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2018



FOR THE PERIOD ENDED
31 DECEMBER 2018

APPENDIX 4E Cover Letter

WhiteHawk Limited (ASX: WHK) (“WhiteHawk” or “the Company”), the first global online Cybersecurity Exchange enabling small and midsize businesses to take smart action against cybercrime, is pleased to present Appendix 4E a preliminary final report for the period ended December 31, 2018.

HIGHLIGHTS:

- ⇒ One new sale of a 360 Cyber Risk Framework to a U.S. Top 12 Defense Industrial Base customer and a contract extension with a U.S. Top 10 Financial Institution.
- ⇒ Phase 1 implementation of 360 Cyber Risk Framework for U.S. Government has resulted in substantial maturation of WhiteHawk Cyber Scorecard offering that will benefit all WhiteHawk customers. Phase 2 scoping of the U.S. Government contract in progress.
- ⇒ Advancing strategic partnership offering for major Financial Institutions and Insurance Groups to service their SME customers with cyber risk scorecards and risk mitigation.
- ⇒ Continued strategic partnerships with top Defense Industrial Base Companies, providing cyber innovation services to large government CIO contract proposals.
- ⇒ Technical and Data Science Team met online AI Tool and online customer journey and maturity model benchmarks; updated website functionality.
- ⇒ Monthly operating cost reductions remain in place.
- ⇒ Subsequent to the year-end, share placement with UK Institutional Investor.

OUTLOOK:

Taking the results of the customer engagement survey conducted earlier in 2018, WhiteHawk shifted the sales focus to the U.S. Defense Industrial Base and U.S. Federal Government for sales of the 360 Cyber Risk Frameworks and to strategic partnership proposals with U.S. Financial Institutions and Insurance Groups for SME customer services. In addition, WhiteHawk targeted the U.S. Utility sector in the 4th quarter.

The U.S. Defense Industrial Base and Government supply chain and vendor company risk regulations and business drivers currently in place to implement Risk Frameworks in a timely fashion, is proving to be a more mature sales market. Our extensive research with the Utility Sector has shown that further regulation is required before this Sector will focus

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on the cyber risks of their vendors or partners. Hence our continued focus on the U.S. Department of Energy.

WhiteHawk maintains a strong pipeline of more than 50 potential customers which are in mature stages of business development across the Defense Industrial Base, U.S. Government, and Financial/Insurance Sectors. The Company expects three additional sales of the 360 Cyber Risk Framework and one Strategic Partnership with a Bank or Insurance Company in first quarter 2019. One of the target frameworks has 3,200 companies and the strategic partnerships connect WhiteHawk with tens of thousands of SME customers.

Leveraging the key lessons learned from 2018 sales channel partnerships and 360 Cyber Risk Framework contracts, a WhiteHawk Subscription Model | Service Catalog is under development. This WhiteHawk Services Catalog is being mapped to the 360 Cyber Risk Framework offering, allowing customers to tailor the Framework deliverables to meet their business risk objectives. Service levels will be offered at the Silver, Gold, & Platinum subscription levels with matching price points. Such an approach also enables timely quotes and proposals across all large industry and government customers, thereby standardizing the level and delivery of Risk Framework analytics, reporting, and services. In this way, WhiteHawk will continue to optimize sales and operations while driving a robust pipeline of 2019 contract proposals.

WhiteHawk has a strong balance sheet with US\$1.29m cash held as at December 31, 2018.

In the 4th quarter, in order to effectively deliver a number of potential major sales engagements, WhiteHawk completed an Entitlements Issue on a 1 for 2 basis at 4.5c per share with a free attaching 2-year 10c option to raise AUD\$1.6m before costs.

Subsequent to year-end, as a follow up to placement to Institutional Investor RiverFort, raising AUD\$1,050,000 before costs. The company also completed a separate placement to a UK Sophisticated Investor raising an additional AUD\$195,000 before costs.

About WhiteHawk

Launched in 2016, WhiteHawk began as a cyber security advisory service with a vision to develop the first self-service Cybersecurity Exchange, simplifying how businesses discover, decide, and purchase cyber security solutions that address their key cyber risks affordably and effectively. Today, we help US companies to connect to content, solutions, and service providers through evolving our rich data and user experience.

WhiteHawk is an online Cybersecurity Exchange that delivers 'solutions on demand' for small to midsize enterprises. The platform enables customers to experience a Cyber Risk Maturity Journey that is tailored to them, enabling the smart purchase of cyber solutions and relevant services through our algorithms to better understand how to improve and stay ahead of

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threats. The accessible Platform enables companies to fill their needs on an ongoing basis with demonstrated cost and time savings.

For more information, please visit www.whitehawk.com or please contact:

WhiteHawk media inquiries
(USA)
LeighAnne Baxter
publicrelations@whitehawk.com
+1 833 942-9237

WhiteHawk investor inquiries
(AUS)
Kevin Kye
investors@whitehawk.com

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Rule 4.3A

Appendix 4E

Preliminary final report

Name of entity:

WhiteHawk Limited

ABN or equivalent company
reference:

97 620 459 823

1. Reporting period

Reporting period:

Year ended 31 December 2018

Previous corresponding period:

Year ended 31 December 2017

2. Results for announcement to the market

Current Period
2018
US\$

2.1	Revenue from ordinary activities	Up	486%	to	506,529
2.2	Loss from ordinary activities for the period after tax attributable to members	Up	24%	to	3,479,514
2.3	Net loss for the period attributable to members	Up	24%	to	3,479,514
2.4	Dividends		Amount per security		Franked amount per security
	Final dividend		Nil		N/A
	Interim dividend		Nil		N/A
2.5	Record date for determining entitlements to the dividends		N/A		

2.6 Brief explanation of any of the figures reported above to enable the figures to be understood:

Revenue and loss from ordinary activities is attributable to:

- Revenue traction for 360 Cyber Risk Framework sales channel in Government, Defense Industrial Base and Financial Institution markets, resulting in increased revenues over last year from US\$86K in 2017 to US\$507K in 2018;
- Revenue from customer vendors serviced via the WhiteHawk Cybersecurity Exchange is expected to grow at a faster rate in 2019, following improved customer interface and the growth of the 360 Cyber Risk Review and SME channels with Financial Institutions developed in late 2018.
- A large portion of expenditure is Research and Development expense which allowed the company to build a high performance, in-house technical team, in order to scale and

operate the WhiteHawk online platform, customer journey and AI Risk Profile tool (CyberPath), resulting in the release of Version 3.0 of the website and AI risk tool;

- Delays in U.S. Government execution of contracts won in 2018, will result in some 2018 expected revenues rolling over into 2019.
- Ordinary activity losses include non-cash expenses of US\$419K, for the amortization of Website Development Costs;
- Investment in a critical SME cyber market assessment conducted in CY2018, resulted in the development of new sales channels that map to SME customer behavior and needs;
- Vesting expense on non-cash share-based payments;
- WhiteHawk invested in all key customer deliverables of the online Cybersecurity Exchange, after the ASX listing in 2018, improving the website, expanding the online Marketplace, launching the AI Risk Profile and the customer online journey. Sales channels were expanded to target Financial Institutions, the Defense Industrial Base, Utilities, and the Insurance Industry. WhiteHawk expanded to 18 Full Time Employees ramping up the Product Development Team under a new Director of Product Development, Junior and Senior Advisory Analysts and a Solution Architect. As milestones were achieved WhiteHawk transitioned to a lean team of 13 during the last quarter of 2018, focusing on customer acquisition and deliverables.

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3. Consolidated Statement of Comprehensive Income

	Current Period 31 Dec 2018 US\$	Previous Period 31 Dec 2017 US\$
Revenues from continuing operations	506,529	86,437
Cost of goods sold	(365,537)	(49,540)
Gross profit	140,992	36,897
Other income	13,359	2,130
License fees and patent expense	(1,013)	(1,569)
Professional expenses	(387,226)	(169,524)
Research and development expense	(720,815)	-
Employee benefits expense	(962,250)	(624,556)
Share based payments expense	(302,532)	(18,693)
IT expenditure	(20,017)	(12,209)
Conference and travel expenditure	(87,220)	(66,887)
Marketing expenditure	(292,095)	(130,670)
Office and occupancy expenses	(138,852)	(140,730)
Depreciation and amortisation	(431,460)	(12,073)
Finance costs	(5,075)	(263,048)
Foreign exchange loss	-	(30,590)
General and administration expenses	(285,310)	(75,189)
Costs of listing	-	(1,305,402)
Loss before income tax	(3,479,514)	(2,812,113)
Income tax (expense) / benefit	-	-
Loss after income tax expense from continuing operations	(3,479,514)	(2,812,113)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations, net of tax	(19,224)	(153,515)
Total other comprehensive income	(19,224)	(153,515)
Total comprehensive loss for the year	(3,498,738)	(2,965,628)
Attributable to:		
Members of the Parent Company	(3,498,738)	(2,965,628)
Basic loss per share	(US\$0.05)	(US\$0.27)
Diluted loss per share	(US\$0.05)	(US\$0.27)

4. Consolidated Statement of Financial Position

	Current Period 31 December 2018 US\$	Previous Period 31 December 2017 US\$
Current Assets		
Cash and cash equivalents	1,292,191	3,681,997
Trade and other receivables	213,185	89,774
Total Current Assets	1,505,376	3,771,771
Non-Current Assets		
Property, plant and equipment	13,485	25,559
Software development costs	1,356,840	1,310,680
Total Non-Current Assets	1,370,325	1,336,239
Total Assets	2,875,701	5,108,010
Current Liabilities		
Trade and other payables	792,766	761,319
Financial liabilities	-	256,874
Total Current Liabilities	792,766	1,018,193
Total Liabilities	792,766	1,018,193
Net Assets	2,082,935	4,089,817
Equity		
Issued capital	8,489,174	7,299,960
Reserves	148,596	(134,822)
Accumulated losses	(6,554,835)	(3,075,321)
Total Equity	2,082,935	4,089,817

5. Consolidated Statement of Cash Flows

	Current Period 31 December 2018 US\$	Previous Period 31 December 2017 US\$
Cash flows from operating activities		
Receipts from customers	648,122	85,979
Payments to suppliers and employees	(2,396,987)	(1,126,845)
Interest received	9,897	1,973
Listing expenses paid	-	(66,297)
Net cash used in operating activities	(1,738,968)	(1,105,190)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(28,335)
Software development costs paid	(1,210,718)	(1,310,680)
Bonds paid	-	(23,456)
Net cash used in investing activities	(1,210,718)	(1,362,471)
Cash flows from financing activities		
Proceeds from issue of shares	1,148,309	3,389,850
Promissory note proceeds received	-	-
Convertible loan proceeds received	-	2,270,381
Transaction costs related to issues of shares, convertible notes or options	(560,740)	(126,030)
Net cash provided by financing activities	587,569	5,534,201
Net increase in cash held	(2,362,117)	3,066,540
Cash and cash equivalents at the beginning of the year	3,681,997	603,755
Effects of exchange rate changes on cash	(27,689)	11,702
Cash and cash equivalents at the end of the year	1,292,191	3,681,997

6. Consolidated Statement of Changes in Equity

	Issued capital US\$	Reserves US\$	Accumulated losses US\$	Total US\$
Balance at 1 January 2018	7,299,960	(134,822)	(3,075,321)	4,089,817
Loss for the year	-	-	(3,479,514)	(3,479,514)
Other comprehensive income	-	(19,224)	-	(19,224)
Total comprehensive loss for the year	-	(19,224)	(3,479,514)	(3,498,738)
Transactions with owners in their capacity as owners:				
Issued capital net of issued costs	1,189,214	-	-	1,189,214
Performance rights issued	-	302,642	-	302,642
Balance at 31 December 2018	8,489,174	148,596	(6,554,835)	2,082,935
Balance at 1 January 2017	314,307	-	(263,208)	51,099
Loss for the year	-	-	(2,812,113)	(2,812,113)
Other comprehensive income	-	(153,515)	-	(153,515)
Total comprehensive loss for the year	-	(153,515)	(2,812,113)	(2,965,628)
Transactions with owners in their capacity as owners:				
Issued capital net of issued costs	6,995,537	-	-	6,995,537
Shares redeemed	(9,884)	-	-	(9,884)
Performance rights issued	-	18,693	-	18,693
Balance at 31 December 2017	7,299,960	(134,822)	(3,075,321)	4,089,817

7. Dividends (in the case of a trust, distributions)

Date dividend is payable	N/A
+Record date to determine entitlements to the dividend	N/A
If it is a final dividend, has it been declared?	N/A

Amount per security

	Amount per security	Franked amount per security at 30% tax (see note 4)	Amount per security of foreign source dividend
Final dividend: Current year	NIL	N/A	N/A
Interim dividend: Current year	NIL	N/A	N/A

Total dividend (distribution) per security (interim *plus* final)

	Current period	Previous Period
Ordinary securities	N/A	N/A
Preference securities	N/A	N/A

8. Dividend or distribution plans in operation

N/A

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

9. Consolidated accumulated losses

	Current Period 2018 US\$	Previous Period 2017 US\$
Accumulated losses at the beginning of the financial period	(3,075,321)	(263,208)
Net loss attributable to members	(3,479,514)	(2,812,113)
Accumulated losses at end of financial period	(6,554,835)	(3,075,321)

10. NTA backing

	Current Period 2018 US\$	Previous Period 2017 US\$
Net tangible asset backing (deficiency) per ordinary share	0.007	0.040

11. Significant information

Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position:

- Completed Phase 1 and negotiated contract for Phase 2 for current US large Financial Institution customer who has also requested WhiteHawk's participation in open bid for company-wide Cyber Security Framework contract;
- Implemented Phase 1 of 360 Cyber Risk Framework for U.S. Government has resulted in substantial maturation of WhiteHawk Cyber Scorecard and Intel Report offerings that will benefit all WhiteHawk customers. Phase 2 scoping of the U.S. Government contract is in progress;
- Procured and completed Phase 1 for current large US Defense Industrial Base customer. The customer has requested pricing for phase two expanded Cyber Risk Framework;
- In discussions with top five global insurance group and top 10 U.S. financial institution to service their SME cyber liability insurance and banking customers respectively, with automated cyber risk ratings, risk scorecards and risk mitigation services;
- WhiteHawk continues to provide cyber risk commercial offerings to key Federal Contractor (currently Accenture and Engility/SAIC) proposals to U.S. Government contracted requirements for 2019.
- WhiteHawk completed a share placement with RiverFort Global Capital and UK sophisticated investor for AUD\$1.245M at 6.5c per share before costs, subsequent to 2018 year-end, of which AUD\$700,000 was directed into an Equity Swap, with the aim of potentially benefiting from future share price rises whereby WhiteHawk will receive 50% of any amount above a benchmark price of 7.1c per share achieved by RiverFort on share sales.

12. Foreign entities set of accounting standards used in compiling the report (IAS)

The Company is not a foreign entity. Australian Accounting Standards have been applied consistently across all entities in the Group.

13. Commentary on the results for the period

13.1 Earnings per security (EPS)

	Current Period 2018	Previous Period 2017
Basic Loss per share	(US\$0.05)	(US\$0.48)

13.2 Returns to shareholders (Including distributions and buy backs)

	Current Period 2018 US\$	Previous Period 2017 US\$
Ordinary securities	-	-
Preference securities	-	-
Other equity instruments	-	-
Total	-	-

The dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions).

N/A

13.3 Significant features of operating performance

Operations for 2018 resulted in the following revenues and expenses:

- The 360 Cyber Risk Framework sales channel had increased traction in Defense Industrial Base and Financial Institution markets resulting in a significant increase in revenue over last year;
- Large portion of expenditure is Research and Development expense as WhiteHawk strove for independence from expensive outsourced web, market and tool technical support and increased depth in development skills by adding to the development staff resulting in the release of Version 3.0 of the website, AI Tool and maturing the online customer journey;
- Beginning CY2018 operations began recognizing Amortisation Expense of capitalized software development costs;
- Customer insight and acquisition expertise was brought in to conduct a needed assessment of the needs and buying behaviors of SME customers across all business sectors, resulting in 3 new sales channels.
- Vesting expense on non-cash share-based payments were recognized;
- WhiteHawk invested in all key customer deliverables of the online Cybersecurity Exchange, after the ASX listing in 2018, improving the website, expanding the online Marketplace, launching the AI Risk Profile and the customer online journey. Sales channels were expanded to target all focused markets. WhiteHawk expanded to a high of 18 Full Time Employees ramping up the Product Development Team under a new Director of Product Development, Junior and Senior Advisory Analysts and a Solution Architect. As milestones were achieved, WhiteHawk transitioned to a lean, highly functioning team of 13 for the during the last quarter of 2018, focusing on customer acquisition and deliverables.

13.4 Segment Information

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The Group operates in the retail, consulting and business intelligence segments being a business to business (B2B) e-commerce cybersecurity exchange. WhiteHawk CEC Inc is a Delaware, USA corporation with operations based in Alexandria VA, USA and offices in Alexandria VA, USA and Perth, Australia.

This operating segment is monitored by the Group's chief operating decision makers and strategic decisions are made on the basis of adjusted segment operating results. The chief operating decision makers of the Group are the Chief Executive Officer and Chief Financial Officer.

The following tables present certain asset and liability information regarding geographical segments for the period ended 31 December 2018 and 31 December 2017 and this is the format of the information provided to the chief operating decision maker

	Australia		USA		Total	
	Dec 2018 US\$	Dec 2017 US\$	Dec 2018 US\$	Dec 2017 US\$	Dec 2018 US\$	Dec 2017 US\$
External sales	-	-	506,529	86,437	506,529	86,437
Total segment revenue	-	-	506,529	86,437	506,529	86,437
Segment operating result	(817,103)	(54,793)	(2,225,876)	(1,176,797)	(3,042,979)	(1,231,590)
EBITDA	(817,103)	(54,793)	(2,225,876)	(1,176,797)	(3,042,979)	(1,231,590)
Depreciation and amortisation	-	-	(431,460)	(12,073)	(431,460)	(12,073)
Finance costs	-	(1,305,401)	(5,075)	(263,049)	(5,075)	(1,568,450)
Loss before income tax	(817,103)	(1,360,194)	(2,662,411)	(1,451,919)	(3,479,514)	(2,812,113)
Income tax expense	-	-	-	-	-	-
Loss after income tax expense	(817,103)	(1,360,194)	(2,662,411)	(1,451,919)	(3,479,514)	(2,812,113)
Segment assets	295,442	900,686	2,580,259	4,207,324	2,875,701	5,108,010
Segment liabilities	36,761	588,702	756,005	429,492	792,766	1,018,193

13.5 Report on trends in performance

Cashflows

As announced to the ASX on 12 November 2018, WhiteHawk successfully completed Entitlements Offer raising AUD\$1.6M before costs.

Subsequent to year-end, as a follow up to placement to Institutional Investor RiverFort, raising AUD\$1,050,000 before costs, of which \$700,000 was directed into an Equity Swap with monthly proceeds based upon the initial capital invested plus 50% of any amount from share sales by RiverFort above a benchmark, but reduced by amounts where the share sale price for the month was less than the placement price. The Equity Swap is expected to unwind over 12 months. The company also completed a separate placement to a UK Sophisticated Investor raising an additional AUD\$195,000 before costs.

Operating cash outflows increased substantially from the prior financial year as the Group invested in priority technical and delivery capabilities as its Marketplace online platform was launched.

Revenue

2018 revenues increased greatly over last year, primarily generated through sale of 360 Cyber Risk Frameworks. WhiteHawk continues to execute three primary sales channels, the 360 Cyber Risk Framework, the online Cybersecurity Exchange and commercial cyber solutions to major U.S. Government Contractors.

Expenses

WhiteHawk invested in all key customer deliverables of the online Cybersecurity Exchange, after the ASX listing in 2018, improving the website, expanding the online Marketplace, launching the AI Risk Profile and the customer online journey, while expanding sales channels to target Financial Institutions, the Defense Industrial Base, Utilities, and the Insurance Industry. WhiteHawk expanded

to 18 Full Time Employees. As milestones were achieved WhiteHawk transitioned to a lean team of 13 during the last quarter of 2018, focusing on customer acquisition and deliverables. The large movement in the profit from ordinary activities after tax is attributable to increased costs incurred, specifically:

- Significant increase in research and development expenditure for personnel and website development
- Amortisation of capitalised software development costs
- Customer acquisition and sales campaigns beginning in the current year;
- Vesting expense on non-cash share-based payments;
- Increased employee benefits expense due temporary expansion of staff

Balance Sheet

Placement to Institutional and Sophisticated Investors raising AUD\$1.24M subsequent to the year-end indicates a strong balance sheet allowing the company to execute additional 360 Cyber Risk Framework contracts, push into the Global Insurance sector and expand channel marketing of the WhiteHawk Exchange and the online Decision Engine based Cyber Security Marketplace.

WhiteHawk's strategy used the results of customer research conducted in early 2018 and shifting the sales focus to the U.S. Defense Industrial Base and U.S. Federal Government for sales of the 360 Cyber Risk Frameworks. There was also an expansion into strategic partnership proposals with U.S. Financial Institutions and Insurance Groups for SME customer services. In addition, WhiteHawk targeted the U.S. Utility sector. The U.S. Defense Industrial Base, US Government supply chain, vendor company risk regulations are proving to be a mature and robust sales channel. Extensive research with the Utility Sector has shown that further regulation is required before Private Sector energy providers will focus on the Sectors' cyber risks. Hence, a continued focus on the U.S. Department of Energy, as the key overseer of the Energy Sector.

13.6 Report any factors which have affected the results during the reporting period or which are likely to affect results in the future, including those where the effect could not be quantified.

- WhiteHawk maintains a strong pipeline of more than 50 active industry and government contract leads, which are in mature stages of business development and contract acquisition.
- The Company expects three additional sales of the 360 Cyber Risk Framework and one Strategic Partnership with a National Financial Institution or Global Insurance Group in first quarter 2019. One of the target frameworks has 3,200 companies and the resulting strategic partnerships will connect WhiteHawk with tens of thousands of SME customers.
- Revenue of US\$295K was recognized in 2019, but collected in 2018;
- Ongoing discussions with current customers and purchasers indicate the continued sale and expansion of 360 Cyber Risk Frameworks is likely in 2019;
- Non-cash amortization expense was recognized for the first time in 2018;
- The results do not include AUD\$1.245M raised subsequent to the period end.

Any other information required to be disclosed to enable the reader to compare the information presented with equivalent information for previous periods. This must include information needed by an investor to make an informed assessment of the entity's activities and results.

N/A

14. Compliance statement

This report is based on accounts to which one of the following applies.
(Tick one)


- | | | |
|---|--|---|
| | The accounts have been audited. | The accounts have been subject to review. |
| ✓ | The accounts are in the process of being audited or subject to review. | The accounts have not yet been audited or reviewed. |

15. If the accounts have not yet been audited or subject to audit review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

The report is based upon the accounts which are in the process of being audited, but the company does not anticipate any dispute or qualification.

16. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

The report is based upon the accounts which are in the process of being audited, but the company does not anticipate any dispute or qualification.

Sign here:  Date: 28 February 2019

Print name: Teresa Roberts
Chief Executive Officer

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