



Appendix 4C
Quarterly Report for the
Quarter Ended 31 March 2018

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WHITEHAWK LIMITED (ASX: WHK OR "THE COMPANY"), THE FIRST GLOBAL ONLINE CYBER SECURITY EXCHANGE ENABLING SMALL AND MIDSIZE BUSINESSES TO TAKE SMART ACTION AGAINST CYBER CRIME AND FRAUD, IS PLEASED TO PROVIDE AN UPDATE ON ITS PROGRESS YEAR-TO-DATE.

HIGHLIGHTS

- Commenced executive cyber consulting contract for the Department of Homeland Security (DHS) with BAE Systems
- Launched a 360 Cyber Risk Framework, in partnership with Interos and BitSight, with maiden customer secured
- Released version 2.0 of its Decision Engine, designed to drive increased transaction activity on the WhiteHawk Exchange
- Released version 2.0 of website, providing an enhanced look and feel for users
- Partnering with the US Cybercrime Support Network (211 Cyber Fraud Hotline), to act as the response arm for small and midsize businesses
- Announced a partnership with Tesseract, a leading Australian provider of cyber security products and services, to offer enterprise-grade cyber security solution for SMBs "CyberBiz" on the WhiteHawk Exchange
- Made strategic investment in top cyber talent promoting Antonio Crespo to CIO and making three new hires, whose expertise are driving business expansion and continued website development
- Filed final patent application for Decision Engine on 10 February 2018

FIRST QUARTER REVENUE

The implementation of WhiteHawk's contract with the US Federal Government, won in partnership with BAE Systems in October 2017, commenced in late March. While this resulted in over US\$300,000 in invoices moving into the second quarter, the contract is expected to provide a consistent US\$100,000 per month over the next five years.

WhiteHawk is also currently providing services to a US Defence Industrial Base contractor, expected to yield US\$65,000 in future referral revenue and an estimated potential US\$1.2M in future direct revenue over the next five years.

In the private sector, WhiteHawk has provided advisory services to a US Top 10 financial institution, already resulting in US\$50,000 in revenue in the first quarter of 2018.

WhiteHawk has expanded its existing contracted scope of work with a US Top 10 financial institution, to include the 360 Cyber Risk Framework which will deliver 50 supply chain customers to our platform over 45 days in Phase 1. Phase 2 is expected to bring 200 supply chain companies to the WhiteHawk Exchange. Revenue of US\$77,000 was invoiced in the first quarter of 2018 in respect of this contract.

REVENUE GENERATION INITIATIVES

WhiteHawk has three primary online revenue streams:

- sales of products and services;
- virtual advisory service bundles; and
- future business intelligence subscriptions.

As the three primary revenue streams are dependent on website traffic and the online platform is still in its early stages, the team remains focused on initiatives that drive traffic to the WhiteHawk Exchange such as partnerships, website enhancements, machine learning technology, and sales and marketing campaigns. Further, the recently announced next generation improvements to the CyberPath Decision Engine are designed to simplify and enhance the online purchasing process for users and increase transaction activity.

In addition to its three primary online revenue streams, WhiteHawk also provides executive cyber security risk and innovation consulting services to large government and industry enterprises.

During the first quarter, WhiteHawk developed two new partnerships designed to drive substantial numbers of small and midsize businesses to the WhiteHawk online platform with the sole purpose of buying cyber security products and services:

- a 360 Cyber Risk Framework, in partnership with Interos and BitSight, for major manufacturing and financial institutions, designed to continuously identify and mitigate risk in the supply chain or sub-contractor companies; and
- a partnership with the US Cybercrime Support Network (211 Cyber Fraud Hotline), in which WhiteHawk will act as the response arm for small and midsize businesses in the initial pilots being deployed state by state and then nationally across the US by 2021.

TECHNOLOGY UPDATE

In April, WhiteHawk released version 2.0 of its CyberPath Decision Engine, which is designed to drive transaction activity on the WhiteHawk Exchange. Version 2.0 offers a more advanced, individualised approach to evaluating business specific risk as well as a new look and feel to enhance the online user experience. Customers will now receive three bundle options automatically upon completion of the questionnaire - Basic, Balanced, and Advanced - which are tailored to the customer and provide a holistic package for even the most non-technical purchaser.

WhiteHawk filed a US Patent Application for the CyberPath Decision Engine technology in February. WhiteHawk has also applied for trademark protection in China and Australia in February.

RESEARCH & DEVELOPMENT

WhiteHawk increased investment in R&D and top technical talent for Release 2.0 improvements to the online platform, marketplace and CyberPath Questionnaire. This focused investment in R&D for the first quarter has resulted in an advanced analytics approach to assess customer cyber risks, by industry, scale and need, thereby providing more tailored solution bundle options for the customer to purchase online or via a Cyber Analyst.

CyberPath Decision Engine version 3.0, which incorporates artificial intelligence capability to even more closely link the online product recommendations to the individual circumstances and budget of the customer, is scheduled for release in July this year.

MARKETING

The Company has initiated several targeting and outreach activities to prospective customers, prioritising US Federal Government Departments, major US financial institutions, and US manufacturers and their third party supply chain relationships. WhiteHawk is also leveraging its relationships with Citibank, Bessemer Trust, and MindStar Security to engage with family offices, who are some of the most unprotected and unprepared for a cyber-attack.

WhiteHawk also recently commissioned an in-depth marketing study to provide a comprehensive customer assessment which is enabling us to hone and focus our market messaging to achieve optimal results. As a result, WhiteHawk continues to put contracts in place with industry leaders for best of breed cyber security products and solutions and establish strategic partnerships with innovative companies such as BitSight, Interos, BAE Systems, Accenture, Verizon Federal, LifeBoat, and more, providing us over time with a trusted national identity. In addition, the long-term partnership with Cybercrime Support Network will increase WhiteHawk's market presence as the lead provider of products and services for cybercrime response and remediation.

The Company recently attended the 2018 RSA Conference, one of the world's leading and largest cyber security conferences, where it continued to identify and onboard innovative vendor offerings which address SMB risks via scalable, affordable offerings that are sold online via the WhiteHawk globally accessible platform of services.

OUTLOOK

WhiteHawk is positioned for considerable growth across its online revenue streams and advisory services.

With the release of version 2.0 of the online platform and CyberPath Decision Engine, the Company is focused on driving revenue growth via customer transaction activity on the WhiteHawk Exchange.

WhiteHawk's executive cyber risk and innovation consulting services have commenced and the Company has a strong pipeline of advisory work pending. An initial US\$800,000 in potential revenue is estimated in 2018 which includes additional advisory revenues from expanded scopes under existing contracts with the US Government and a US Top 10 financial institution anticipated to commence next quarter.

The Company has also quickly grown its sales pipeline for the 360 Cyber Risk Framework amongst major manufacturing and financial institutions who need to identify and mitigate cyber risks from their supply chain companies (which number the hundreds in each case).

The first quarter cash outflows, excluding IPO related costs, is US\$1.093M. Projected cash outflow for remainder of the year will be US\$338K per month excluding revenues and margins.

As of March 31, 2018, WhiteHawk had a strong balance sheet with a cash balance of US\$2.138M.

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Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

WhiteHawk Limited

ABN

97 620 459 823

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	13	13
1.2 Payments for		
(a) research and development	(457)	(457)
(b) product manufacturing and operating costs	(12)	(12)
(c) advertising and marketing	(125)	(125)
(d) leased assets	-	-
(e) staff costs	(225)	(225)
(f) administration and corporate costs	(284)	(284)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST)	24	24
1.9 Net cash from / (used in) operating activities	(1,064)	(1,064)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

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Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
(d) intellectual property	-	-
(e) other non-current assets (Bonds paid)		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(465)	(465)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(465)	(465)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,682	3,682
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,064)	(1,064)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(465)	(465)

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Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	(15)	(15)
4.6	Cash and cash equivalents at end of quarter	2,138	2,138

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	99	949
5.2	Call deposits	2,039	2,733
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,138	3,682

6.	Payments to directors of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to these parties included in item 1.2	55
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
	N/A	

7.	Payments to related entities of the entity and their associates	Current quarter \$US'000
7.1	Aggregate amount of payments to these parties included in item 1.2	133
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
	N/A	

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	(460)
9.2 Product manufacturing and operating costs	(597)
9.3 Advertising and marketing	(51)
9.4 Leased assets	-
9.5 Staff costs	(262)
9.6 Administration and corporate costs	(241)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(1,611)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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