Equity Plan and awards granted under it. The Equity Plan provides, subject to certain limitations, for indemnification by us of any director, officer or employee against all reasonable expenses, including attorneys' fees, incurred in connection with any legal action arising from such person's action or failure to act in administering the Equity Plan.

The Equity Plan authorized the compensation committee, without further stockholder approval, to provide for the cancellation of stock options or stock appreciation rights with exercise prices more than the fair market value of the underlying shares of Common Stock in exchange for new options or other equity awards with exercise prices equal to the fair market value of the underlying Common Stock or a cash payment.

The Equity Plan limits the grant date fair value of all equity awards and the amount of cash compensation that may be provided to a non-employee director in any fiscal year to an aggregate of \$300,000.

Awards may be granted under the Equity Plan to our employees, including officers, directors or consultants or those of any present or future parent or subsidiary corporation or other affiliated entity. All awards will be evidenced by a written agreement between us and the holder of the award and may include any of the following:

- *Stock options.* We may grant non-statutory stock options or incentive stock options (as described in Section 422 of the Internal Revenue Code of 1986, as amended), each of which gives its holder the right, during a specified term (not exceeding 10 years) and subject to any specified vesting or other conditions, to purchase a number of shares of our Common Stock at an exercise price per share determined by the administrator, which may not be less than the fair market value of a share of our Common Stock on the date of grant.
- *Stock appreciation rights.* A stock appreciation right gives its holder the right, during a specified term (not exceeding 10 years) and subject to any specified vesting or other conditions, to receive the appreciation in the fair market value of our Common Stock between the date of grant of the award and the date of its exercise. We may pay the appreciation in shares of our Common Stock or in cash.
- *Restricted stock.* The administrator may grant restricted stock awards either as a bonus or as a purchase right at such price as the administrator determines. Shares of restricted stock remain subject to forfeiture until vested, based on such terms and conditions as the administrator specifies. Holders of restricted stock will have the right to vote on the shares and to receive any dividends paid, except that the dividends will be subject to the same vesting conditions as the related shares.

- *Restricted stock units.* Restricted stock units represent the right to receive shares of our Common Stock (or their value in cash) at a future date without payment of a purchase price, subject to vesting or other conditions specified by the administrator. Holders of restricted stock units have no voting rights or rights to receive cash dividends unless and until shares of Common Stock are issued in settlement of such awards. However, the administrator may grant restricted stock units that entitle their holders to dividend equivalent rights subject to the same vesting conditions as the related units.
- *Performance shares and performance units.* Performance shares and performance units are awards that will result in a payment to their holder only if specified performance goals are achieved during a specified performance period. Performance share awards are rights denominated in shares of our Common Stock, while performance unit awards are rights denominated in dollars. The administrator establishes the applicable performance goals based on one or more measures of business performance enumerated in the Equity Plan, such as revenue, gross margin, net income or total stockholder return. To the extent earned, performance share and unit awards may be settled in cash or in shares of our Common Stock. Holders of performance shares or performance units have no voting rights or rights to receive cash dividends unless and until shares of Common Stock are issued in settlement of such awards. However, the administrator may grant performance shares that entitle their holders to dividend equivalent rights subject to the same vesting conditions as the related units.
- *Cash-based awards and other stock-based awards.* The administrator may grant cash-based awards that specify a monetary payment or range of payments or other stock-based awards that specify a number or range of shares or units that, in either case, are subject to vesting or other conditions specified by the administrator. Settlement of these awards may be in cash or shares of our Common Stock, as determined by the administrator. Their holder will have no voting rights or right to receive cash dividends unless and until shares of our Common Stock are issued pursuant to the award. The administrator may grant dividend equivalent rights with respect to other stock-based awards.

In the event of a change in control as described in the Equity Plan, the acquiring or successor entity may assume or continue all or any awards outstanding under the Equity Plan or substitute substantially equivalent awards. Any awards which are not assumed or continued in connection with a change in control or are not exercised or settled prior to the change in control will terminate effective as of the time of the change in control. The compensation committee may provide for the acceleration of vesting of any or all outstanding awards upon such terms and to such extent as it determines, except that the vesting of all awards held by members of the Board of Directors who are not employees will automatically be accelerated in full. The Equity Plan also authorizes the compensation committee, in its discretion and without the consent of any participant, to cancel each or any outstanding award denominated in shares upon a change in control in exchange for a payment to the participant with respect to each share subject to the cancelled award of an amount equal to the excess of the consideration to be paid per share of Common Stock in the change in control transaction over the exercise price per share, if any, under the award.

The Equity Plan will continue in effect until it is terminated by the administrator, provided, however, that all awards will be granted, if at all, within 10 years of its effective date. The administrator may amend, suspend or terminate the Equity Plan at any time, provided that without stockholder approval, the plan cannot be amended to increase the number of shares authorized, change the class of persons eligible to receive incentive stock options, or effect any other change that would require stockholder approval under any applicable law or listing rule.

Outstanding Equity Awards at 2025 Fiscal Year-End

No stock options were outstanding as of December 31, 2025.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth securities authorized for issuance under any equity compensation plans approved by our stockholders as well as any equity compensation plans not approved by our stockholders as of December 31, 2025.

<i>Plan category</i>	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c))
Plans approved by our stockholders:			
VirTra, Inc. 2017 Equity Incentive Plan	-	\$ -	2,672,449
Plans not approved by stockholders:			
None	-	\$ -	-

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth information about the beneficial ownership of our Common Stock on March 23, 2026, for:

- each person known to us to be the beneficial owner of more than 5% of our Common Stock;
- each named executive officer;
- each of our directors; and
- all of our executive officers and directors as a group.

Unless otherwise noted below, the address for each beneficial owner listed on the table is in the care of VirTra, Inc., 295 E. Corporate Place, Chandler AZ 85225. We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the tables below have sole voting and investment power with respect to all shares of Common Stock that they beneficially own, subject to applicable community property laws. We have based our calculation of the percentage of beneficial ownership on 11,303,885 shares of our Common Stock outstanding as of March 23, 2026.

In computing the number of shares of Common Stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of Common Stock subject to options or issuable upon conversion of preferred stock held by that person that are currently exercisable or exercisable within 60 days of March 26, 2026. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
<i>Directors and Named Executive Officers:</i>		
John F. Givens II	328,366	2.9%
Alanna Boudreau (1)	21,853	0.2%
Grant A. Barber	11,125	0.1%
Gregg C.E. Johnson	10,600	0.1%
Lt. Gen.(R) Maria Gervais	6,000	0.1%
Michael T. Ayers (2)	3,510	-*
All named executive officers and directors as a group (six persons)	381,454	3.4%

* Represents less than 0.1%

- (1) Includes 4,000 shares owned by her spouse.
(2) Includes 10 shares owned by his spouse.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

In addition to the compensation arrangements, including employment, termination of employment and change in control arrangements and indemnification arrangements, discussed in Item 10. "Directors, Executive Officers and Corporate Governance" and Item 11. "Executive Compensation" above, the following is a description of each transaction since January 1, 2025, and each currently proposed transaction in which:

- We have been or will be a participant;
- the amount involved exceeds the lesser of \$120,000 or one percent of the average of our total assets at year-end for the last two completed fiscal years; and
- any of our directors, executive officers or beneficial owners of more than 5% of our capital stock, or any immediate family member of, or person sharing the household with, any of these individuals, had or will have a direct or indirect material interest.

In the fourth quarter of 2025, the Company paid Vialytix, LLC, a company co-owned by the CEO, John Givens, and his spouse Michelle Givens, \$62,525 for licenses to a software product developed by Vialytix. The software product, which collects, evaluates, and analyzes simulation data, is modified and integrated by the Company with its product offerings in a format that allows users to increase training and manage budgets. The Company believes that integration of the software with its product offerings provides a desired enhancement and improves its position against its competitors. Mr. Givens had commenced development of the software product prior to joining the Company as an officer in May 2022, and Vialytix and the Company entered into a cooperative agreement in November 2023.

During the years ended December 31, 2025 and 2024, the Company did not issue stock options to its executive officers or the members of the Board of Directors. Restricted stock units were awarded to its executive officers and directors in 2025 and 2024 as disclosed in Item 11 above.

During the year ended December 31, 2024, the Company redeemed 10,000 previously awarded options reaching expiration from the Company's former Executive Chairman. These redemptions eliminated the stock options and resulted in a total of \$59,600 in additional compensation expense in 2024. No options were redeemed during the year ended December 31, 2025.

During the year ended December 31, 2024, related parties exercised 5,000 previously awarded options for the exercise price of \$20,150, resulting in purchase and issuance of Common Stock. No options were exercised during the year ended December 31, 2025.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The following table shows the fees that were billed for the audit and other services provided by Haynie & Company, our independent registered public accounting firm, for the fiscal years ended December 31, 2025, and 2024.

	2025	2024
Audit Fees	\$ 119,139	\$ 127,012
Audit-Related Fees	-	-
Tax Fees		
All Other Fees		
Total	<u>\$ 119,139</u>	<u>\$ 127,012</u>

Audit Fees - This category includes the audit of our annual financial statements included in our Annual Report on Form 10-K, review of financial statements included in our Quarterly Reports on Form 10-Q and services that are normally provided by the independent registered public accounting firm in connection with engagements for those fiscal years. This category also includes advice on audit and accounting matters that arose during, or because of, the audit or the review of interim financial statements.

Audit-Related Fees - This category consists of assurance and related services by the independent registered public accounting firm that are reasonably related to the performance of the audit or review of our financial statements and are not reported above under "Audit Fees." The services for the fees disclosed under this category include consultation regarding our correspondence with the SEC, other accounting consulting and other audit services.

Tax Fees - This category consists of professional services rendered by our independent registered public accounting firm for tax compliance and tax advice. The services for the fees disclosed under this category include tax return preparation and technical tax advice.

All Other Fees - This category consists of fees for other miscellaneous items.

Pursuant to the audit committee's charter, all audit and permissible non-audit services provided by the independent registered public accounting firm must be pre-approved. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the service or category of service. The independent registered public accounting firm and management are required to periodically report to the audit committee regarding the extent of services provided by the independent registered public accounting firm. Consistent with the audit committee's policy, all audit and permissible non-audit services provided by our independent registered public accounting firm during the fiscal years ended December 31, 2025, and 2024 were pre-approved by the audit committee.

In considering the nature of the services provided by the independent registered public accounting firms for the fiscal year ended December 31, 2025, the audit committee determined that such services were compatible with the provision of independent audit services. The audit committee discussed these services with the independent registered public accounting firms and management for the fiscal year ended December 31, 2025, to determine that they were permitted under the rules and regulations concerning auditors' independence promulgated by the SEC to implement the Sarbanes-Oxley Act, as well as rules of the American Institute of Certified Public Accountants.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES.

(a)(1) Financial Statements

The consolidated financial statements and Report of Independent Registered Public Accounting Firm are listed in the Index to Financial Statements on page F-1 and included beginning on page F-2.

(2) Financial Statement Schedules

All schedules for which provision is made in the applicable accounting regulations of the SEC are either not required under the related instructions, are not applicable (and therefore have been omitted), or the required disclosures are contained in the financial statements included herein.

(3) Exhibits.

Exhibit No.	Exhibit Description
3.1	Articles of Incorporation of VirTra, Inc. filed September 22, 2016 (incorporated by reference to Exhibit 2.1 to the registrant's Offering Circular on Form 1-A (File No. 024-10739) filed with the Commission on September 11, 2017).
3.2	Certificate of Change of VirTra, Inc. filed on October 7, 2016 (incorporated by reference to Exhibit 2.2 to the registrant's Offering Circular on Form 1-A (File No. 024-10739) filed with the Commission on September 11, 2017).
3.3	Certificate of Change of VirTra, Inc. filed on February 12, 2018 (incorporated by reference to Exhibit 2.3 to the registrant's Post-Qualification Offering Circular Amendment No. 1 to Form 1-A (File No. 024-10739) filed with the Commission on February 21, 2018).
3.4	Bylaws of VirTra, Inc. (incorporated by reference to Exhibit 2.4 to the registrant's Offering Circular on Form 1-A (File No. 024-10739) filed with the Commission on September 11, 2017).
10.1†	2017 Equity Incentive Plan (incorporated by reference to Exhibit 6.6 to the registrant's Offering Circular on Form 1-A (File No. 024-10739) filed with the Commission on September 11, 2017).
10.2†	Form of Stock Option Agreement for 2017 Equity Incentive Plan (incorporated by reference to Exhibit 6.6 to the registrant's Offering Circular on Form 1-A (File No. 024-10739) filed with the Commission on September 11, 2017).
10.3†	Form of Notice of Grant of Stock Option for 2017 Equity Incentive Plan (incorporated by reference to Exhibit 6.7 to the registrant's Offering Circular on Form 1-A (File No. 024-10739) filed with the Commission on September 11, 2017).
10.4	Promissory Note to Arizona Bank & Trust dated August 25, 2021 (incorporated by reference to Exhibit 10.1 to the registrant's current report on Form 8-K (File No. 001-38420) filed August 30, 2021).
10.5	Deed of Trust in favor of Arizona Bank & Trust dated August 25, 2021 (incorporated by reference to Exhibit 10.2 to the registrant's current report on Form 8-K (File No. 001-38420) filed August 30, 2021).
10.6	Assignment of Rents granted to Arizona Bank & Trust dated August 25, 2021 (incorporated by reference to Exhibit 10.3 to the registrant's current report on Form 8-K (File No. 001-38420) filed August 30, 2021).
10.7†	Restricted Stock Unit Agreement – Alanna Boudreau (incorporated by reference to Exhibit 10.7 to the registrant's registration statement on Form S-3 (File No. 333-283846)).
10.8†	Employment Agreement with John F. Givens II dated September 6, 2024 (incorporated by reference to Exhibit 10.8 to the registrant's registration statement on Form S-3 (File No. 333-283846)).
10.9†	Restricted Stock Unit Agreement – John F. Givens II dated August 5, 2024
10.10	Teaming Agreement with Vialytix, LLC dated November 2, 2023 and addendum
23.1	Consent of Independent Registered Public Accounting Firm
24.1	Power of Attorney (set forth on signature page hereto).
31.1	Certification of Principal Executive Officer.
31.2	Certification of Principal Financial Officer.
32.1	Certification of Principal Executive Officers and Principal Financial Officer
97.1	Compensation Recovery Policy (incorporated by reference to Exhibit 97.1 to the registrant's annual report on Form 10-K (File No. 001-38420) filed April 1, 2024).
101.INS	Inline XBRL Instance
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation
101.DEF	Inline XBRL Taxonomy Extension Definition
101.LAB	Inline XBRL Taxonomy Extension Labels
101.PRE	Inline XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

† Management contract, compensation plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: March 26, 2026

By: /s/ John F. Givens II
John F. Givens II
Chief Executive Officer

Date: March 26, 2026

By: /s/ Alanna Boudreau
Alanna Boudreau
Chief Financial Officer

POWER OF ATTORNEY

The registrant and each person whose signature appears below hereby appoint John F. Givens II and Alanna Boudreau, and each of them, as attorneys-in-fact with full power of substitution, severally, to execute in the name and on behalf of the registrant and each such person, individually and in each capacity stated below, one or more amendments to the annual report on Form 10-K, which amendments may make such changes in the report as the attorney-in-fact acting deems appropriate and to file any such amendment to the report with the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on March 26, 2026.

<u>Name</u>	<u>Title</u>
<u>/s/ John F. Givens II</u> Robert D. Ferris	Chief Executive Officer and Board Chair (Principal Executive Officer)
<u>/s/ Alanna Boudreau</u> Alanna Boudreau	Chief Financial Officer (Principal Financial Officer)
<u>/s/ Gregg C.E. Johnson</u> Gregg C.E. Johnson	Director
<u>/s/ Michael T. Ayers</u> Michael T. Ayers	Director
<u>/s/ Maria R. Gervais</u> Maria R. Gervais	Director
<u>/s/ Grant A. Barber</u> Grant A. Barber	Director

Exhibit 10.9

Restricted Stock Unit Agreement

This Restricted Stock Unit Agreement (this “**Agreement**”) is made and entered into as of August 5, 2024 (the “**Grant Date**”) by and between VIRTRA, INC., a Nevada corporation (the “**Company**”) and JOHN F. GIVENS II (the “**Grantee**”).

WHEREAS, the Company has adopted the 2017 Equity Incentive (the “**Plan**”) pursuant to which awards of Restricted Stock Units may be granted; and

WHEREAS, the Committee has determined that it is in the best interests of the Company and its shareholders to grant the award of Restricted Stock Units provided for herein.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. Grant of Restricted Stock Units.

1.1 Pursuant to Section 9 of the Plan, the Company hereby issues to the Grantee on the Grant Date an Award consisting of the Restricted Stock Units (the “**Restricted Stock Units**”) calculated in accordance with **Schedule I**. Each Restricted Stock Unit represents the right to receive one share of Common Stock, subject to the terms and conditions set forth in this Agreement and the Plan. Capitalized terms that are used but not defined herein have the meaning ascribed to them in the Plan.

1.2 The Restricted Stock Units shall be credited to a separate account maintained for the Grantee on the books and records of the Company (the “**Account**”). All amounts credited to the Account shall continue for all purposes to be part of the general assets of the Company.

2. Consideration. The grant of the Restricted Stock Units is made in consideration of the services to be rendered by the Grantee to the Company.

3. Vesting.

3.1 Except as otherwise provided herein, provided that the Grantee remains in Continuous Service¹ through the applicable vesting date, and further provided that any additional conditions and performance goals set forth in **Schedule I** have been satisfied, the Restricted Stock Units will vest in accordance with the schedule (the period during which restrictions apply, the “**Restricted Period**”) set forth in **Schedule I**. Once vested, the Restricted Stock Units become “**Vested Units**.” In addition to Restricted Stock Units that may vest as a result of Grantee meeting the net income targets set forth in Schedule I, Grantee may be awarded a discretionary bonus should the Company achieve significant non-financial successes.

¹“**Continuous Service**” means that the Grantee’s service with the Company or an Affiliate, whether as an Employee, Consultant or Director, is not interrupted or terminated. The Grantee’s Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Grantee renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Grantee renders such service, provided that there is no interruption or termination of the Grantee’s Continuous Service; provided further that if any Award is subject to Section 409A of the Code, this sentence shall only be given effect to the extent consistent with Section 409A of the Code. For example, a change in status from an Employee of the Company to a Director of an Affiliate will not constitute an interruption of Continuous Service. Any approved leave of absence, including sick leave, military leave or any other personal or family leave of absence, shall not be deemed an interruption of Continuous Service. A Company transaction, such as a sale or spin-off of a division or subsidiary that employs a Grantee, shall not be deemed to result in a termination of Continuous Service for purposes of affected Awards.

3.2 The vesting schedule notwithstanding, if the Grantee's Continuous Service terminates for Cause (as defined in Grantee's Employment Agreement with the Company) or as a result of death or disability, at any time before all of his or her Restricted Stock Units have vested, the Grantee's unvested Restricted Stock Units shall be automatically forfeited upon such termination of Continuous Service and neither the Company nor any Affiliate shall have any further obligations to the Grantee under this Agreement. Any Restricted Stock Units that have been earned as a result of the Company's operating results but not vested because of death or disability occurring prior to the Vesting Date, shall still be deemed to be vested and inure to the benefit of the Grantee or the Grantee's estate, as the case may be.

3.3 The vesting schedule notwithstanding, if the Executive's employment hereunder is terminated by the Company for any reason other than for Cause (as defined in Section 10(b) of the Employment Agreement) or if Executive voluntarily terminates his own employment for Good Reason, (as defined in Section 10(a) of the Employment Agreement) then the Company shall issue three times the maximum value of the current year's RSUs available in Schedule I of the Restricted Stock Unit Agreement. The foregoing shall apply to any Change of Control (as defined in Section 11(d) of the Employment Agreement). For example, if the Executive's employment is terminated for any reason other than cause in 2025, referring to Schedule I, the RSUs available are $137,482 + 34,371 = 171,853$. The Executive would be issued $(171,853 \times 3) 515,559$ RSUs.

3.4 The vesting schedule notwithstanding, the Compensation Committee of the Company's Board of Directors shall have the discretion to declare the vesting of any number of Restricted Stock Units should the Company experience unusual results of operations, such as falling below the net profit threshold one year and exceeding the maximum net profit the following year, or should the Grantee make a significant contribution to the Company in terms of time and effort, which may not be evidenced by financial statement metrics, so long as the total number of Restricted Stock Units declared to be vested does not exceed that amount of "RSUs available" shown in **Schedule I**. Additionally, while a maximum net profit per year has been set for allocation of the available shares at this time, it is very possible that the Company will exceed these levels during the next 3 years and if such performance occurs, the Compensation Committee shall have the discretion to determine if additional compensation is in the best interests of the Company at that time.

4. Restrictions. Subject to any exceptions set forth in this Agreement or the Plan, during the Restricted Period and until such time as the Restricted Stock Units are settled in accordance with 6, the Restricted Stock Units or the rights relating thereto may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Grantee. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Restricted Stock Units or the rights relating thereto shall be wholly ineffective and, if any such attempt is made, the Restricted Stock Units will be forfeited by the Grantee and all of the Grantee's rights to such units shall immediately terminate without any payment or consideration by the Company.

5. Rights as Shareholder; Dividend Equivalents.

5.1 The Grantee shall not have any rights of a shareholder with respect to the shares of Common Stock underlying the Restricted Stock Units unless and until the Restricted Stock Units vest and are settled by the issuance of such shares of Common Stock.

5.2 Upon and following the settlement of the Restricted Stock Units, the Grantee shall be the record owner of the shares of Common Stock underlying the Restricted Stock Units unless and until such shares are sold or otherwise disposed of, and as record owner shall be entitled to all rights of a shareholder of the Company (including voting rights).

5.3 The Grantee shall not be entitled to any Dividend Equivalents with respect to the Restricted Stock Units to reflect any dividends payable on shares of Common Stock.

6. Settlement of Restricted Stock Units.

6.1 Subject to 9 hereof, promptly following the vesting date, and in any event no later than September 1 of the calendar year in which such vesting occurs, the Company shall (a) issue and deliver to the Grantee the number of shares of Common Stock equal to the number of Vested Units; and (b) enter the Grantee's name on the books of the Company as the shareholder of record with respect to the shares of Common Stock delivered to the Grantee.

6.2 Notwithstanding Section 6.1, in accordance with Section 9.6 of the Plan, the Committee may, but is not required to, prescribe rules pursuant to which the Grantee may elect to defer settlement of the Restricted Stock Units. Any deferral election must be made in compliance with such rules and procedures as the Committee deems advisable.

If the Grantee is deemed a "specified employee" within the meaning of Section 409A of the Code, as determined by the Committee, at a time when the Grantee becomes eligible for settlement of the RSUs upon his "separation from service" within the meaning of Section 409A of the Code, then to the extent necessary to prevent any accelerated or additional tax under Section 409A of the Code, such settlement will be delayed until the earlier of: (a) the date that is six months following the Grantee's separation from service and (b) the Grantee's death.

6.3 To the extent that the Grantee does not vest in any Restricted Stock Units, all interest in such Restricted Stock Units shall carry forward into the next fiscal year. The Grantee has no right or interest in any Restricted Stock Units that are forfeited.

7. No Right to Continued Service. Neither the Plan nor this Agreement shall confer upon the Grantee any right to be retained in any position, as an Employee, Consultant or Director of the Company. Further, nothing in the Plan or this Agreement shall be construed to limit the discretion of the Company to terminate the Grantee's Continuous Service at any time, with or without Cause.

8. Adjustments. If any change is made to the outstanding Common Stock or the capital structure of the Company, if required, the Restricted Stock Units shall be adjusted or terminated in any manner as contemplated by Section 4.4 of the Plan.

9. Tax Liability and Withholding.

9.1 The Grantee shall be required to pay to the Company, and the Company shall have the right to deduct from any compensation paid to the Grantee pursuant to the Plan, the amount of any required withholding taxes in respect of the Restricted Stock Units and to take all such other action as the Committee deems necessary to satisfy all obligations for the payment of such withholding taxes. The Committee may permit the Grantee to satisfy any federal, state or local tax withholding obligation by any of the following means, or by a combination of such means:

(a) tendering a cash payment.

(b) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable or deliverable to the Grantee as a result of the vesting of the Restricted Stock Units; provided, however, that no shares of Common Stock shall be withheld with a value exceeding the maximum amount of tax required to be withheld by law.

(c) delivering to the Company previously owned and unencumbered shares of Common Stock.

9.2 Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding (“*Tax-Related Items*”), the ultimate liability for all Tax-Related Items is and remains the Grantee’s responsibility and the Company (a) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting or settlement of the Restricted Stock Units or the subsequent sale of any shares; and (b) does not commit to structure the Restricted Stock Units to reduce or eliminate the Grantee’s liability for Tax-Related Items.

10. Compliance with Law. The issuance and transfer of shares of Common Stock shall be subject to compliance by the Company and the Grantee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company’s shares of Common Stock may be listed. No shares of Common Stock shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel.

11. Notices. Any notice required to be delivered to the Company under this Agreement shall be in writing and addressed to the Chief Financial Officer of the Company at the Company’s principal corporate offices. Any notice required to be delivered to the Grantee under this Agreement shall be in writing and addressed to the Grantee at the Grantee’s address as shown in the records of the Company. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

12. Governing Law. This Agreement will be construed and interpreted in accordance with the laws of the State of Nevada without regard to conflict of law principles.

13. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Grantee and the Company.

14. Restricted Stock Units Subject to Plan. This Agreement is subject to the Plan as approved by the Company's shareholders. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

15. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Grantee and the Grantee's beneficiaries, executors, administrators and the person(s) to whom the Restricted Stock Units may be transferred by will or the laws of descent or distribution.

16. Severability. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

17. Discretionary Nature of Plan. Reserved.

18. Amendment. The Committee has the right to amend, alter, suspend, discontinue or cancel the Restricted Stock Units, prospectively or retroactively; provided, that, no such amendment shall adversely affect the Grantee's rights under this Agreement without the Grantee's consent.

19. Section 409A. This Agreement is intended to comply with Section 409A of the Code or an exemption thereunder and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A of the Code. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A of the Code and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of non-compliance with Section 409A of the Code.

20. No Impact on Other Benefits. The value of the Grantee's Restricted Stock Units is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

21. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

22. Acceptance. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understands the terms and provisions thereof and accepts the Restricted Stock Units subject to all of the terms and conditions of the Plan and this Agreement. The Grantee acknowledges that there may be adverse tax consequences upon the vesting or settlement of the Restricted Stock Units or disposition of the underlying shares and that the Grantee has been advised to consult a tax advisor prior to such vesting, settlement or disposition.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

“Company”

VIRTRA, INC.

By: /s/ Gregg Johnson

Name: Gregg Johnson

Title: Chair, Compensation Committee

“Grantee”

/s/ John F. Givens II

Name: John F. Givens II

SCHEDULE I

Vesting Date	August 15, 2025	August 14, 2026	August 13, 2027
Net income target	\$ 9,747,315 ¹	\$ 10,965,729 ¹	\$ 12,336,445 ¹
RSUs available	137,482	154,667	174,000
Quantum value = 118,519 x \$7.69 / lesser of 90-day VWAP or \$7.69 =	116% of 118,519 = 137,482	*12.5%	*12.5%
Closing price as of 6/30 of prior year	\$ 7.69	n/a	n/a
90-day VWAP	\$ 11.82	n/a	n/a
Discretionary bonus	25% of RSUs available as shown in this column	25% of RSUs available as shown in this column	25% of RSUs available as shown in this column

The number of RSUs that vest will be in proportion to the percentage of the target that is achieved, with a threshold of 75%. For example, if 75% of \$9,747,315 is achieved, 75% of 137,482 RSUs = 103,112 will vest.

(1) Net income to exclude any one-off or extraordinary items – i.e., those that would appear in an adjusted EBITDA presentation

Exhibit 10.10

TEAMING AGREEMENT

This Agreement, effective as of the date of the last signature below, between VirTra Inc. a Nevada corporation and Vialytix, a Delaware LLC, concerns the cooperation of the parties in connection with the development of Vialytix technology for their mutual benefit.

WHEREAS the parties agree that their mutual cooperation in connection with the development of Vialytix technology is in their respective interest; and

WHEREAS Apex is a collector, evaluator, and analyzer with reporting capability to manipulate simulation data, manage it and put it in a format that leadership and trainers can use to increase training and manage budgets; and

WHEREAS VirTra has determined that including the capabilities and features of Apex is in its best interest as there are existing requirements to support such functionality; and

Now therefore, for good and valuable consideration the adequacy and receipt of which is hereby acknowledged by the parties, the parties agree as follows:

1.0 Development Activities

- 1.1. Each party will exert all reasonable efforts to support the development of Vialytix technology (the "Effort.")
- 1.2. Exhibit A attached hereto shall determine the obligations of each party with regard to the Effort.

2.0 Term and Termination

- 2.1. This Agreement shall expire one (1) year from the effective date hereof; provided, that all terms involving proprietary information, publicity, and intellectual property shall remain in force for as long as permitted by law.

3.0 Proprietary Information

- 3.1. During the term of this Agreement, VirTra and the Vialytix may exchange such proprietary information as is reasonably required for each to perform its obligations hereunder. Proprietary information means any information, technical data, or know-how (including, but not limited to, information relating to research, products, software, services, development, inventions, processes, engineering, marketing, techniques, customers, pricing, internal procedures, business and marketing plans or strategies, finances, employees and business opportunities) disclosed by the Disclosing Party to Recipient either directly or indirectly in any form whatsoever (including, but not limited to, in writing, in machine readable or other tangible form, orally or visually): (i) that has been marked as confidential; (ii) whose confidential nature has been made known by Disclosing Party, in writing or orally with specific written notification of such oral disclosure within three (3) days thereafter, to Recipient; or (iii) that due to its character, nature, or method of transmittal, a reasonable person under like circumstances would treat as confidential ("Confidential Information"). The parties agree to keep in confidence and prevent the disclosure to any person(s) outside their respective organizations or any person(s) within their organizations not having a need to know, all information received from the other which is designated in writing or by appropriate stamp or legend to be of a proprietary nature and to use such information only in connection with their obligations under this Agreement; provided, however, that neither party shall be liable for disclosure or use of such data if the same is:

- a. In the public domain at the time of disclosure, or is subsequently made available to the general public without restriction by the disclosing party;

- b. Known to the receiving party at the time of disclosure without restrictions on its use or independently developed by the receiving party, and there is adequate documentation to demonstrate either condition;
 - b. Used or disclosed inadvertently despite the exercise of the same degree of care that each party takes to preserve or safeguard its own proprietary information;
 - c. Used or disclosed with the prior written approval of the disclosing party;
 - d. Disclosed without restriction to the receiving party from a source other than the disclosing party; or
 - e. Disclosed to Customer or its authorized representative in the performance of the obligations of either party under this Agreement, provided that the Customer shall have executed a nondisclosure agreement containing terms and conditions similar to the requirements set forth herein.
- 3.2. Notwithstanding the foregoing, Recipient may disclose the Disclosing Party's Proprietary Information pursuant to a statutory or regulatory provision or a court order; provided, however, that Recipient will notify Disclosing Party of the obligation to make such disclosure in advance of the disclosure so that Disclosing Party will have a reasonable opportunity to object to such disclosure and that Recipient requests confidential treatment of the disclosed Confidential Information.
- 3.3. Recipient's obligations under this Agreement with respect to Confidential Information it has previously received shall continue for a period of five (5) years after termination of this Agreement.

4.0 Ownership

As between the parties hereto, each party will retain ownership of all of its products, proprietary materials, trademarks and/or service marks used in the performance of this Agreement, including but not limited to software, designs, demoware, prototypes, tools, techniques, and methodology and all other Confidential Information. All materials, deliverables, inventions, works of authorship or other creations arising out of the Effort are the property of Vialytix, except for any non-source code items that provide a bridge only to VirTra specific products or services. The parties will not jointly develop any works, patents, enhancements, documentation, or other materials except pursuant to a separate written agreement, which shall address, among other things, the scope of work, the responsibilities of each party for their respective development efforts, as well as ownership, rights to use, confidentiality and duty to account to the other for the exploitation and use of the jointly developed property. Unless expressly provided herein, nothing contained in this Agreement shall be deemed, by implication, estoppel or otherwise, to grant any right or license in respect of the Effort or of any patents, inventions, trade secrets, technical information, or other intellectual property at any time owned by the other party.

5.0 Relationship

- 5.1. Nothing in this Agreement shall be deemed to constitute, create, give effect to, or otherwise recognize a joint venture, partnership, or formal business entity of any kind, and the rights and obligations of the parties shall be limited to those expressly set forth herein.
- 5.2. Nothing herein shall be construed as providing for the sharing of profits or losses arising out of the Effort or any related endeavors of either or both of the parties, except as may be provided for in any resultant subcontract agreed to between the parties. The cooperation of the parties is for the purpose of complementing their respective capabilities.

6.0 Publicity and News Release

Neither party shall issue any press releases relating to joint participation in any venture without the other's prior written approval, which approval shall not be unreasonably withheld. The parties further agree that news releases made by either of them shall recognize the participation and contribution of the other party.

7.0 Limitation of Liability

- 7.1. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES OF ANY KIND WHATSOEVER, WHETHER IN AN ACTION IN CONTRACT OR IN TORT, INCLUDING NEGLIGENCE, OR OTHERWISE, ARISING FROM THE PURPOSES FOR WHICH THIS AGREEMENT WAS ENTERED INTO. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, THE PARTIES AGREE THAT NO LIABILITY OR INDEMNIFICATION OBLIGATION OR ANNUAL TOTAL THEREOF SHALL EXCEED THE AMOUNTS RECEIVED BY THE LIABLE PARTY UNDER THE RELEVANT PURCHASE ORDER (WHERE SUCH CLAIM ORIGINATED) AND ARISING OUT OF THIS AGREEMENT.

8.0 Assignment

Neither this Agreement nor any interest herein may be assigned, in whole or in part, by either party without the prior written consent of the other party.

9.0 Entire Agreement

This Agreement constitutes the entire understanding and agreement of and between the parties with respect to the subject matter hereof, and supersedes all prior representations and agreements, oral or written. The validity, construction, scope, and performance of this Agreement shall be governed by the laws of the State of Nevada. The parties submit to the jurisdiction of any state or federal court located in Nevada over any action, suit or proceeding to enforce or defend any right under this Agreement, excluding its conflicts of laws provisions.

10.0 Notices

Any notice, consent, demand, or request required or permitted by this Agreement shall be in writing, and shall be deemed to have been sufficiently given when delivered to:

If to VirTra:
bferris@virtra.com

If to Vialytix:
michelle.givens@vialytix.com

11.0 Scope of Agreement

This agreement shall relate only to the Effort specified herein, and nothing herein shall be deemed to confer any right or impose any obligation or restriction on either party with respect to any other program, effort, or marketing activity at any time undertaken by either party hereto, jointly or separately; or limit the rights of either party to promote, market, sell, lease, license or otherwise dispose of its standard products or services, except where such would conflict with the obligations of the party under this Agreement.

- Signatures follow -

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day of the last signature below:

VirTra

Vialytix

Signature: /s/ Alanna Boudreau
Alanna Boudreau (Nov 2, 2023 20:07 EDT)

Signature: /s/ Michelle Givens
Michelle Givens (Nov 2, 2023 19:44 EDT)

Email: aboudreau@virtra.com

Email: michelle.givens@vialytix.com

By:

By:

Name: Alanna Boudreau

Name: Michelle Givens

Title: CFO

Title: CEO

Date: Nov 2, 2023

Date: Nov 2, 2023

**TEAMING AGREEMENT
EXHIBIT A**

Item	Benefit		Terms
	To VirTra	To Vialytix	
Software – APEX Cloud Collect Evaluate Analyze Report	<ol style="list-style-type: none"> Free access to \$3.5m of development of the APEX platform. Entices customer base to upgrade and VirTra can set the price, this adds benefit and a capability not currently available – removes the buy versus build dilemma. APEX meets the SOCOM ADMIRE contract requirement of data collection and reporting, VirTra Operating System (VOS) does not have this capability. Increase sales by adding a data collection and reporting capability now required on all contracts. 	<ol style="list-style-type: none"> Shared resources at no cost to Vialytix Gain market share immediately. Increase software capability in the weapons simulation market. 	<ol style="list-style-type: none"> Free for Existing VirTra Customers† – excluding fees: Amazon User Fees – number of users Amazon Storage Fees – Size of data stored Shared revenue 50% for new customers after fees: Amazon User Fees – number of users Amazon Storage Fees – amount of data stored
Software – APEX Lite Specific executable plugins (Local instance) Collect Evaluate Analyze Report	<ol style="list-style-type: none"> Entices customer base to upgrade and VirTra can charge what they want, adding benefit and capability they do not have. Delivers a localized copy of the APEX platform for customers not able or willing to connect to web services (classified environments). 	<ol style="list-style-type: none"> Shared resources at no cost to Vialytix Gain market share immediately. Increase software capability in the weapons simulation market 	<ol style="list-style-type: none"> Free for existing VirTra customers Shared revenue 50%
Vialytix Subject Matter Expert (SME)	<ol style="list-style-type: none"> Access to Vialytix SME for data science knowledge and expertise (IP) in developing bespoke apps for small weapons simulations training. Shared resources 	None	Time must be coordinated
Amazon Cloud computing expert	<ol style="list-style-type: none"> Knowledge to guide strategy. Pricing models (best practices) Tools available and best applied to product offering. 	None	Time must be coordinated

†Existing Virtra Customer means a customer with an installed VirTra system as of May 1, 2022. A customer ceases to be an Existing VirTra Customer upon the purchase of a new system with VOS 6.x or higher.

TEAMING AGREEMENT – Addendum 1

This Addendum 1 extends the term of the Teaming Agreement entered into by between VirTra Inc. a Nevada corporation and Vialytix, a Delaware LLC, concerning the cooperation of the parties in connection with the development of Vialytix technology for their mutual benefit.

WHEREAS the parties agree that their mutual cooperation should continue and for good and valuable consideration the adequacy and receipt of which is hereby acknowledged by the parties, the parties agree:

- to extend the current term of the Teaming Agreement to November 2, 2025, and
- to provide for automatic one-year renewals of the Agreement unless one of the parties notifies the other of its intent to allow the term to expire within 30 days of the expiration of a term.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date of the last signature below:

VirTra

By: /s/ Alanna Boudreau
Alanna Boudreau (Jun 2, 2024 13:01 EDT)

Name: Alanna Boudreau

Title: CFO

Vialytix

By: /s/ Michelle Givens
Michelle Givens (Jun 1, 2024 11:39 EDT)

Name: Michelle Givens

Title: CEO

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 26, 2026, with respect to the consolidated financial statements included in the Annual Report of VirTra, Inc. on Form 10-K for the years ended December 31, 2025 and 2024. We consent to the incorporation by reference of said report in the Registration Statements of VirTra, Inc. on Form S-3 (File No. 333-283846) and on Form S-8 (File No. 333-227260).

Haynie & Company

Salt Lake City, Utah
March 26, 2026

Exhibit 31.1

CERTIFICATIONS

I, John F. Givens II, certify that:

1. I have reviewed this annual report on Form 10-K for the fiscal year ended December 31, 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: March 26, 2026

/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 annual report on Form 10-K for the fiscal year ended December 31, 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: March 26, 2026

/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 annual report on Form 10-K of VirTra, Inc. (the "Company") for the fiscal year ended December 31, 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: March 26, 2026

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

Date: March 26, 2026

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