

# VirTra

*The World's Most Effective and  
Advanced Training Simulator  
Systems*

**INVESTOR  
PRESENTATION**

NASDAQ: VTSI



# Forward Looking Statements

*This presentation contains or incorporates by reference certain forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “may,” “will,” “should,” “potential,” “intend,” “expect,” “outlook,” “seek,” “anticipate,” “estimate,” “approximately,” “believe,” “could,” “project,” “predict,” or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain financial and operating projections or state other forward-looking information. Our ability to predict results or the actual effect of future events, actions, plans or strategies is inherently uncertain. Although we believe that the expectations reflected in our forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth or anticipated in our forward-looking statements. Factors that could have a material adverse effect on our forward-looking statements and upon our business, results of operations, financial condition, funds derived from operations, cash available for dividends, cash flows, liquidity and prospects include, but are not limited to, the factors referenced in this report, including those set forth below.*

*When considering forward-looking statements, you should keep in mind the information set forth under “Risk Factors” included in VirTra, Inc.’s annual report on Form 10-K for the year ended December 31, 2019, other cautionary statements in the annual report, and information contained in subsequent filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our views as of the date of this presentation. Our actual results and performance to differ materially from those set forth or anticipated in forward-looking statements. We cannot guarantee future results or performance. Furthermore, except as required by law, we are under no duty to, and we do not intend to, update any of our forward-looking statements after the date of this presentation, whether as a result of new information, future events or otherwise.*

# About VirTra

- VirTra provides the **world's finest training simulators** for the law enforcement and broader defense industries
- We **safely & cost-effectively** replicate the stress & uncertainty of real-world confrontations
- **Our mission** is to teach first responders how to de-escalate a potentially violent situation
- And how to respond with appropriate force when necessary to increase both **police *and* civilian safety**

## By the Numbers



**\$18.4 Million**  
in Revenue (TTM)



Deployed in  
**Hundreds of Agencies**  
in **33** Countries



**\$14.4 Million**  
Backlog as of  
Sept. 30, 2020



**95%+**  
Customer Retention

# Police Training is Needed & Supported

# 68%

*of Americans support additional training for police <sup>(1)</sup>*



*“A solid **majority** of Americans **approve** of de-escalation training even though most believe police officers use appropriate force and have integrity.” <sup>(1)</sup>*

(1) Ekins, Emily. “Policing in America: Understanding Public Attitudes Toward the Police. Results from a National Survey.” *Cato Institute*, 7 Dec. 2016, [www.cato.org/survey-reports/policing-america](http://www.cato.org/survey-reports/policing-america).

# Current Methods Are Insufficient or Too Expensive



## Classroom/Academics/Online

- Knowledge does not equal performance



## Simunition® Training with Actors

- Expensive, time consuming
- Very limited de-escalation training
- No debrief or review ability



## Shooting Range/Live Fire

- No decision-making involved
- No stress
- Expensive (30-50¢/round vs. 1¢ w/ VirTra)

## WHAT'S NEEDED?



Effective Training via Reviewable & Repeatable Scenarios



Safely Induced Stress



Quick Decision Making – Life/Death



*Current headlines underscore the need for effective police training*



# V-300<sup>®</sup> Degree Simulator





## V-100®

- Single-screen simulation training



## V-180®

- 180-degree immersive training environment





# Driving Simulators

- Announced March 2019
- Expands **TAM**
- Creates unique **cross-selling** opportunities











## V-ST PRO®

- Shooting and skills training simulator
- Up to 5 screens
- 1 to 30 lanes of marksmanship

# Industry-Leading Accessories

| User Input   | ↔ | System Feedback   |
|--|---|---|
| Firearms & TASER   |   | Threat-Fire®  |
|  <b>Realistic</b> firearms parts swapped for simulation |   |  <b>Patented</b> technology delivers adjustable electric impulse     |
|  Trainees use the weapons they carry every day          |   |  Simulating hostile return fire changes <b>Effectiveness</b>         |
|  <b>Wide-selection</b> of supported makes and models  |   |  <b>Skin-in-the-Game</b> increases stress & physiological response |



# V-VICTA Curriculum

VirTra – Virtual Interactive Coursework Training Academy <sup>TM</sup>

- Nationally recognized, certified curriculum and interactive virtual coursework
- Meets standards set by **IAILEST** National Certification Program<sup>TM</sup> for POST certification in **35** states



Human Factors in  
Force Encounters



Contact & Cover  
Concepts



Injured Officer  
Handgun  
Manipulation



Tourniquet  
Application Under  
Threat



TASER Targeting



High-Risk Vehicle  
Stop



Autism Awareness  
& Mental Crisis



K-9 Encounters



# Law Enforcement Market

## Domestic

- **\$650 million TAM** (6,500 larger U.S. agencies<sup>(1)</sup>)
- Currently serving hundreds of domestic agencies
- STEP – potential to expand to all 18,000 U.S. agencies

## International

- Currently in 32 countries internationally

## Notable Existing Deployments

### Domestic

AZ Dept. of Public Safety  
Denver Police Dept.  
New Jersey Transit Police  
L.A. County Sheriff's Dept.  
San Francisco Police Dept.  
Anaheim Police Dept.

### International

Australia  
Brazil  
Colombia  
Mexico  
Ukraine  
Pakistan

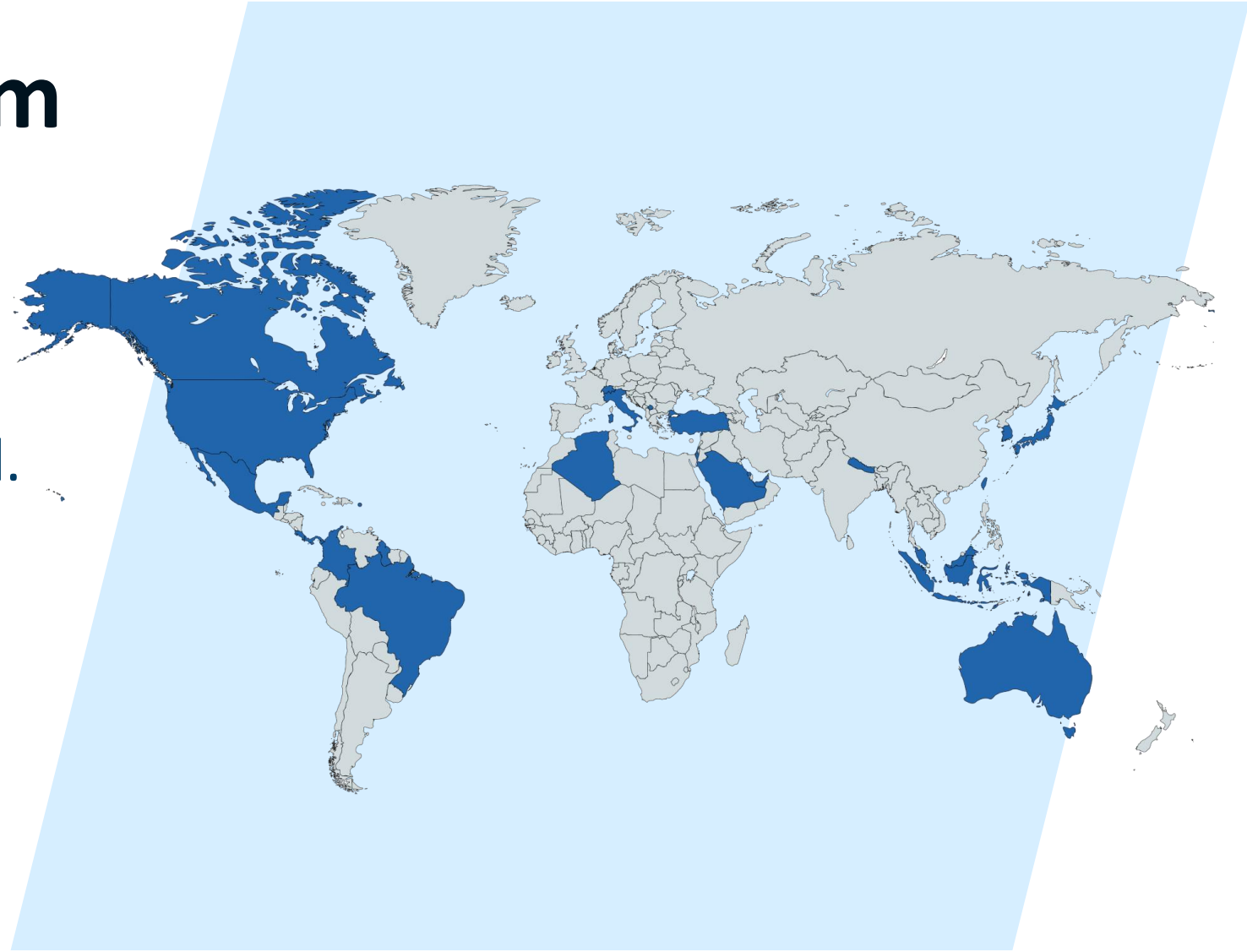
(1) Represents 1/3 of entire market (18,000 police departments)





# International System Deployment

VirTra simulators have been deployed in **33** countries worldwide out of **174** potential.



# Why Customers Choose VirTra

## VirTra



Realistic **300°** and **180°** simulators with  
>100 deployments for each category



**Far Superior Training Content Library**



Add real stress through the **patented Threat-Fire®** product



**Top Reputation** for quality products and  
customer service



Higher quality training can **decrease** legal  
liabilities



## Competition



None or very few **300°** and **180°** simulator  
deployments



Simplistic and low-budget scenarios, often  
lacking in realism and training value



Lacking patented device



Try to copy VirTra's products with  
inconsistent quality and customer service

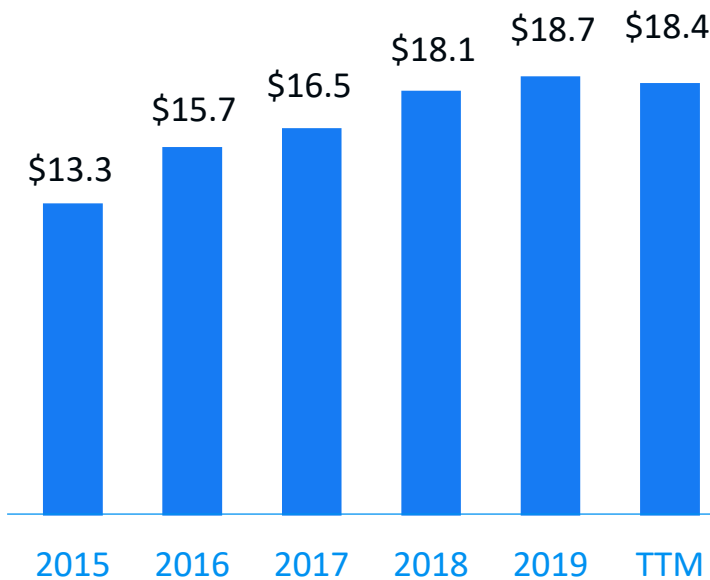


Inferior products make for poor legal  
defense and protection

# Financial Overview

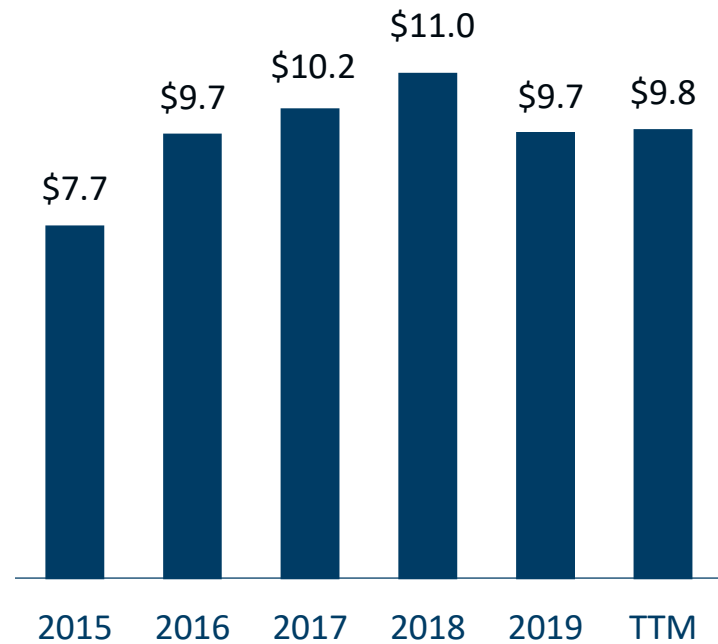
*Proven track record of consistent growth*

## Total Revenue



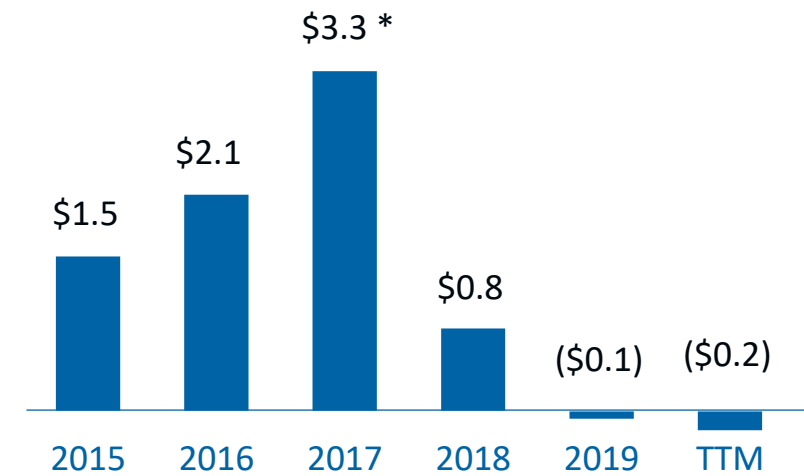
(\$ in millions)

## Gross Profit



(\$ in millions)

## Net Income



(\$ in millions)

\*Includes a one-time tax benefit of \$2 million (net) for 2017  
TTM for Period Ended Sept. 30, 2020

# Solid Balance Sheet & Clean Capital Structure

## Clean capital structure

7.8 million shares outstanding

\$10.1 million in common equity

Minimal debt

| <i>\$ in Millions</i> | <b>Sept. 30,<br/>2020</b> | <b>Dec. 31,<br/>2019</b> |
|-----------------------|---------------------------|--------------------------|
| Cash & CDs            | <b>\$4.1</b>              | \$3.3                    |
| Total Assets          | <b>\$19.5</b>             | \$17.5                   |
| Total Debt            | <b>\$0.1</b>              | \$0.0                    |
| Total Equity          | <b>\$10.1</b>             | \$10.2                   |



# Growth Tactics

*Building upon a strong foundational core to scale and grow our business*



# STEP — Subscription Training Equipment and Partnership Program

- Launched March 2019
- **12-month subscription**
- Increases **recurring revenue**
  - More consistent & predictable
- Increases **TAM**
  - Reduces upfront costs
  - **Lowers barrier to entry** for agencies

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*The industry's only subscription-based law enforcement simulator training*



# Additional Growth Opportunities: Military

- **Military market expanding** as simulation training gains acceptance & tech improves
  - Growing demand for **AR/VR Tech, De-escalation, and Recoil Kits** — well suited to VirTra's legendary innovation and core immersive tech
- 
- Engaged **JL O'Connell & Associates** to expand military sales and marketing efforts in **July 2019**
  - Appointed **military simulation training expert**, John Givens, to **board of directors** in **November 2020**





# Investment Considerations



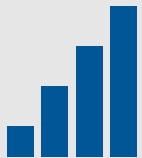
## Industry Leader

- Best-in-class de-escalation & judgmental use-of-force simulators
- Alternatives are often too expensive, too unrealistic or too dangerous



## Superior Technology

- Most effective solution (simulator, content, firearms, Threat-Fire® and more)
- Most sophisticated, comprehensive product line and library of training content (barrier to entry)



## Strong Financial Performance

- Organic revenue growth since 2005; 5-year CAGR of 9% through 2019
- \$4.1 million in cash
- \$14.4 million backlog as of September 30, 2020



# Contact Us

**VirTra, Inc.**

[www.virtra.com](http://www.virtra.com)

## **Investor Relations**

Matt Glover or Charlie Schumacher

Gateway Investor Relations

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(949) 574-3860



# Appendix

# Additional Officer Testimonials

“

I **definitely feel better** about going out on the next call after being put through the paces in the VirTra system.”

– O’Fallon Police Officer

“

It’s **not a one-time training tool** – the **opportunities are limitless.**”

– First Sergeant Joe Bice  
Stafford County Sheriff’s Office

“

There are a lot of scenarios on the VirTra system that allow for us practicing de-escalation. If you do these things successfully, **you don’t have to use force** – you can just talk a subject through the situation.”

– Officer Matthew Austin, Omaha Police Department

# Senior Management



## **Bob Ferris, Chief Executive Officer**

Mr. Ferris founded Ferris Productions, Inc. in 1993 and, after the merger between Ferris Productions and GameCom in September 2001, he became CEO of the combined company, VirTra, in 2008. Mr. Ferris's vision was to create the most effective simulators in the world, and he helped create the ideas and attract the talent responsible for developing VirTra's market leading products. When he became CEO, VirTra had a depressed stock price and over \$4 million in debt. He then led the company to become what it is today, having a strong market position, generating profits and possessing a solid balance sheet. He is an inventor on multiple patents and considered one of the top experts in the world at applying virtual reality and simulation technology to solve real world problems. Mr. Ferris attended the US Air Force Academy and received a degree in Systems Engineering from the University of Arizona.



## **Matt Burlend, Chief Operating Officer**

Prior to joining the pre-merger company, Ferris Productions, Inc. in 1999, Mr. Burlend was a mechanical engineer focused on the design of automated production equipment for Panduit, a \$1+ billion per year global manufacturing company. At VirTra he worked his way up from engineer to becoming COO in 2011. Over the years, Mr. Burlend has contributed significantly to managing the design, production and support of VirTra's most successful and innovative simulator products and has achieved a highly successful track record in the daily operations of VirTra's core business. In addition, he was instrumental in managing the company from a debt position of over \$4 million, to becoming debt-free in less than three years at the height of the 2008 recession, to then achieving profits. Mr. Burlend graduated from Olivet Nazarene University with a Mechanical Engineering Degree.



## **Judy Henry, Chief Financial Officer**

Ms. Henry has over 25 years of experience in finance and accounting, holding positions as Chief Financial Officer, Director of Finance and Controller for public, private and municipal corporations in the technology, accounting, venture capital and real estate sectors. From 2009 to 2015, Ms. Henry was CFO and Deputy Executive Director for Housing Kitsap, a municipal corporation based in the Pacific Northwest focused on developing and managing affordable housing. Previously, she worked as Director of Finance for Secure Asset Reporting, Inc., a provider of remote asset management solutions, which in 2007 merged with MyCom Group, Inc., an OTC-listed company. Ms. Henry has also provided CFO/Controller consultancy services in the Greater Seattle area for the CPA firm Moss Adams. Ms. Henry holds a Masters of Business Administration degree from Pacific Lutheran University and dual Bachelor of Science degrees in Accounting and Finance from Central Washington University.



# Board of Directors

## Jeffrey D. Brown, Director

Mr. Brown has served as a director since 2011. He has been a Certified Public Accountant (“CPA”) since 1993 and a financial planning service provider for over 12 years, performing financial services for a wide range of companies. From 2002 to 2004, Mr. Brown was the Chief Financial Officer for Gold Canyon Candles, a provider of fragranced candles and accessories during a period of rapid growth in revenues. From 1990 to 1994, Mr. Brown was an auditor at Ernst & Young performing audits for a variety of organizations. Mr. Brown received a Bachelor of Science in Accounting from California State University, San Bernardino and his CPA designation in 1993.

## James Richardson, Director

Mr. Richardson has served as a director since October 9, 2017. He is the co-founder and has been the chief executive officer of NaturalPoint Inc. since 1996. NaturalPoint is a global leader in head tracking for PC gaming and optical motion capture hardware and software. Mr. Richardson has led NaturalPoint since its formation and is responsible for devising its high-level strategy and the engineering, marketing and sales efforts. Through Mr. Richardson’s efforts, he led to profitable revenue growth, enabling it to gain significant market share culminating in its sale to Planar Systems, Inc., a developer, manufacturer and marketer of electronic display products and systems for \$125M in cash. Mr. Richardson studied Mechanical Engineering at the University of California at Berkeley.

## John Givens, Director

John Givens has over 20 years of experience as a soldier, board member, entrepreneur and corporate executive. He currently serves as a military board advisor to Bohemia Interactive Simulations (BISim), a global developer of advanced military simulation and training software. In 2010, Mr. Givens established the US company of BISim, and as president, took military simulation products from inception to production to the hands of trainees. Mr. Givens has achieved numerous awards and honors, including appointment to the board of directors of the National Center for Simulation (NCS), an association of defense companies, the “Pioneer Award” for outstanding contributions and innovations to the training and effectiveness of U.S. and overseas soldiers, sailors and airmen. Mr. Givens’s most prized honor was receiving The Honorable Order of Saint Christopher from the Transportation Command for creating and implementing a pre-deployment convoy operation simulator and working directly with the soldiers before being deployed to Iraq and Afghanistan. Mr. Givens graduated from the Florida Institute of Technology and proudly served in the United States Army.