



Appendix 4C
Quarterly Report for the
Quarter Ended 30 September 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 TO ADDRESS CYBER RISK, IS PLEASED TO PROVIDE AN UPDATE ON ITS PROGRESS FOR THE THIRD QUARTER 2018.

HIGHLIGHTS

- **Announced 360 Cyber Risk Framework contract pipeline for real-time Vendor Cyber Risk Management**
 - **Strong pipeline of contract opportunities in the United States including US Federal Government, Defense Industrial base, Utilities, Manufacturing and Financial sector**
 - **Launch of tailored versions of 360 Cyber Risk Framework for prime customer supply chain cyber risk management with BitSight cyber risk ratings; continuous monitoring, cyber risk alerts, and WhiteHawk risk mitigation analytics, Artificial Intelligence (AI) risk profile and matching to vendor options in real-time to customers**
- **Third quarter cash collected of US\$191K is a substantial increase over the previous quarter of US\$59K. Year-to- date total cash collected is US\$263K as contracts have started to commence.**
- **WhiteHawk has partnered with the US Cybercrime Support Network, as a primary response arm for small and midsize entities which have suffered a cybercrime or breach**
 - **The Cybercrime Support Network (CSN) website is due to launch 15 November.**
 - **When businesses which are the subject of a cybercrime or fraud event come to the CSN website to report a cybercrime or fraud event, they will be connected with response and mitigation services**
- **Cyber Risk Framework proof of value contract with a US National Health Care not for profit organization for up to 40 Vendor Companies (phase 1 ongoing) announced post quarter end**
- **Cyber Risk Framework proof of value contract with a US Eastern Seaboard Utility Sector Company for up to 40 Vendor Companies (phase 1 ongoing) announced post quarter end**
- **New AI Driven Customer Account Maturity Environment**
 - **Release 3.0 of Advanced Risk Profile and Product Matching**
 - **Integration of external Risk Rating and Industry Standard Cyber Maturity – providing a seamless customer experience and view of their cyber journey**
 - **Best of Breed Cyber Risk Rating on Demand**
 - **Customer view of desired maturity state and timeline**
 - **Easy to understand customized cyber risk action plan**

- **Release 3.0 of Website with updated design and ease of navigation of WhiteHawk Services**
 - **Cyber Profile Fitness Scale based on the WhiteHawk CyberPath, demonstrating customers' cyber risks based on industry trends**
 - **Risk Rating summarizing cyber strengths and weaknesses**
 - **Maturity framework showing core areas to be addressed**
 - **Customized action plan to increase cyber maturity**
 - **Customer Impact/Automation**
 - **Scales customer online automated WhiteHawk Journey**
 - **Produces actionable insights & maturity action plans, empowering customers**
- **Over 600 Vendor Products and Services have been on boarded that are impactful and affordable for small and midsize entities to purchase either via a WhiteHawk Cyber Analyst or the open online marketplace**
- **Joint Venture with Salmon Ventures, gaining deep insight into Utility Sector Cyber Risk concerns and current approaches, starting a dialogue with over 50 Utility Company, Association, and Regulatory Executives in the Private and Public Sectors and are now developing tailored solutions for additional utilities**
- **New sales offering to large financial institutions providing cyber risk ratings, risk profiles, action plans, and mitigation services for their small and midsize entity customers, thereby reducing revenue loss and loan defaults, as a result of a cybercrime or fraud attack. Currently in product discussions with a large scale US financial Institution**
- **Currently the only cybersecurity platform that can effectively service small and midsize entities at scale across the US. A global roll-out is expected in the future**

THIRD QUARTER REVENUE

Third quarter cash collected of US\$191K is a substantial increase over the previous quarter of US\$59K. Year-to-date total cash collected is US\$263K. In the third quarter Cyber Risk Framework cash collections were US\$92K, with the remaining US\$99K from advisory consulting work.

WhiteHawk has improved gross margin of 360 Cyber Risk Frameworks, by developing the Cyber Risk Scorecard which provides an action plan to address risks identified by the risk ratings with in house Cyber Analysts instead of outsourcing and is implementing this offering in all proposals going forward. This additional service of WhiteHawk Cyber Risk Scorecards has been well received by customers and is now being asked for as an additional option for all 360 Cyber Risk Frameworks. Accounts receivable of US\$175K as of 30 September are expected to be collected in the fourth quarter.

WhiteHawk expects revenues from the first 50 supply chain companies referred to the WhiteHawk platform from a top 10 US Financial Institution which undertook the 360 Framework. These 50 companies will need to mitigate identified cyber risks in the 360 analysis. This Financial Institution

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has an additional 200 to 500+ companies in its supply chain which can potentially be reviewed for inclusion in the framework in 2019.

Sales Channels

WhiteHawk continues to execute **three sales channels**, designed to drive small and midsize entities to the WhiteHawk online platform to receive Cyber Risk Profiles and purchase Cyber Risk Ratings, Risk Scorecards, and cyber security products and services.

1. The 360 Cyber Risk Framework for major manufacturing, defense industrial base, financial institutions, and utilities. The Framework is designed to identify and mitigate the cyber risks of a large business' supply chain and vendor companies. There is an upfront sale of a tailored version of the Framework and then the risk mitigation services for each vendor as needed.
2. The recently released 3.0 WhiteHawk Journey for small and midsize entities via the online platform, maps a company's cyber risk while providing best practice and product options for mitigation. The online journey begins with the CyberPath Questionnaire, followed by risk scoring through a WhiteHawk partner and ends with a custom Cyber Risk Profile from WhiteHawk including customized product options and recommendations via a WhiteHawk virtual cyber analyst.
3. WhiteHawk has partnered with the US Cybercrime Support Network, as a primary response arm for small and midsize entities which have suffered a cybercrime or breach. The CSN website is due to launch 15 November, when businesses which are the subject of a cybercrime or fraud event will be connected with WhiteHawk response and mitigation services as an online option available to them.

Revenue Streams

WhiteHawk has **three current revenue streams**

- Sales of cyber products and services via the online Exchange
- Sales of 360 Cyber Risk Frameworks and Risk Scorecards to large corporations
- Executive Cyber Risk Consulting Services to large government and industry enterprises

Whitehawk has **two online revenue models** which are being activated

- Sales of virtual Advisory Bundle Services (4th qtr. 2018)
- Business Intelligence Subscriptions (2019)

The Company continues to focus on organic web search results for cyber risk and cyber security which drives small and midsize entities to the Company's website. The Company's digital team continues to design and implement website optimization, site strategy and future audit, brand building, content generation, and sales and marketing campaigns to drive site visits. In addition, the Company's new in-house technical team are making next generation AI improvements to the

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CyberPath Decision Engine, which simplifies a customer's online cyber risk profile and purchasing process.

Current Contracts

WhiteHawk current contracts include:

- 360 Cyber Risk Framework in support of top 10 Financial Institution Vendor Risk Management for the first 50 companies (phase 1 2018, phase 2 2019 being scoped)
- Executive Cyber Risk Management consulting services for Department of Homeland Security (phase 1 2018 with BAE Systems, phase 2 in 2019 being scoped)
- Cyber Risk Framework proof of value contract with a US National Health Care not for profit organization for up to 40 Vendor Companies (phase 1 ongoing)
- Cyber Risk Framework proof of value contract with a US eastern Seaboard Utility Sector Company for up to 40 Vendor Companies (phase 1 ongoing)
- Ongoing online cyber risk services to small and mid-sized entities via online platform

TECHNOLOGY UPDATE

- The next phase of the WhiteHawk online platform architecture has been completed, in order to consolidate and optimize the WhiteHawk operational platform, now located in two cloud environments.
- With the continued growth of the Vendor Marketplace, next phase objective is to utilize a single AWS cloud environment; thereby simplifying the configuration and technical release management while reducing IT operational security risks.
- All data science, architecture, and product development are now led and executed by the WhiteHawk Team, vice being outsourced.

RESEARCH & DEVELOPMENT

Release 3.0 CyberPath Decision Engine

Release 3.0 is the direct result of the WhiteHawk development and data science team and their ability to transition WhiteHawk's CIO's vision of an easy to understand Customer Journey, providing an enabling, intuitive, and impactful online experience for all the Company's business customers.

With Release 3.0, WhiteHawk's online technology has advanced from a vertical implementation of core cyber risk framework capabilities (risk rating, marketplace) to an integrated, horizontal, and holistic approach to aligning solutions and services based on industry best practices for cyber maturity, to individualized needs of a company/customer. The WhiteHawk platform now sets the path for actionable Cyber Risk decision making and resourcing by the customer in a manner that is easy to demonstrate to their Executive teams and boards with real insight.

In this way, WhiteHawk has a customized partnership with each customer to guide them on their path to cyber maturity and resiliency to cybercrime and fraud.

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In addition to the WhiteHawk AI Questionnaire, WhiteHawk integrates cyber risk ratings from strategic partners to further identify key cyber weaknesses and vulnerabilities in which the customer can capture and plan actions to mitigate known weaknesses while at the same time increase cyber awareness and maturity.

Furthermore, WhiteHawk's CyberPath Decision engine continues to mature in the collection and continuous learning of information gathered across open and industry sources, thereby increasing the automation and matching of cyber solutions and services tailored to the customer. In addition, WhiteHawk continues to automate and integrate with external services and strategic partners for customer management to provide an end-to-end approach to mitigating cyber risks and vulnerabilities.

R&D Expenses

R&D expenses for the third quarter focused on the Release 3.0 future improvements to the online platform, Marketplace, and CyberPath Questionnaire. This focused investment in R&D has resulted in an advanced analytics approach to assess customer cyber risks by industry, scale, and need, thereby advancing from best practice approach to providing tailored solution bundle options for the customer for immediate purchase online or via a Cyber Analyst.

- R&D cost reductions were achieved in the third quarter from completion of Release 3.0 and the transition to in house talent instead of subcontractors resulting in continued projected cost reductions going forward. WhiteHawk has been successful in obtaining talent that will allow R&D direct labour costs to be efficiently managed.

MARKETING

WhiteHawk continues to contract best of breed cyber security products, solution industry leaders and strategic partnerships with innovative companies such as CrowdStrike, Palo Alto Networks, Cloudflare and BitSight. This has established a trusted national identity. With the partnership with the Cybercrime Support Network, WhiteHawk has expanded its portfolio of response and remediation products and services.

OUTLOOK

With a strong pipeline of over 50 customers which are in mature stages of business development across the Defense Industrial Base, Utility Sector, Manufacturing Sector, and Financial Sector, the Company expects three additional sales of the 360 Cyber Risk Framework in 2018 and two further sales in early 2019. The resulting scrutiny of the hundreds of suppliers in a client's supply chain creates a multiplier effect on products in the WhiteHawk Exchange, as companies in the supply chain act to mitigate cyber risks. Supply chain size can range from 50 to 4,500 companies per prime customer, depending on the sector and size.

The Cybercrime Support Network website, which offers a new automated approach for reporting crime and fraud, is due to launch 15 November. This has the potential to deliver immediate

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revenues from companies reporting a cybercrime or breach that are in need of immediate impactful and affordable cyber response services.

After two years of research and outreach, the Company is putting in place the ability to scale referrals for affordable online sales of cyber security liability insurance for small and mid-sized entities with an international and reputable Insurance Sector provider and underwriter.

In the third quarter WhiteHawk continued to implement cost reductions to optimize cash runway. These cost reductions remain in place into the fourth quarter, cash outflows include product manufacturing costs which are directly proportional to revenue with a positive gross margin. WhiteHawk will continue to streamline operations while driving a robust pipeline of 2018 and 2019 contract proposals.

Third quarter cash inflows of US\$298K were expected. As at quarter end US\$191K in accounts receivable were collected. An additional US\$73K was collected in October to date with the remaining US\$34K to be collected in the fourth quarter.

Subsequent to the quarter end and in order to effectively deliver a number of potential major sales engagements, WhiteHawk undertook an Entitlements Issue on a 1 for 2 basis at 4.5c per share with a free attaching 2 year 10c option to raise \$1.6m before costs. To date, WhiteHawk has received AUD\$805K with Viaticus Capital mandated to place the balance shortfall of AUD\$800K at any time up to 17th January 2019.

In addition, further to the disclosure of an offer in the last quarter, from a UK Institutional Investor, for a \$1M convertible note, Viaticus Capital has arranged for the offer to be revised to an equity offer to subscribe for AUD\$1.2M in ordinary shares in the company at the recent Entitlements Issue price of 4.5c, which subscription may comprise part of the shortfall from the Entitlements Issue. This subscription offer is likely to be combined with an equity swap which would potentially enable the Company to participate in any share price rise over the next 12 months. The term sheet is in the process of being finalized and the transaction is subject to contract.

As of September 30, 2018, WhiteHawk has a cash balance of US\$517K, with the proceeds of the Entitlements Issue as of October 31, WhiteHawk's cash balance is US\$928K (AUD\$1.3M)

DISCLOSURE STATEMENT

The Additional Information to Appendix 4C quarterly report ("the Additional Information") is given in summary form and does not purport to be complete. The Additional Information including financial information, should not be considered as a financial projection, advice or a recommendation to any particular or potential investors in relation to subscribing for securities in WhiteHawk. Before acting on any information readers should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, readers should seek independent financial advice. All securities involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk. The Additional Information may include statements regarding the Company's intent, belief or current expectations with respect to our businesses and operations, market conditions, revenues, market penetration, and results of operations. Readers are cautioned not to place undue reliance on these statements. WhiteHawk does not undertake any obligation to publicly release the result of any revisions to these statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of the Additional Information, actual results may vary in a materially positive or negative manner and are subject to uncertainty and contingencies outside WhiteHawk's control.

Appendix 4C

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")

30 September 2018

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	191	263
1.2 Payments for		
(a) research and development	(274)	(1,030)
(b) product manufacturing and operating costs	(192)	(283)
(c) advertising and marketing	(14)	(192)
(d) leased assets	-	-
(e) staff costs	(248)	(701)
(f) administration and corporate costs	(227)	(782)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	9
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)	9	48
1.9 Net cash from / (used in) operating activities	(752)	(2,668)

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 (9 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	-	(1)
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	-	(1)

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	(4)	(469)
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	(4)	(469)

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	1,276	3,682
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(752)	(2,668)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4)	(469)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	(3)	(27)
4.6	Cash and cash equivalents at end of quarter**	517	517

** As of September 30, 2018, WhiteHawk has a cash balance of US\$517K, with the proceeds of the Entitlements Issue and Shortfall Offer to date, WhiteHawk's cash balance as of October 31, 2018 is US\$928K (AUD\$1.3M)

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	63	15
5.2	Call deposits	454	1,261
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)	517	1,276

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

**Current quarter
\$US'000**

48

-

- 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

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

**Current quarter
\$US'000**

142

-

- 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.		

Further to the disclosure of an offer in the last quarter, from a UK Institutional Investor, for a \$1M convertible note, Viaticus Capital has arranged for the offer to be revised to an equity offer to subscribe for AUD\$1.2M in ordinary shares in the company at the recent Entitlements Issue price of 4.5c, which subscription may comprise part of the shortfall from the Entitlements Issue. This subscription offer is likely to be combined with an equity swap which would potentially enable the Company to participate in any share price rise over the next 12 months. The term sheet is in the process of being finalized and the transaction is subject to contract.

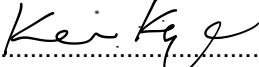
9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	153
9.2 Product manufacturing and operating costs	76
9.3 Advertising and marketing	10
9.4 Leased assets	-
9.5 Staff costs	145
9.6 Administration and corporate costs	127
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	511

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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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 31 OCTOBER 2018
(Director/Company secretary)

Print name: KEVIN KYE
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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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