



NEWS RELEASE FOR IMMEDIATE RELEASE

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VirTra Releases 2014 Third Quarter Financial Results

Tempe, Arizona (November 14, 2014) -- VirTra Systems (OTC Pink: VTSI), a leading provider of [firearms simulators](#) to military, law enforcement agencies and other organizations, today announced the release of its 2014 third quarter financial statements. The financial statements are available on VirTra's website and [here](#).

Mark Skidmore, VirTra's Vice President & Chief Accounting Officer, said, "The profitable third quarter demonstrates the variability in recognized revenue from quarter to quarter and is the historical nature of VirTra Systems' business to date. However, the Company's nearly \$11 million in record sales/purchase orders booked in the third quarter positions the Company's revenue to be strong over the next two to three quarters."

Third Quarter 2014 Financial Summary:

- Net Sales for the quarter decreased 20% to \$2.2 million compared to \$2.7 million in the third quarter of 2013. The main reason for this difference is large multi-year projects with milestones in the first three quarters of 2013, but fewer milestones for 2014. These variations are reduced when reviewing a one year period versus a quarterly period.
- Gross margin for the quarter was 49% of Net Sales, compared to 68% last year. The drivers for the decrease, similar to second quarter 2014, are primarily due to client paid customization projects which means some salaries were recorded in Cost of Products Sold, instead of in Sales, General and Administrative (SG&A). In addition, the lower Net Sales for the quarter contributed to this difference.
- SG&A expenses of \$1.0 million are level with third quarter 2013. As a percent of revenue, SG&A was 47% compared to 37% in third quarter 2013. The percentage increase is mainly the result of comparing SG&A to lower Net Sales. In addition, a portion of SG&A resources were assigned to client paid customization projects.
- Income from operations decreased \$0.8 million to \$0.1 million, compared to income of \$0.8 million in third quarter 2013. This decrease was largely due to higher Net Sales in 2013 as compared to 2014.
- Through September 30, 2014, the Company used \$0.8 million in cash from operating activities to fulfill orders secured by deposits. Cash and cash equivalents were \$1.5 million, down from \$1.8 million at third quarter 2013.
- The Company has no outstanding balance due on its line of credit as of September 30, 2014.

Bob Ferris, Chief Executive Officer of VirTra, commented, "One of VirTra's key objectives for 2014 was to increase market penetration by expansion of our national footprint with military and law enforcement agencies in the United States, in addition to investing in development of the Company's international presence. I am incredibly proud of our talented employees' work and steadfast dedication to our stakeholders that enabled us to meet those goals through the first nine months of operations. The Company's recent one quarter performance of nearly \$11 million of purchase orders is validation of VirTra's ability to expand our position in the marketplace and we look forward to delivering on those orders in the coming quarters."

About VirTra Systems

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

www.VirTra.com

Forward-looking Statements

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

- - - -FINANCIALS FOLLOWING- - - -

VIRTRA SYSTEMS, INC. BALANCE SHEETS as of:

Assets	September 30, 2014 (unaudited)	December 31, 2013 (audited)
Current assets:		
Cash and cash equivalents.....	\$ 1,468,780	\$ 2,358,955
Accounts receivable.....	1,844,625	786,877
Inventory.....	614,012	407,434
Prepaid expenses and other current assets.....	77,489	44,902
Total current assets.....	4,004,906	3,598,168
Property and equipment, net.....	369,074	460,513
Total assets.....	\$ 4,373,980	\$ 4,058,681
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable.....	\$ 379,533	\$ 289,820
Accounts payable - related party.....	-	-
Accrued compensation and related costs.....	429,257	588,097
Accrued expenses and other current liabilities.....	112,488	153,875
Borrowing on line of credit.....	-	-
Term loan - short-term.....	-	-
Deferred revenue.....	1,528,205	1,516,792
Total current liabilities.....	2,449,483	2,548,584
Long-term liabilities:		
Term loan - long-term.....	-	-
Accrued rent liability - long-term.....	107,779	144,990
Total liabilities.....	2,557,262	2,693,574
Commitments and contingencies		
Stockholders' equity:		
Preferred stock \$0.005 par value; 2,000,000 shares authorized; no shares issued or outstanding as of December 31, 2013 and 2012.....	-	-
Common stock \$0.005 par value; 500,000,000 shares authorized; 158,328,245 shares issued and 158,285,045 shares outstanding as of December 31, 2013 and 2012, respectively.....	791,641	791,641
Additional paid-in capital.....	13,217,283	13,144,044
Treasury stock at cost, 43,200 common shares as of December 31, 2013 and 2012, respectively.....	(2,981)	(2,981)
Accumulated deficit.....	(12,189,225)	(12,567,597)
Total stockholders' equity.....	1,816,718	1,365,107
Total liabilities and stockholders' equity.....	\$ 4,373,980	\$ 4,058,681

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

	<u>Three months ended September 30,</u>	<u>Nine months ended September 30,</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net revenues.....	\$ 2,161,542	\$ 2,712,459	\$ 6,230,206	\$ 6,772,369		
Cost of products sold.....	<u>1,093,033</u>	<u>869,044</u>	<u>2,810,312</u>	<u>2,129,482</u>		
Gross margin.....	1,068,509	1,843,415	3,419,894	4,642,887		
General and administrative expenses.....	<u>1,009,964</u>	<u>998,897</u>	<u>3,038,436</u>	<u>3,394,669</u>		
Income from operations.....	<u>58,545</u>	<u>844,518</u>	<u>381,458</u>	<u>1,248,218</u>		
Other income/(expense):						
Other income.....	1,659	33	1,659	62		
Other expense.....	<u>(8,172)</u>	<u>(8,232)</u>	<u>(4,745)</u>	<u>(14,226)</u>		
Net other income/(expense).....	<u>(6,513)</u>	<u>(8,199)</u>	<u>(3,086)</u>	<u>(14,164)</u>		
Income before income taxes.....	52,032	836,319	378,372	1,234,054		
Income tax expense/(benefit).....	-	-	-	-		
Net income.....	<u>\$ 52,032</u>	<u>\$ 836,319</u>	<u>\$ 378,372</u>	<u>\$ 1,234,054</u>		
Weighted average of common and common equivalent shares outstanding:						
-Basic.....	158,285,045	158,285,045	158,285,045	158,285,045		
-Diluted.....	159,199,484	161,637,802	161,637,802	161,637,802		
Net income per common and common equivalent share:						
-Basic.....	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.01		
-Diluted.....	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.01		

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

	<u>Common stock</u>		Additional paid-in capital	Treasury Stock	Accumulated Deficit	Total
	Shares	Amount				
Balance at January 1, 2013.....	158,285,045	\$ 791,641	\$ 13,032,498	\$ (2,981)	\$(14,148,373)	\$ (327,215)
Net income.....	-	-	-	-	1,580,776	1,580,776
Stock-based compensation.....	-	-	111,546	-	-	111,546
Balance at December 31, 2013...	158,285,045	791,641	13,144,044	(2,981)	(12,567,597)	1,365,107
Net income.....	-	-	-	-	378,372	378,372
Stock-based compensation.....	-	-	73,239	-	-	73,239
Balance at September 30, 2014..	<u>158,285,045</u>	<u>\$ 791,641</u>	<u>\$ 13,217,283</u>	<u>\$ (2,981)</u>	<u>\$(12,189,225)</u>	<u>\$ 1,816,718</u>

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

	Nine months ended September 30,	
	2014	2013
Cash flows from operating activities:		
Net income.....	\$ 378,372	\$ 1,234,054
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	146,083	159,449
Stock-based compensation.....	73,239	71,275
Changes in operating assets and liabilities:		
Accounts receivable.....	(1,057,748)	(116,472)
Inventory.....	(206,578)	(204,282)
Prepaid expenses and other assets.....	(32,587)	9,814
Accounts payable and other accrued expenses.....	(147,725)	175,945
Deferred revenue.....	11,413	393,397
Due to related parties.....	-	-
Net cash provided/(used) by operating activities.....	<u>(835,531)</u>	<u>1,723,180</u>
Cash flows from investing activities:		
Purchase of property and equipment.....	<u>(54,644)</u>	<u>(39,819)</u>
Net cash used in investing activities.....	<u>(54,644)</u>	<u>(39,819)</u>
Cash flows from financing activities:		
Draws on line of credit.....	-	150,000
Repayments of line of credit.....	-	(150,000)
Proceeds from term loan.....	-	-
Payments on term loan.....	-	(224,135)
Purchase of common stock.....	-	-
Net cash used in financing activities.....	<u>-</u>	<u>(224,135)</u>
Increase/(decrease) in cash and cash equivalents.....	<u>(890,175)</u>	<u>1,459,226</u>
Cash and cash equivalents, beginning of period.....	<u>2,358,955</u>	<u>372,119</u>
Cash and cash equivalents, end of period.....	<u>\$ 1,468,780</u>	<u>\$ 1,831,345</u>
Cash paid during the period for:		
Interest.....	<u>\$ -</u>	<u>\$ 7,738</u>
Taxes.....	<u>\$ -</u>	<u>\$ -</u>

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