

# 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, 2017, 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



**\$18.1 Million**  
in FY18 Revenue



Deployed in **180+**  
Agencies in **30**  
Countries



**\$0.8 Million**  
FY18 Net Income

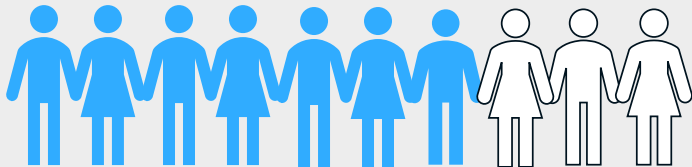


**95%+**  
Customer Retention

# 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 Degree Simulator





## V-100

- Single-screen simulation training



## V-180

- 180-degree immersive training environment











## 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
<b>Firearms &amp; Tasers</b>		<b>Threat-Fire</b>
 <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

Additional **patents** acquired from **Tiberius Technology** in **February 2019** to increase **realism**



# V-Author Software

## Expansive Library of Content

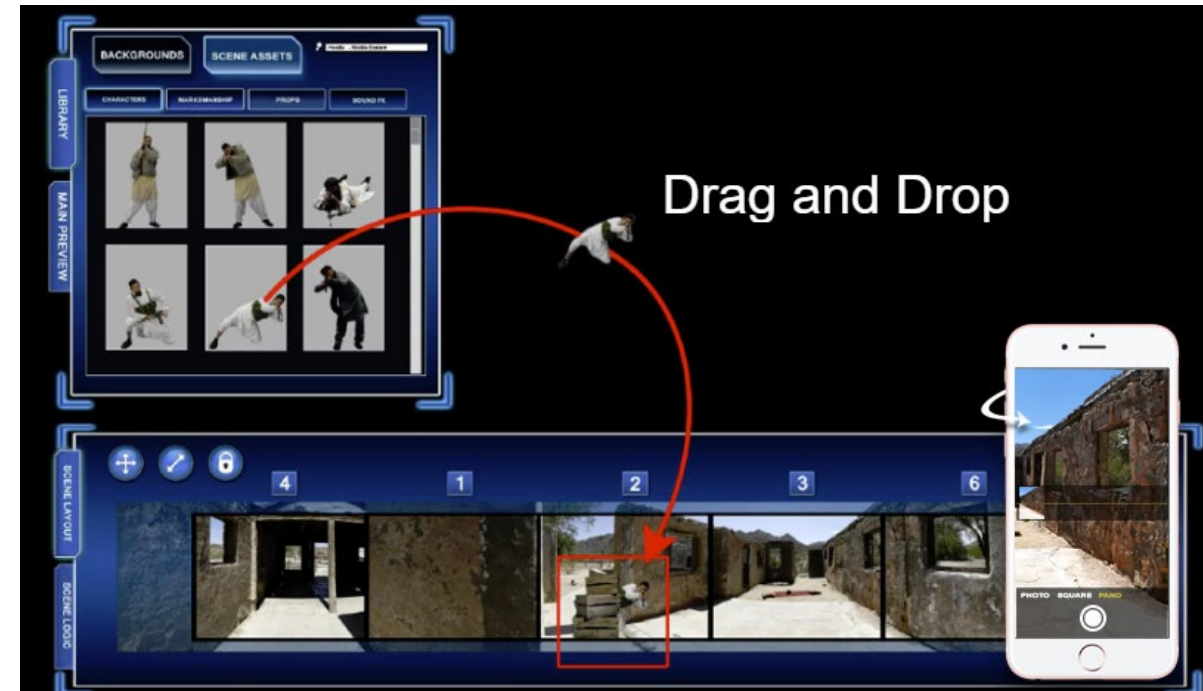
-  **300+** independent characters capable of performing **2,334 actions**
-  **750** different instructor options
-  **5,000+** branching scenarios
-  Virtually limitless permutations

## Sophisticated, Yet Simple

Underlying technology and content took **years to create** 

**Very expensive** for competitor to replicate 

**Drag-and-drop** interface 





# Law Enforcement Market

## Domestic

- \$650 million TAM
- Currently serving 150+ of 6,500 larger U.S. agencies<sup>(1)</sup>

## International

- Currently serving 32 of 2,000 agencies

## 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.

### International

Australia  
Brazil  
Colombia  
Mexico  
Ukraine

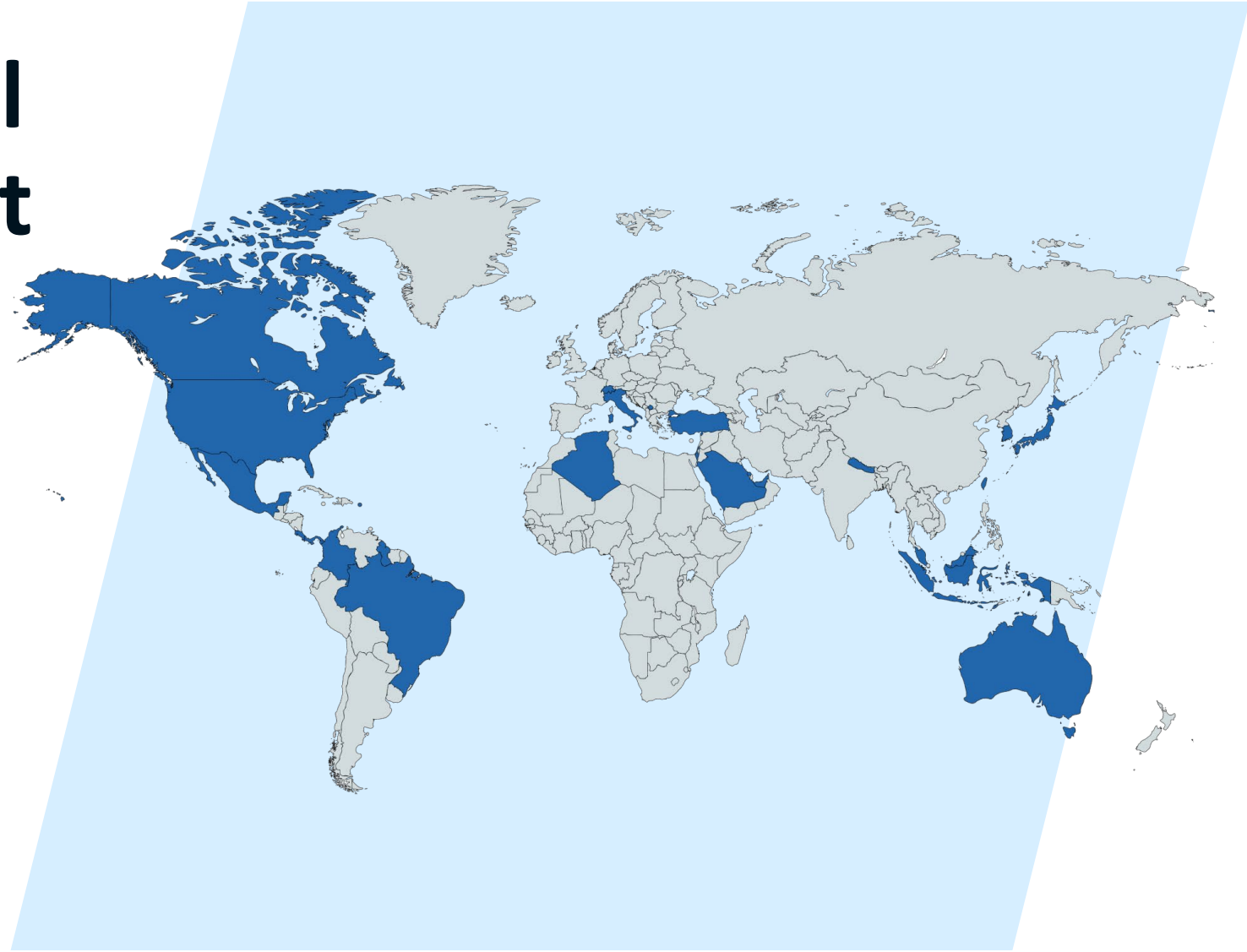
(1) Represents 1/3 of entire market (18,000 police departments)





# U.S. & International System Deployment

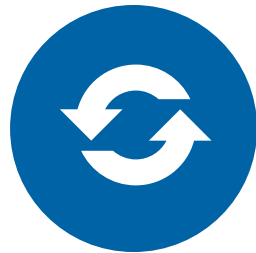
VirTra simulators have been initially deployed with recognized thought leaders in U.S. agencies and in **29 additional countries**



# Omaha Police Department Case Study



**2014**  
Omaha Police  
Department (OPD)  
purchases  
**VirTra V-180**



Immediate **positive**  
**feedback** drives  
OPD & City Council to  
approve new  
purchases



**March 2017**  
OPD upgrades to  
**V-300** & commissions  
custom training curriculum  
with **V-Author** solution

“

*We had **9 pages** of awesome feedback from officers...The ability to move around, the realism, and the branching options are key. VirTra really immerses you in the situation.”*

– OPD Officer Matthew Austin

# 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



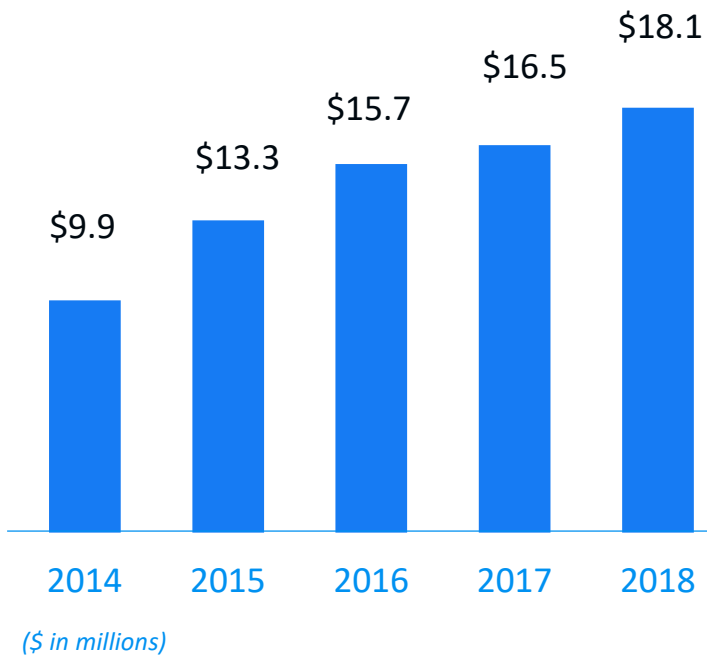
Inferior products make for poor legal  
defense and protection



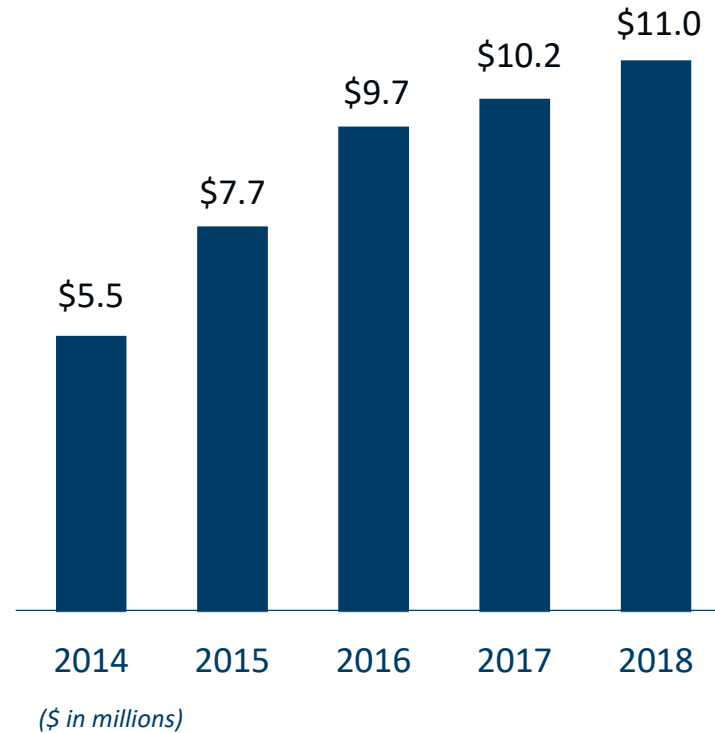
# Financial Overview

*Proven track record of consistent revenue and net income growth*

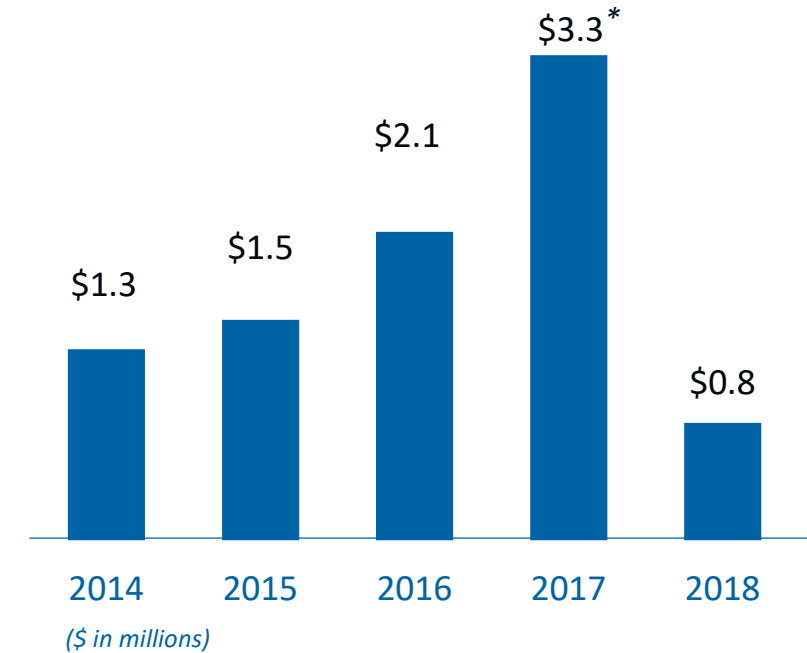
## Total Revenue



## Gross Profit



## Net Income



\*Includes a one-time tax benefit of \$2 million (net) for 2017

# Solid Balance Sheet & Clean Capital Structure

## Clean capital structure

7.9 million shares outstanding

Repurchased \$643K of stock since Nov.

No debt and no preferred equity

<i>\$ in Millions</i>	<b>Dec. 31, 2018</b>	<b>June 30, 2018</b>
Cash & CDs	<b>\$6.0</b>	<b>\$7.9</b>
Total Assets	<b>\$15.2</b>	<b>\$17.3</b>
Total Debt	<b>\$0.0</b>	<b>\$0.0</b>
Total Equity	<b>\$10.6</b>	<b>\$12.5</b>

# Growth Strategy

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





# STEP — Subscription Training Equipment and Partnership Program

- Launched March 2019
- Monthly, quarterly or annual **subscription**
- Increases **recurring revenue**
  - More consistent & predictable
- Increases **TAM**
  - Reduces upfront costs
  - **Lowers barrier to entry** for agencies

---

*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



# Investment Considerations



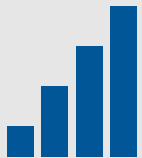
## Industry Leader

- 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

- Consistent organic revenue growth since 2004; 5-year CAGR of 16%
- \$6.0 million in cash and CDs; \$0 debt
- \$6.8 million backlog as of Dec. 31, 2018



# Contact Us

**VirTra, Inc.**

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

## **Investor Relations**

Matt Glover or Charlie Schumacher

Liolios

[VTSI@liolios.com](mailto:VTSI@liolios.com)

(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

## **Mitchell A. Saltz, Director**

Mr. Saltz has served as a director since 2016. He has also served as a director of American Outdoor Brands Corporation (formerly, Smith & Wesson Holding Corporation), a publicly traded company with shares listed on NASDAQ, since 1998 and served as its Chairman of the Board and CEO from 1998 through 2003. American Outdoor is a leading manufacturer, designer and provider of consumer products for the shooting, hunting and rugged outdoor enthusiast. Mr. Saltz has been since December 2015 Chairman of the Board of Modern Round Entertainment Corp., a publicly held company formed to create and roll out nationally an entertainment concept centered around a virtual interactive shooting experience utilizing laser technology-based replica firearms and extensive food and beverage offerings, and was a principal of its predecessor, Modern Round LLC. Mr. Saltz has served as the Chairman of Quest Resource Holding Corporation, an environmental solutions company that serves as a single-service provider of recycling and environment-related programs, services and information, or its predecessors since 2005 and the Chairman and Managing Partner of Southwest Capital Partners, an investment banking firm, since 2009. Mr. Saltz founded Saf-T-Hammer in 1997, which developed and marketed firearm safety and security products designed to prevent the unauthorized access to firearms, which acquired Smith & Wesson Corp in May 2001.

## **Jeffrey 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 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.

## **Jim 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 sells hands-free ergonomic mouse alternative for assistive technology, head tracking for PC gaming, and optical motion capture hardware and software. Mr. Richardson has had an integral role at 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.