VIRTUALARMOUR INTERNATIONAL INC.

State of Incorporation: Colorado
8085 S. Chester Street, Suite 108
Centennial, CO
80112

720-961-3304
http://www.virtualarmour.com

SIC Code:

7374 Services—Computer Services Processing & Data Preparation

Annual Report
For the period ending December 31, 2019
(the "Reporting Period")

The number of shares outstanding of our Common Stock is 63,599,447 as of December 31, 2019.

The number of shares outstanding of our Common Stock is 63,599,447 as of December 31, 2018.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☑

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☑

Indicate by check mark whether a change in control of the company has occurred over this reporting period:

Yes: ☐ No: ☑

Part A General Company Information

Item 1 Exact name of the issuer and its predecessor (if any).

The name of the issuer is VirtualArmour International Inc (the "Company" or "VirtualArmour"). On September 28, 2016, the Company changed its name from VirtualArmor International Inc.

Item 2 Address of the issuer's principal executive offices.

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

Telephone: 720-961-3304
Fax Number: 720-528-7919

http://www.virtualarmour.com

Internal investor relations contact:

Elise Silagy
001-855-422-8283
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Item 3 Jurisdiction and date of issuer's incorporation.

VirtualArmour International Inc. (formerly VirtualArmor International Inc.) was incorporated on March 4, 2015, in the State of Colorado. The Company is in good standing with the State of Colorado as of May 22, 2020.

Part B Share Structure

Item 4 Exact title and class of securities outstanding.

The Company is authorized to issue up to 300,000,000 shares of common stock ("Common Stock") without par value. The CUSIP for the Common Stock is: 92828G101. The Company's Common Stock trade on the Canadian Securities Exchange (the "CSE") under the symbol "VAI" and are quoted on the OTCQB under the symbol "VTLR".

Item 5 Par or stated value and description of the security.

The Company's Common Stock have no par value. The Company has no shares of preferred stock outstanding or authorized.

Dividend Rights
Holders of Common Stock are entitled to receive dividends, as may be declared from time to time by the board of directors out of legally available funds. The Company has never declared or paid cash dividends on any of its capital stock and currently does not anticipate paying any cash dividends in the foreseeable future.

Voting Rights
Each holder of Common Stock is entitled to one vote for each share on all matters submitted to a vote of the shareholders, including the election of directors.

Right to Receive Liquidation Distributions
In the event of the Company's liquidation, dissolution, or winding up, subject to the rights of holders of any shares ranking in priority to or on a parity with the Common Stock, holders of its Common Stock will be entitled to share ratably in the net assets legally available for distribution to shareholders after the payment of all of the Company's debts and other liabilities.

Rights and Preferences
Holders of Common Stock have no preemptive, conversion, or other rights, and there are no redemptive or sinking fund provisions applicable to the Common Stock.

Item 6 Number of shares outstanding for each class of securities authorized.

In answering this item, provide the information below for each class of securities authorized. Please provide this information (i) as of the end of the issuer's most recent fiscal quarter and (ii) as of the end of the issuer's last two fiscal years.

	Period ending December 31, 2019	**Period ending December 31, 2018**
Number of shares authorized:	300,000,000	300,000,000
Number of shares outstanding:	63,599,447	63,599,447
Freely tradeable shares (public float):	28,785,909	30,959,142
Number of beneficial holders owning at least 100 shares:	120	120
Total number of shareholders of record:	120	120

Item 7 Name and Address of transfer agent.

The Company has engaged Computershare Investor Services Inc., registered under the Securities Exchange Act of 1934, to serve as transfer agent to maintain shareholder information on a book-entry basis. Computershare's Vancouver office telephone number is: 604-661-9400. Computershare's Vancouver address is: 3rd Floor, 510 Burrard Street, Vancouver BC V6C 3B9.

Part C Business Information

Item 8 Nature of the issuer's business.

VirtualArmor LLC was formed on May 4, 2001 in Colorado, United States. On July 27, 2015, VirtualArmor International Inc. completed a reverse takeover transaction (the "RTO" or the "Transaction") with VirtualArmor LLC and on October 25, 2016, the Company changed its name from VirtualArmor International Inc. to VirtualArmour International Inc. The Company's shares trade on the Canadian Securities Exchange (the "CSE") under the symbol "VAI", on the OTCQB Exchange under the symbol "VTLR". VirtualArmour is an information technology company that delivers solutions to help enterprises build, monitor, maintain and secure their networks from cloud to core.

The Company's fiscal year end is December 31st. The Company is not currently a shell company pursuant to the definition under Rule 405 of the Securities Act of 1933, as amended.

Partner for Success
The Company maintains it capabilities by partnering with best in breed technologies. With enterprises continuously adopting new and up to date cybersecurity solutions into their operations, it is imperative for VirtualArmour to strategically on-board technologies that will increase our addressable market to include premier solutions being used by industry leaders. Many businesses across the U.S. are currently using one or more of these technologies in their network infrastructure and need a strong managed services company to help them monitor the effectiveness of their security platforms and identify any potential threats to their proprietary data. The Company continues to review and expand beyond the current technologies under our portfolio of solutions to include products in the cybersecurity space that are being used by leading companies.

Professional Services
The Company's professional services team uses its expertise to reduce reliability risk and time investment associated with implementing solutions. Professional services engineers are qualified to assist clients in designing, implementing, and optimizing solutions for reliable operations and returns on investment. The Company's team understands the complexities and subtleties inherent in small or large-scale implementations and will assist clients by providing customized and integrated solutions. It is available for short- and long-term service contracts and can assist clients in strategic consulting, high-level design, migration, conversion, staff augmentation, testing, and knowledge transfer. On the whole, the Company's team of professionals is in a position to provide best-in-class consulting on networks and security, system reliability, and cost-effective scaling.

Managed Services
The Company's managed services provide capabilities to protect its customers' networks. VirtualArmour's services run 24 hours per day, 7 days per week, 365 days per year through its primary security operations center ("SOC") located in Middlesbrough, U.K. and a secondary SOC located in Salt Lake City, Utah. The Company is able to leverage decades of experience, tightly integrated software tools and streamlined processes to immediately respond to outages, network issues, and security threats. The managed services offerings span from low-to-high end routing, switching, wireless, and a comprehensive set of security services to complement clients' in-house teams.

The Company's managed services team operates out of the U.S. and U.K. with "follow-the-sun" shifts to provide live support with experienced certified engineers. VirtualArmour's helpdesk offers three levels of customer support: Level 1 handles the creation of tickets, basic troubleshooting and notifications; Level 2 involves the more experienced engineers who can handle more complex troubleshooting and issues and small-to-medium sized projects; and Level 3 comprises the senior engineers who handle bug verification, highly technical issues, and the larger sized projects.

The Company's engineering team generally maintains ownership of a problem until it is closed or clearly transitioned to a responsible third-party and stays up to date with the latest in hardware, software, and best design practices for its customers' benefits. Dedicated engineering staff engages in weekly reviews, incident reviews, production of custom escalation and alert procedures, new customer integration and customer specific tasks. VirtualArmour's team operates flexible and agile processes developed in order to integrate with customers' existing operational structure, providing an experience often disregarded by larger service providers in the industry.

Our managed services business serves as a high margin multi-year agreement platform that will contribute to predictable and recurring cash flows in the years to come. We expect this segment of our business to become a larger percentage of our overall business and ultimately become the main driving force to our bottom line.

Technology

The Company is focused on a short list of key technology and solutions partners across the networking, cloud, and cybersecurity landscapes. Partners are chosen based on market leadership, solution efficacy, and integration or "fit" within the overall set of VirtualArmour offerings. A key foundational partnership the Company has established is with Juniper, a leader in the area of networks and network security. The partnership allows the Company to provide its clients with Juniper's knowledge and expertise across its entire set of products and solutions. Over time, the Company has evaluated and added additional strategic partners to enhance the suite of VirtualArmour product and service offerings. Additional key partners and technologies include IBM Security's Qradar Security Intelligence Platform and XGS Network Protection; Netskope, Inc.'s Cloud Enablement and Security Platform; Palo Alto Networks, Crowdstrike and Rapid7 solutions.

This combined set of strategically selected technologies and partners enables the Company to deliver to its customers a comprehensive selection of security and connectivity solutions backed by a full complement of services ranging from design and architecture to installation, deployment, and ongoing management and support.

Customers

Historically and currently, the Company has derived a substantial portion of its revenue from a limited number of customers. The Company currently derives a substantial portion of its revenue from less than ten customers. The Company continues to add new customers. VirtualArmour's customers include a 13-location data center provider, a Fortune 100 oil and gas company, multiple service providers with presences throughout the United States, and household name enterprise organizations located primarily in the western United States.

Employees
As of December 31, 2019, the Company had a total of 30 full-time employees in the following locations: Denver, CO: 16, Salt Lake City, UT: 11, San Anselmo, CA: 1, San Diego, CA: 1, Massapequa, NY: 1. Each member of VirtualArmour's team supports the three main facets of its business: (1) managed services; (2) professional services; and (3) hardware/software sales, by handling the design, configuration and installation of advanced network and cloud architecture solutions. The Company contracts with 15 independent contractors in the United Kingdom to provide service as well.

Material Contracts
The Company has entered into an IBM Application Specific License Software Agreement with IBM, effective December 31, 2014 (the "IBM Agreement") as amended September 8, 2017 ("IBM Amendment"). The IBM Agreement has an initial term of two years, thereafter the agreement is subject to one-year renewals as agreed to by the parties. Under the terms of the IBM Agreement, the Company is authorized to integrate certain IBM software and appliances into the Company's solutions and market and distribute the integrated solutions to end users.

In addition, the Company has entered into a Direct Value Added Reseller Agreement with Juniper Networks (US) Inc. ("Juniper") effective November 19, 2014, as subsequently amended (the "Juniper DVAR Agreement"). The Juniper DVAR Agreement had an initial term of three years, thereafter subject to one-year renewals as agreed to by the parties. Under the terms of the Juniper DVAR Agreement, the Company is entitled to discounts on certain Juniper products, is authorized to purchase and re-sell certain Juniper products, and is authorized to provide managed security services and professional services for Juniper products and solutions to customers located in the United States.

In October 2017 the Company entered into a Reseller Agreement with Alacrinet Consulting Services, Inc. to appoint Alacrinet to act as a non-exclusive Reseller of VirtualArmour's services under limited terms and conditions. This partnership has been subsequently responsible for closing five (5) service engagements.

In April, 2020 the Company acquired an SBA PPP Loan in the amount of $594,100.00. The loan bears an interest rate of 1% with a maturity rate of April 6, 2022 and the first payment is due by November 6, 2020.

Marketing Plan

<u>Expand the Brand</u>
Currently, "VirtualArmour" is viewed as a growing provider in the mid-market cybersecurity solutions space. In order to make the name more well-known, the Company needs to educate existing and potential clients on what its business can offer them. By instituting a structured marketing and public relations effort, the Company's management anticipates reaching its clients quickly and effectively, thereby driving more viral activity. The Company has been successful in branding itself through its partner manufacturers and intends to continue its efforts in this area.

<u>Grow Sales Team</u>
The Company will continue to focus on its key technology partners Juniper, IBM Security, Palo Alto and Netskope, Inc. with services to support each engagement. Revenue milestones will also

be used to determine the appropriate times to bring on additional sales and engineering staff. The Company expects to hire additional sales staff in 2019 to deliver incremental sales growth.

Expand Managed Services Offering
The Company intends to continue to build on its managed security services by evaluating best of breed security management technology. Through reviewing and responding to its existing customer demand, the Company anticipates taking on the management of select non-Juniper network appliances such as Cisco and IBM QRadar with add-on products for vulnerability management, risk management and forensics investigation.

The Company currently offers multiple technology partners as a service, hosted, or on-premise solution and is positioned well to add additional products this way. In the industry, a cloud service often comes with an assumption that there is full management and support behind it. Comparatively, the traditional managed service is an add-on that involves an effort to gain acceptance by the client. Management anticipates that the growing familiarity with third-party management of cloud services will lead to faster acceptance and an increase in the Company's managed services business.

Strengthen Cybersecurity Product Offering
Well-publicized network attacks that have caused website outages, compromised credentials, and exposed credit card information have led to an acceptance that security threats are real and having adequate protection should not be optional. In management's opinion, clients are or will be looking for complete protection such as that provided by the latest security products. The Company has been strengthening its understanding of the security portfolio including the latest hardware and software appliances.

Competition
The Company has several competitors with respect to different aspects of its business, including the following:

- Trace3, Inc. is a cloud computing business that has 25 offices across the United States and a major presence in the greater Denver area. It has existing relationships with the executive teams from most of the top companies in Denver. A significant difference between Trace3 and VirtualArmor is that Trace3 has a relatively large line card (number of manufacturers it represents). This allows Trace3 to supply a variety of networking, security, storage, and server products. Despite this variety, the Company has had success with taking business away from Trace3 based on the Company's technical knowledge and services in the cybersecurity solutioning space.

- Optiv Security Inc., a company formed following the merger between FishNet Security Inc. & Accuvant, Inc., is a source of enterprise security solutions and provides a comprehensive suite of information security strategy and IT security consulting services, managed security services, and technology resale and integration services. The Company competes with Optiv only in the security space, and specifically for business on IBM's QRadar SIEM.

  Optiv's competitive advantage is its brand recognition and size. However, Optiv's size makes it a more expensive service and the Company has won head-to-head client opportunities based on providing comparable service on a more cost-effective basis.

- Dimension Data plc provides and manages IT infrastructure solutions and services and is a relatively new competitor due to the Company's expansion into and increased business in the San Francisco Bay Area market. Dimension Data's global presence and ability to serve global customers is its brand promise. While Dimension Data may have a competitive advantage when it comes to servicing customers outside of the United States, the Company has an advantage deliver similar services within the United States due to its domestic partnerships.

- InterVision Systems Technologies Inc. provides IT solutions, infrastructure and services for the cloud ecosystem. As with Dimension Data, InterVision is a relatively new competitor due to the Company's recent entry into the San Francisco Bay Area. InterVision has had a presence in the Bay Area market for many years and has a strong brand presence and experience with many of the customers the Company is targeting. Despite this, the Company has had success displacing InterVision on several accounts based on its Juniper and other technology partner specific knowledge, product, and service offerings.

Item 9 Nature of products or services offered.

See description at Item 8.

Item 10 Nature and extent of the issuer's facilities.

The Company maintains its corporate headquarters at 8085 South Chester Street, Suite 108, Centennial, CO 80112 pursuant to an office lease agreement. The office lease agreement commenced in June of 2015 and has a term of 65 months. The space is approximately 3,100 square feet. The Company also operates two security operations centers ("SOC") 24/7/365. The primary SOC is located in Middlesbrough, U.K. and a secondary SOC is located in Salt Lake City, Utah.

The SOC in Middlesbrough consists of approximately 809 square feet and is subject to a business property lease that commenced November 1, 2016 for a two-year term, and thereafter on a month-to-month basis, which is between the Landlord and VirtualArmor UK Limited (which is owned by Andrew Douthwaite and Maria Rovardi-Douthwaite). The business property lease is guaranteed by Andrew Douthwaite and Maria Rovardi-Douthwaite, each of whom performs services to the Company as independent contractors. The Company effectively subleases the Middlesbrough location from Virtual Armour UK Limited. The Company is currently evaluating new offices in Middlesbrough to double the size of its currently leased space and anticipates completing this initiative in Q2 2019.

The SOC in Salt Lake City consists of approximately 2107 square feet and is subject to a WEST BROADWAY INVESTORS, LLC Lease Agreement that commenced July 1, 2018 and has a two-year term.

With the expansion of the Middlesbrough SOC, the Company believes that its currently planned office and SOC space will be adequate for the Company's operations and does not presently intend to expand its operations beyond the space contemplated.

Part C Business Information

Item 11 Name of chief executive officer, members of the board of directors and control persons.

Directors, Executive Officers and Significant Employees

Name	Position	Age	Term of Office
Executive Officers:			
Russ Armbrust	President & Chief Executive Officer	43	From May 22, 2018 to present
Michael Panec	Chief Financial Officer	59	From July 23, 2018 to present
Andrew Douthwaite	Chief Technology Officer	40	From May 22, 2018 to present
Directors			
Todd Kannegieter(1)	Director	60	From March 4, 2015 to present
Christopher Blisard	Chairman, Director	53	From March 4, 2015 to present
James Bart Engstrom	Director	60	From June 19, 2015 to present
Robert Morrison	Director	62	From June 19, 2015 to present
Ryan Wade McKinney	Director	45	From June 19, 2015 to present

1. Mr. Kannegieter also served as the Company's CEO from March 4, 2015 to May 22, 2018. He served as interim CFO from April 27, 2018 to July 23, 2018, replacing John Donaldson, who served as CFO of the Company from October 9, 2017 to April 26, 2018.

Russ Armbrust
Mr. Armbrust previously served as Vice President of Sales at VirtualArmour from January 2017 to May 2018. Before joining VirtualArmour, Armbrust served as Vice President of Business Development at Axis Technical Group, a Microsoft Gold Partner and trusted business IT advisor to leading companies in the mortgage, title, healthcare, oil and gas, and financial services industries. Earlier, he served as Vice President of Operations and later as Vice President of Business Development at Seeing Machines, a world leader in computer vision technologies.

Michael Panec
Mr. Panec most recently served as chief operating officer at Innovest Systems, a provider of technology-driven services for trust and wealth management companies and investment advisors. He earlier served in several roles of increasing responsibilities at Innovest, including as COO of its payment and fulfillment divisions, CFO of the Trust & Wealth division, and as director of technology. While serving as CFO of the Trust & Wealth division, he formalized its financial reporting and accounting function, and established standard practices to support growth and promote

efficiency.

Before Innovest, Panec served as technology director at Optech Systems, where he was responsible for systems development and participated in the launch of a mutual fund trading platform that led to a joint venture and eventual profitable sale. Panec earlier served as vice president and manager of technology at Bankers Trust Company and Security Pacific National Bank. Mr. Panec holds a Bachelor of Science degree in Business Administration from the University of Phoenix.

Andrew Douthwaite

After joining VirtualArmour in 2007 as a senior engineer, Mr. Douthwaite was promoted to director of engineering services in 2012 and then to vice president of managed services in 2015. Based out of VirtualArmour's UK office, he has led the growth in the Company's managed services business from two to more than 30 managed service customers. Earlier, he was a web developer at TeleWare after beginning his career as a software developer at Intex. He holds a computing and software engineering degree from Leeds Beckett University.

Christopher Blisard

Mr. Blisard is the Chairman and a founder of VirtualArmour and brings to this position over 26 years of business development, leadership, and operational experience in software development, network security and cybersecurity in both the public and private sectors. Mr. Blisard holds a Bachelor of Science Degree, with a specialization in finance, from Nichols College, Massachusetts, USA. Furthermore, Mr. Blisard serves as the COO of Circadence Corporation ("Circadence"), a position he has held since 1999. By holding responsibility for overall profit and loss and daily operations, development, and sales and marketing, Mr. Blisard directs tactical planning to maximize Circadence's growth and development.

Throughout his career, Mr. Blisard has created a number of strategic partnerships with prominent industry leaders. His leadership has also been vital to the development of significant business relationships within the defense and security industry including the United States Department of Defense and all branches of the military, Northrop Grumman Corporation, L3 Communications Holdings and others.

Todd Kannegieter

Mr. Kannegieter has served as a manager and director of VirtualArmour since 2002, bringing over 30 years of management, business development and operational experience to the position. Mr. Kannegieter' s experience includes private equity placements, debt issuances, strategic and financial planning, mergers and acquisitions, and management of finance and accounting activities for both domestic and international businesses in the communications and internet services, software development, and network and cybersecurity sectors.

James Bart Engstrom

James Bart Engstrom is currently the Engagement Director for the Denver office of CLA. Mr. Engstrom has 31 years of experience in finance and accounting operations. Operationally focused in problem solving and process improvement, Mr. Engstrom started his career with Leprino Foods, worked in Public Accounting at Arthur Andersen, and has 19 years in international business with USWEST International, McDATA Corp, Applied Films and most recently Gates Corporation where he served as the Finance Director of Gates Fluid Power Europe Operations. Working in both international start-ups and in the role of internal audit director, Mr. Engstrom has implemented accounting control processes and administered Sarbanes-Oxley (SOX) compliance efforts. He has successfully developed high performing accounting organizations to support sustainable and scalable growth.

Robert George Morrison
For more than 20 years, Robert Morrison has been a dedicated business development executive of technology solutions and services at companies like BF Goodrich, HP, Mentor Graphics, NanoPrint Technologies LLC, IDC, and currently at Hammerhead Industrial Hose. Mr. Morrison has a background in chemical engineering and has leveraged that technical knowledge along with years of sales, marketing, and management experience into developing and implementing solutions and business plans in several markets from software to industrial equipment. Throughout his career, he has exhibited strong business leadership and a genuine passion and ability to assess business needs and opportunities, identify unique and creative solutions, and develop and implement successful long-term business partnerships.

Ryan Wade McKinney
Ryan Wade McKinney has over 16 years of experience in information technology sales and business development. His diverse background of experience includes large enterprise, start-up, turnaround, and high- growth environments. He has a consistent record of driving sales growth via direct-to-consumer sales and partnership building with OEMs, VARs, and system integrators. Mr. McKinney's multi-industry experience includes both private and public sector knowledge selling complex enterprise hardware, software, and cybersecurity solutions.

Mr. McKinney is currently the Director of Sales and Business Development at Shadow Networks Inc., located in Santa Clara, CA, and is responsible for the daily activities around sales, business development, and strategic partnerships for cybersecurity start-ups. Since its initial funding he has focused his efforts on establishing relationships with global organizations, Fortune 50, and U.S. federal government agencies. Mr. McKinney's experience working with emerging technologies in cybersecurity enables him to penetrate new markets and establish long term strategic relationships with systems integrators, oil and gas, finance, government, and retail organizations. His focus is on expanding Shadow Networks market by working closely with early adopter partners, defining customer support requirements, and planning future growth within the sales organization.

Previously, Mr. McKinney provided sales and business development leadership for other successful organizations, such as: Circadence (2009-2013) where, as Director of Federal Sales, he maintained the largest existing customer relationships and generated new business with organizations such as DARPA, the Department of State, and the National Guard; Global Technology Resources Inc., where he played an integral part in the rapid growth of the organization from less than USD$30 million to over USD$300 million in revenue; Enterasys Networks (acquired by Extreme Networks), a provider of enterprise class networking hardware; and Tech Data, one of the world's largest distributors of information technology hardware and software.

Mr. McKinney stays on the forefront of cybersecurity emerging technologies by working with his network of contacts in private equity and the venture capital community in Silicon Valley. His work with SDXCENTRAL enables him to keep his finger on the pulse of market trends. He is also a member of the Armed Forces Communications and Electronics Association (AFCEA). He holds a Bachelor of Science degree in marketing from Florida State University. Furthermore, Mr. McKinney also sits on the board of directors and is Vice President of Global Refuge International, a non-profit organization, providing lifesaving aide to displaced populations in some of the most violent places on earth.

Family Relationships
There are no family relationships between the Company's directors, officers, persons nominated or chosen by the Company to become directors or officers, or beneficial owners of more than five percent (5%) of the any class of the Company's common stock.

Involvement in Certain Legal Proceedings.
During the past five years our directors and officers have not been convicted in a criminal proceeding, excluding traffic violations or similar misdemeanors, nor has there been a petition under the federal bankruptcy laws or any state insolvency law filed by or against, or a receiver, fiscal agent or similar officer appointed by a court for the business or property of any such director or officer during the past five years, or any partnership in which he or she was general partner at or within two years before the date of this Annual Report, or any corporation or business association of which he or she was an executive officer at or within two years before the date of this Annual Report.

Executive Compensation

The following represents the annual compensation of each of the persons who were executive officers or directors during the Company's last completed fiscal year ended December 31, 2019:

Name	Capacity In Which Compensation Was Received	Cash Compensation ($)	Other Compensation ($)	Total Compensation ($)
Russell Armbrust	President & Chief Executive Officer	$ 310,928	$ 0	$ 310,928
Michael Panec	Chief Financial Officer	$ 164,447	$ 0	$ 164,447
Andrew Douthwaite	Chief Technology Officer	$ 181,331	$ 0	$ 181,331
Chad Schamberger	Vice President of Engineering	$ 242,766	$ 0	$ 242,766
Chris Blisard	Director	$ 96,000	$ 0	$ 96,000
Todd Kannegeiter	Director	$ 96,000	$ 0	$ 96,000
TOTAL		$ 1,091,472	$	$ 1,091,472

Employment Agreements

The Company has the following written agreements with the executive officers and directors listed below:

- On May 1, 2015, the Company entered into a consulting agreement with Todd Kannegieter, Chief Executive Officer of the Company. The consulting agreement had an initial term of three years and is now operating under automatic annual renewal unless terminated by either party in advance. Under the terms of the consulting agreement, the Company has agreed to pay Mr. Kannegieter $8,000 per month and reimburse Mr. Kannegieter for out-of-pocked business expenses. The consulting agreement also contains standard confidentiality and non-interference provisions.

- On May 1, 2015, the Company entered into a consulting agreement with SilverLeaf

Consulting LLC, a company owned and controlled by Christopher Blisard, a director of the Company. The consulting agreement had an initial term of three years and is now operating under automatic annual renewal unless terminated by either party in advance. Under the terms of the consulting agreement, the Company has agreed to pay SilverLeaf Consulting LLC for the services of Mr. Blisard $8,000 per month and reimburse SilverLeaf Consulting LLC for out-of-pocked business expenses. The consulting agreement also contains standard confidentiality and non-interference provisions.

- On August 1, 2017, the Company entered into a consulting agreement with VirtualArmour, Ltd., a company principally owned by Andrew Douthwaite, Chief Technology Officer of the Company. The consulting agreement had an initial term of one year, subject to automatic renewals for successive one-year periods unless terminated by the Company or VirtualArmour, Ltd.. Under the terms of the consulting Agreement, the Company has agreed to pay VirtualArmour, Ltd. 112,500 GBP per year (approximately $146,250 USD as of the date of this filing) plus a commission of 2.5% of the gross profit related to the managed service revenue. Further, all costs for employees and subcontractors of VirtualArmour, Ltd., including salaries, benefits and expenses, are reimbursed to VirtualArmour, Ltd. by VirtualArmour International, Inc. The consulting agreement also contains standard confidentiality and non-interference provisions.

Employee Stock Option Plan

On September 12, 2018, the Board of Directors adopted a stock option plan (the “2018 Plan”) whereby a maximum of 10% of the issued and outstanding shares, from time to time, may be reserved for issuance pursuant to the exercise of options. Under the terms of the 2018 Plan, options may be granted only to: (i) employees, officers, directors, and consultants of the Company; and (ii) employees, officers, directors, and consultants of an affiliate of the Company.

The exercise price of any option when granted may not be less than the greater of the closing market price of the common shares on: (a) the last trading day immediately preceding the date of grant of the option; and (b) the date of grant of the option; provided however, that if the common shares are not listed on any securities exchange, the exercise price may not be less than the fair market value of the common shares as may be determined by the Board of Directors on the day immediately preceding the date of the grant of such option. The options are settled in shares.

The options are non-assignable and non-transferable. Options granted under the 2018 Plan have a maximum term of five years and can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the 2018 Plan or within 90 days (or as otherwise determined by the Board of Directors) after ceasing to be an eligible optionee, or, if the optionee dies, within one year from the date of the optionee’s death.

Options issued pursuant to the Company’s prior option plan continue to be in effect but no new issuances will be made under the prior plan.

Security Ownership of Management and Certain Securityholders

As of December 31, 2019, the Company had 63,599,447 shares of common stock outstanding. The following sets forth certain information about the number of common shares owned by (i) each person (including any group) known to us that beneficially owns 10% percent or more of the common shares (the only class of the Company's voting securities), (ii) each of our directors and named executive officers, and (iii) all named executive officers and directors as a group. Unless otherwise indicated, the shareholders possess sole voting and investment power with respect to the shares shown and each shareholder has a business address of 8085 S. Chester Street, Suite 108, Centennial, CO 80112. The following table depicts the beneficial ownership interests of the above-mentioned persons, as of December 31, 2019.

On February 11, 2020, the Company cancelled options and on March 12, 2020 issued options to purchase a total of 6,020,418 common shares held by directors, officers and employees of the Company, of which 1,000,000 were held by Russ Armbrust, CEO; 1,012,000 held by Andrew Douthwaite, CTO; 1,012,000 held by Chad Schamberger, VP of Engineering; 701,517 held by Todd Kannegieter, a director; 749,901 held by Chris Blisard, a director; 50,000 held by Robert Morrison, a director; 50,000 held by Jim Engstrom, a director; and 50,000 held by Ryan McKinney, a director.

Title of class	Name and address of Beneficial owner	Amount and nature of beneficial ownership (1)	Amount and nature of beneficial ownership acquirable (2)	Percent of Class (3)
Common Stock	Russ Armbrust	--	912,500	1.4%
Common Stock	Michael Panec	--	--	--
Common Stock	Andrew Douthwaite	--	1,062,000(4)	1.6%
Common Stock	Christopher Blisard	16,273,026	749,901	26.5%
Common Stock	Todd Kannegieter	15,286,955	701,517	24.9%
Common Stock	James Bart Engstrom	--	50,000	*
Common Stock	Robert Morrison	--	50,000	*
Common Stock	Ryan Wade McKinney	--	50,000	*
Common Stock	Chad Schamberger	--	1,012,000	1.6%
Common Stock	All directors and executive officers as a group (nine persons)	31,559,981	4,587,918	56.0%

* Less than 1%.

(1) Under Rule 13d-3 of the 1934 Act, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the

shares).

(2) Calculated in accordance with Rule 13d-3(d)(1). Shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. Consists of options to purchase common stock and unless otherwise specified, granted pursuant to the Company's equity incentive plan.

(3) Calculated in accordance with Rule 13d-3. Percentages are rounded to the nearest one-tenth of one percent.

(4) Mr. Douthwaite's business address is Boohoo One, Rooms S13 & S13A, Bridge Street West, Middlesbrough, UK.

Related Party Transactions

The Company previously entered into two secured promissory notes with a Director of the Company pursuant to which the Director of the Company agreed to provide a revolving line of credit (the "LOC") of an aggregate of up to $290,000. The amount is secured by a subordinated, second priority lien on all of the assets of the Company, bear interest at 7% per annum and due on demand. As at December 31, 2019, the Company is indebted to the Director of the Company for $226,699 (2018 - $nil) for advances from the LOC and interest accrued on the outstanding balance. During the year ended December 31, 2019, the Company recorded interest expense of $11,670 (2018 - $13,748).

In December 2019, the Company entered into a secured promissory note with a Director of the Company. As at December 31, 2019, the Company is indebted to the Director of the Company for $175,000 (2018 - $nil). The amount is secured by the gross profit from one identified receivable, bears interest at 25% of principal and is due 60 days from issuance or upon payment of the secured receivable.

Beginning in June 2019, the Company entered into a series of short term unsecured promissory notes totaling $250,000 with the CFO of the Company. As at December 31, 2019, the Company had repaid the promissory notes to the CFO in full.

The Company has amounts owing to Directors of the Company of $321,000 (2018 - $271,000) for compensation. These amounts are included in payroll liabilities (Note 6). The amounts owing are unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2019, the Company incurred consulting fees of $1,124,595 (2018 - $839,191) to a company controlled by the Chief Technology Officer of the Company, which is included in cost of sales, general and administrative, expenses, and research and development expenses.

During the year ended December 31, 2019, the Company incurred professional fees of $117,399 (2018 - $54,634) to the Chief Financial Officer of the Company, which is included in general and administrative expenses.

During the year ended December 31, 2019, the Company recorded stock-based compensation of $21,497 (2018 - $87,895) for vested stock options granted to officers and directors of the Company.

See also Item 15 for additional information.

Item 12 Financial information for the issuer's most recent fiscal period.

The financial statements for the period ended December 31, 2019 are incorporated by reference and available at:

https://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00037617

1. balance sheet;
2. statement of income;
3. statement of cash flows;
4. statement of changes in shareholder's equity;
5. financial notes; and
6. audit letter.

Item 13 Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence

The financial statements for the periods ended December 31, 2017 and December 31, 2018 are incorporated by reference and available at https://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00037617. Additional information is available at www.sedar.com.

Item 14 Beneficial owners.

See Item 11 above.

Item 15 The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:

1. Investment Banker— Capstone Headwaters, 1225 17th St. Suite 1725, Denver CO 80202; Thomas McConnell, 303.951.7125, tmcconnell@capstoneheadwaters.com

2. Promoter—N/A

3. U.S. Legal Counsel—Burns Figa & Will PC, 6400 S Fiddlers Green Circle, Suite 1000, Greenwood Village, CO 80111, attn: Victoria B. Bantz, 303-796-2626, vbantz@bfwlaw.com.

4. Auditor—Saturna Group Chartered Professional Accountants LLP, 1066 West Hastings Street, Suite 1250, Vancouver, BC Canada V6E 3X1, attn: Lonny Wong, 604-630-5090, lwong@saturnagroup.com, provides audit services and prepares the Company's financial statements. Saturna Group Chartered Professional Accountants LLP are members of CPABC, CPA Canada, and are registered with the Canadian Public Accountability Board and the PCAOB.

5. Public Relations Consultant—N/A

6. Investor Relations Consultant—N/A

Item 16 Management's Discussion and Analysis or Plan of Operation.

The management discussion and analysis for the period ended December 31, 2019 is incorporated by reference and available at:

https://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00037617

Part E Issuance History

Item 17 List of securities offerings and shares issued for services in the past two years.

On March 5, 2018, the Company issued 7,500,000 common shares pursuant to an offering under Regulation A+ for proceeds of $1,500,000. On April 27, 2018, the Company issued an additional 330,000 common shares pursuant to the offering under Regulation A+ for proceeds of $65,900.

On April 9, 2019, the Company granted options to purchase 340,000 shares of its common stock at an exercise price of CDN $0.225 to five individual employees of the Company pursuant to its 2018 Stock Option Plan.

On July 30, 2019, the Company granted options to purchase 100,000 shares of its common stock at an exercise price of CDN $0.145 to one employee of the Company pursuant to its 2018 Stock Option Plan.

On September 14, 2019, the Company granted options to purchase 25,000 shares of its common stock at an exercise price of CDN $0.09 to one employee of the Company pursuant to its 2018 Stock Option Plan.

On February 11, 2020, the Company cancelled options to purchase a total of 6,020,418 common shares held by directors, officers and employees of the Company, of which 1,000,000 were held by Russ Armbrust, CEO; 1,012,000 held by Andrew Douthwaite, CTO; 1,012,000 held by Chad Schamberger, VP of Engineering; 701,517 held by Todd Kannegieter, a director; 749,901 held by Chris Blisard, a director; 50,000 held by Robert Morrison, a director; 50,000 held by Jim Engstrom, a director; and 50,000 held by Ryan McKinney, a director.

On March 11, 2020, the Company granted new options to purchase a total 6,020,418 common stock to the directors, officers and employees of the Company, of which the same number of options cancelled in February were granted in March as new options to the enumerated officers and directors above. The new options vest pursuant to the stock option agreements between the Company and each optionee and may be exercised at an exercise price of CDN $0.04 per common share, for a period of five years from the date of issuance or earlier in accordance with the Company's 2018 Stock Option Plan.

On March 10, 2020, the Company issued a total of 42,909,375 Units for gross proceeds of $1,500,000. Each Unit consists of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to acquire one additional common share of the Company at an exercise price of CAD$0.048 (USD$0.03496) per share for a period of five years. Todd Kannegieter, one of the directors of the Company, subscribed for 14,303,125 Units (14,303,125 common shares and warrants to purchase 7,151,563 shares) and Christopher Blisard, a director of the Company, subscribed for 28,606,250 Units (28,606,250 common shares and warrants to purchase

14,303,125 shares). For this sale of securities, no general solicitation was used, and the Company relied on the exemption from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D promulgated under the Securities Act of 1933, as amended, with respect to transactions by an issuer not involving any public offering.

Part F Exhibits

Item 18 Material Contracts.

Please see Item 8 above.

Item 19 Articles of Incorporation and Bylaws.

The Company's articles of incorporation, as amended are incorporated by reference and available at https://www.sec.gov/Archives/edgar/data/1714024/000107997317000530/filename3.htm.

The Company's bylaws are incorporated by reference and available at https://www.sec.gov/Archives/edgar/data/1714024/000107997317000530/filename4.htm.

Item 20 Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

N/A.

Item 21 Issuer's Certifications.

Current certifications are filed as Exhibit 9.1 to this Annual Report.

Exhibit 9.1 Certification of Principal Executive Officer

I, Russ Armbrust, certify that:

1. I have reviewed this Annual Report for the year ended December 31, 2019 of VirtualArmour International Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: May 22, 2020

Russ Armbrust
Chief Executive Officer

Exhibit 9.2 Certification of Principal Financial Officer

I, Michael Panec, certify that:

1. I have reviewed this Annual Report for the year ended December 31, 2019 of VirtualArmour International Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: May 22, 2020

Michael Panec

Michael Panec
Chief Financial Officer