



## **3 Sixty Secure Reports Record \$7.55 Million in Revenue in the Second Quarter of Fiscal 2019; Provides Operational Update and 2020 Full Year Guidance**

- **Quarterly revenue increased to \$7.55 million, a 119% increase over Q1 2019**
- **Sequential organic revenue growth of \$1.5M over Q1 2019**
- **Continued customer wins are expected to add predictable recurring revenue of approximately \$10 million**

### **Key Q2 2019 Financial Highlights**

- Quarterly revenue increased to \$7.55 million, a 119% increase over Q1 2019 revenue of \$3.4 million, and a 971% increase (June 30, 2018 - \$705 thousand) over Q2 2018
- Sequential organic revenue growth of \$1.5M over Q1 2019
- Adjusted EBITDA increased to \$(1.6) million from \$(1.8) million in the prior quarter
- Net income of \$(3.6) million improved sequentially by \$1.2 million over Q1 2019
- Reported adjusted EPS of \$(0.02) versus \$(0.08) in the prior quarter
- Acquired INKAS® Security Services Ltd. creating one of Canada's largest secure cannabis transport companies
- Achieved and exceeded Q2 financial guidance targets previously set by management
- Based on predictable recurring revenue, management projects an increase to over \$8.5 million from Q2 to Q3 2019 from organic growth
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**August 20, 2019, Almonte, Ontario** – 3 Sixty Risk Solutions Ltd. (“3 Sixty” or the “Company”) (CSE: SAFE) (OTCQB: SAYFF) (FSE: 62P2) a leader in the risk management and security services sector of the burgeoning cannabis industry, today reported its unaudited financial results for the three month period ended June 30, 2019. The consolidated financial statements and management’s discussion and analysis for the period will be filed contemporaneously on SEDAR and available on the Company’s website at [www.3sixtysecure.com](http://www.3sixtysecure.com). Unless otherwise indicated, all references herein to dollars or “\$” are to Canadian dollars.

“I am extremely pleased with the operational and financial progress that 3 Sixty has made,” said Thomas Gerstenecker, CEO and Founder. “We increased revenue by more than \$4.1 million including \$1.5 million of organic growth as we continue to grow our customer base and increase billings to our existing customers. We have made great progress integrating INKAS Security Services Ltd., and we are seeing improvements in revenue and costs. We are realizing significant growth in our business and I believe that we remain in the early innings of growth for the industry broadly and for 3 Sixty Secure as a leading provider of security services in Canada and now the US.”

### **Subsequent to the Quarter Highlights and Operational Update**

- Expanded operations to US with entry into Nevada; providing security services to 1933 Industries and multiple dispensaries in Nevada
- Operational readiness is now complete with licensing, and logistics in Florida, Ohio, and managed-services New Jersey
- The Company plans continued expansion in 2019 including the States of Missouri, New York, Colorado, Arizona and California
- Continued customer wins are expected to add predictable recurring revenue of approximately \$10 million, on an annualized basis, that are anticipated to be deployed and executed beginning in Q3, subject to the terms and conditions of such agreements

“Expansion to the US has been a strategic priority for the company since going public,” said Thomas Gerstenecker, CEO and Founder. “Our team has been diligent in ensuring that we met the strict regulatory hurdles in order to offer security services to the

US cannabis industry. We have established a beachhead in Nevada and continue to expand into new jurisdictions to support our strong organic growth.

### Financial Guidance for Fiscal 2020

3 Sixty Secure is providing 2020 full year consolidated revenue guidance as follows:

- Net revenue of approximately \$60 million to \$80 million

### Second Quarter Financial Results

	Three month period ended June 30, 2019	Three month period ended June 30, 2018	Six month period ended June 30, 2019	Six month period ended June 30, 2018
	\$	\$	\$	\$
Revenue	7,547,577	704,911	10,991,406	1,057,548
Operating Expenses				
Wages and benefits (note 12)	6,443,784	1,249,005	9,489,886	1,434,961
Office and administrative	336,866	89,498	796,394	164,831
Depreciation (note 6)	822,418	-	1,212,443	-
Consultants (note 12)	1,147,498	46,295	2,178,009	140,810
Vehicle	413,934	64,326	575,692	91,765
Travel	214,931	34,045	399,700	44,111
Advertising	355,327	30,090	1,002,099	32,800
Financing costs	155,156	18,395	212,700	25,746
Bad debt expense (notes 5 and 14)	43,525	-	133,086	-
Stock-based compensation (note 9)	72,523	-	172,361	-
Insurance	372,075	6,525	434,193	17,060
Information technology	99,427	8,889	176,532	13,204
Freight & Storage	582,817	10,145	902,719	14,177
Training	62,064	7,067	89,417	20,525
Listing Expense (note 3(a))	-	-	1,616,149	-
	<b>11,122,345</b>	<b>1,564,280</b>	<b>19,391,380</b>	<b>1,999,990</b>
Operating loss	<b>(3,574,768)</b>	<b>(859,369)</b>	<b>(8,399,974)</b>	<b>(942,442)</b>
Cumulative translation adjustment	<b>(1,725)</b>	-	<b>(1,725)</b>	-
Net loss and comprehensive loss	<b>(3,576,493)</b>	<b>(859,369)</b>	<b>(8,401,699)</b>	<b>(942,442)</b>
Loss per share (note 10)	<b>(0.02)</b>	<b>(0.01)</b>	<b>(0.08)</b>	<b>(0.03)</b>
Weighted Average number of shares outstanding, basic and diluted	<b>146,184,781</b>	<b>58,403,164</b>	<b>108,736,020</b>	<b>37,542,204</b>

- **Revenues** - Revenue for the three months ended June 30, 2019 was \$7.55 million, an increase of \$4.1 million (119%) compared to the three months ended March 31, 2019 and a \$6.8 million increase (971%) compared to the three months ended June 30, 2018, when sales were \$0.7 million. Additional licensed producers and a greater number of transportation runs contributed to organic revenue growth, which have seen an increase of over 1,285% compared to the three months ended June 30, 2018.
- **Expenses** - Total expenses for the three-month period ended June 30, 2019 were \$11.1 million, a \$9.6 million increase compared to the three months ended June 30, 2018, when total expenses were \$1.6 million. The increase in total expenditures

year-over-year is due to the Company's growth in the quarter whereby the Company acquired over 350 new employees and assets from the INKAS® Security Services Ltd. business.

- **Adjusted EBITDA** - Adjusted EBITDA for three-month period ended June 30, 2019 was (\$1.6 million), which represents a decrease of \$0.9 million as compared to the three-month period ended June 30, 2018. Increased operating and overhead expenses, such as labour costs, advertising, promotion and professional fees were incurred for the acquisition of the assets of INKAS® Security Services Ltd. business.

### **Non-IFRS Measures**

Adjusted EBITDA is not a recognized performance measure under IFRS, does not have a standardized meaning and therefore may not be comparable to similar measures presented by other issuers. Adjusted EBITDA is included as a supplemental disclosure because management believes that such measurement provides a better assessment of the Company's operations on a continuing basis by eliminating certain non-cash charges and charges or gains that are nonrecurring. Adjusted EBITDA is defined as net loss excluding interest, taxes, depreciation and amortization, and share-based compensation and listing expense. Adjusted EBITDA has limitations as an analytical tool as it does not include depreciation and amortization expense, interest income and expense, taxes, share-based compensation and transaction fees. Because of these limitations, Adjusted EBITDA should not be considered as the sole measure of the Company's performance and should not be considered in isolation from, or as a substitute for, analysis of the Company's results as reported under IFRS. The most directly comparable measure to Adjusted EBITDA calculated in accordance with IFRS is operating income (loss). The above is a reconciliation of the Company's operating loss to Adjusted EBITDA.

### **Conference Call**

Management will host its quarterly conference call on Tuesday, August 20, 2019 at 9:00am EST to discuss the results. Dial-in details are as follows:

Toll Free (North America): 1(877) 221-6399

A replay of the conference call will be available on the 3 Sixty Secure investor website at [www.3sixtysecure.com/investors](http://www.3sixtysecure.com/investors).

### **About 3 Sixty Risk Solutions Ltd.**

3 Sixty Risk Solutions Ltd., operating through its wholly-owned subsidiary, 3 Sixty Secure Corp., is Canada's leading security service provider to the cannabis sector, transporting millions of dollars of product every month. 3 Sixty now provides enhanced cash management, cannabis security consulting, guarding and secure transport security services to more than 600 customers and more than 100 cannabis licensed producers. 3 Sixty employs over 600 staff, operates a fleet of over 150 vehicles and is one of the 3rd largest cash management service providers in Canada. Find out more at [www.3sixtysecure.com](http://www.3sixtysecure.com) and follow us on Twitter, Instagram or Facebook.

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### **Forward-Looking Information**

*This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate, among other things, to: the business and operations of 3 Sixty. Forward-looking statements are necessarily based upon a number of estimates and 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 statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained*

*in this news release. Except as required by law, 3 Sixty assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.*

*Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.*