

For Immediate Release



Suite 108 – 8085 S. Chester Street
Centennial, CO 80112

VIRTUALARMOUR REPORTS Q2 FINANCIAL RESULTS

-Sees 25% Period Over Period Growth in Managed Services Revenues-

Vancouver, B.C. – (August 30, 2017) Premier Managed Services Provider, VirtualArmour International Inc. (the “**Company**”) (CSE:VAI), today announced second quarter (Q2) financial results for the three-month period ended June 30, 2017.

Christopher Blisard, Co-Founder and Chairman of VirtualArmour said;

“With the market for managed services experiencing continued growth, VirtualArmour increased its period over period (Q2’16 to Q2’17) revenues from Managed and Professional Services by 25% servicing multiple expanding industry sectors including healthcare, technology, medical research and non-profit. Increased revenues were achieved as a result of a combination of signing new client contracts - many on multi-year terms - as well as increasing scope and subsequent contract values with several existing clients.”

The outlook for the second half of 2017 is very positive. The global market demand for tailored cyber protection services continues to increase and this is accelerating adoption of the Company’s recurring revenue service offerings. The heightened enterprise focus on cybersecurity has not only led to increasing budgets being allocated to cyber protection, but also increased interest in investment opportunities in what is a high growth sector.”

Financial Highlights

- During the six months ended June 30, 2017, the Company recorded revenues of \$5,831,292 (2016 - \$4,846,776), a 20% period over period increase.
- Hardware and software sales and product support services revenues during the six months ended June 30, 2017 were \$4,777,202 (2016 - \$3,912,154).
- Managed and professional services revenues during the six months ended June 30, 2017 were \$1,054,090 (2016 - \$934,622), (Q2’17 - \$649,057 vs. Q2’16 - 518,998).
- The gross profit as a percentage of revenue was 17.3% in the 2017 period compared to 25.3% in the 2016 period. The decrease in gross profit margin was due primarily to a higher volume of lower margin annual support contracts and hardware sales.

The table below details certain non-cash and other transactions that for the purposes of this discussion have been adjusted out of the reported loss to produce an adjusted loss that forms a better basis for comparing the period over period operating results of the Company.

	2017 \$	2016 \$
Loss for the period as reported	(900,524)	(3,134,345)
Add (deduct):		
Gain on debt settlement, net of legal fees	-	(215,681)
Change in fair value of warrant derivative liabilities	(17,626)	2,990,532
G&A expense – share-based payments	6,179	93,209
Adjusted loss for the period ⁽¹⁾	(911,971)	(266,285)

⁽¹⁾Adjusted loss for the period is not a term recognized under IFRS. Non-IFRS measures do not have standardized meaning. Accordingly, non-IFRS measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Operational Highlights:

- During the 2nd quarter, the Company:
 - Maintained 100% retention of its current client base
 - Maintained 100% client protection against the May ‘WannaCry’ ransomware attack that infected over 400,000 computers across 150 countries
 - Was recognized on the [Cybersecurity 500](#) as one of the hottest cybersecurity companies to watch in 2017
 - Was Recognized by Juniper Networks as ‘Partner of the Year’ in the Innovation category for its development of solutions which expertly integrate Juniper technologies
 - Was ranked number seven in [Branham’s Top 25](#) Movers and Shakers list for 2017
 - Completed deployment of its proprietary CloudCastr portal across all of its Managed Services clients
 - Onboarded five new enterprise business customers

About VirtualArmour

VirtualArmour is an international cybersecurity and Managed Services provider that delivers customized solutions to help businesses build, monitor, maintain and secure their networks.

The Company maintains 24/7 client monitoring and service management with specialist teams located in its US and UK-based security operation centers (“SOC”). Through partnerships with best-in-class technology providers, VirtualArmour delivers only leading hardware and software solutions for customers that are both sophisticated and scalable, and backed by industry-leading customer service and experience. VirtualArmour’s proprietary CloudCastr client portal and prevention platform provides clients with unparalleled access to real-time reporting on threat levels, breach prevention and overall network security.

VirtualArmour services a wide range of clients - which include those listed on the Fortune 500 - within several industry sectors, in over 30 countries, across five continents. Further information about the Company is available under its profile on the SEDAR website, www.sedar.com, on the CSE website, www.thecse.com, and on its website www.virtualarmour.com

Company Contact:

Nick Dinsmoor
Vice President Strategy and Marketing
Office: 720-644-0913
nick.dinsmoor@virtualarmour.com

Media Contact

Josh Stanbury
Office: 416-628-7441
josh@sjspr.co.uk

Forward-Looking Information:

This press release may include forward-looking information within the meaning of Canadian securities legislation. The forward-looking information is based on certain key expectations and assumptions made by the management of VirtualArmour. Although VirtualArmour believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information as VirtualArmour cannot provide any assurance that it will prove to be correct. These forward-looking statements are made as of the date of this press release and VirtualArmour disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.