

A busy airport terminal with people walking and a large window showing an airplane and a drone.

Q1 2018

Oslo, 16 May 2018

hiddn
Safeguarding your data anywhere

Welcome to Hiddn's first quarter presentation

Carl Espen Wollebekk
CEO

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CFO

Hiddn – leading on technology since 1998

More than NOK 250m invested in R&D since 1998

Since 1998, more than NOK 250m has been invested in developing Hiddn's intellectual property. This investment has put the company in a unique position as no other company can provide the the market with similar products when it comes to security

Funded by demanding security and defence clients

A significant part of Hiddn's R&D funding has been provided by institutions with strict security requirements. Hiddn has obtained a unique position with national security agencies and defence clients in several European countries and in the US

Hiddn's products provide unparalleled security

Repeat orders from customers show that many of these institutions and organisations still rely on and trust Hiddn's products to secure and safeguard their data, proving that Hiddn still provides a unique and preferred product



Important milestones

1998

High Density Devices is founded

2002

\$10m from the US DoD

2005

First product FIPS 140-2 lv. 3 certified

2007

First product NSM approved

2013

NBV contract signed

2016

SafeDisk NBV* approval for level Confidential

2017

Hiddn IPO

*The Netherlands National Communications Security Agency

Focus areas in the first 12 month as listed company

Summary

- 1 Take advantage of expanding markets and increased focus on data protection
- 2 Bring unique and patented technology from “prototyping level” to “volume production level”
- 3 Use high-profiled customer references to expand market access through new distribution channels and VAR agreements
- 4 Actively seek OEM agreements for Safedisk products
- 5 Expand product offering by introduction of new products and services
- 6 Increase sales
- 7 Use sales volumes to obtain better sourcing cost
- 8 Demonstrate profitability
- 9 Further growth

Take advantage of expanding markets and increased focus on data protection

5,000,000
data records are stolen every day*

40% of leakages caused by stolen devices



Intel flaw exposes software encryption keys



Cloud security issues span the globe



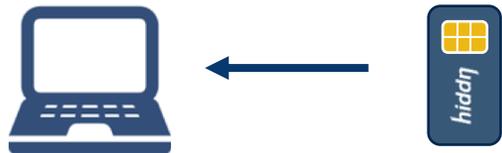
With GDPR, corporations face possible fines of

€20 million or 4% of turnover

*www.breachlevelindex.com

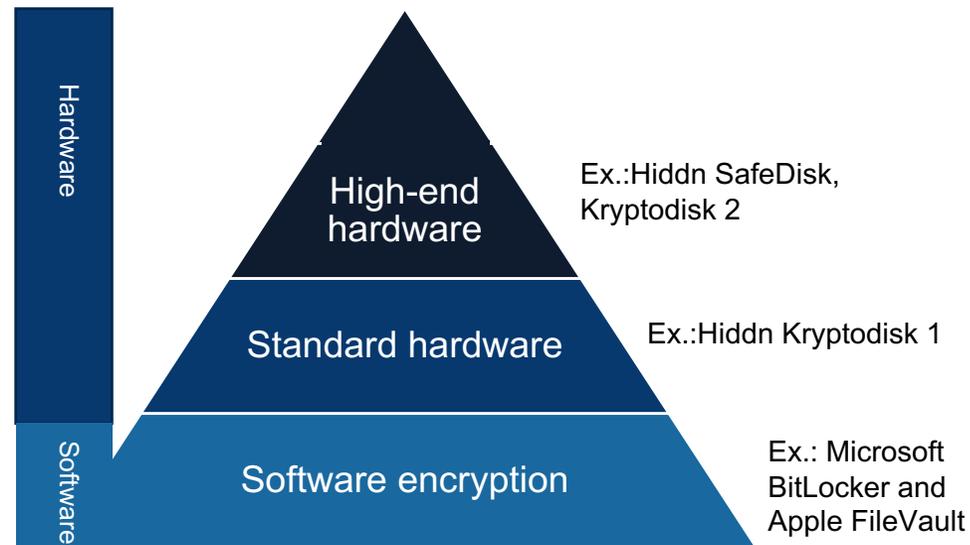
Bring unique and patented technology from “prototyping level” and project sales to “volume production”

Unique key handling



- Hiddn uses the same industry-leading encryption algorithm as most of its competitors – the Advanced Encryption Standard ("AES") with 256-bit encryption keys
- Unlike its competitors however, Hiddn doesn't keep the secret key that is used in the algorithm in the same place as the data it protects (i.e. the hard drive or USB stick)
- Hiddn's uniqueness lies in that the encryption key is securely held on a smart card and transferred securely to the storage device when it's being used, and then deleted when the device is powered off
- This technology makes Hiddn's products the most secure devices on the market for protecting data at rest, earning certifications and approvals from highly demanding institutions and customers
- Hiddn is a security-oriented supplier historically focusing on niche markets with strict security demands. The technology is highly scalable as demand for more secure storage is driving demand and increasing volumes.

Encryption solutions



Use high-profile customer references to expand market access through new distribution channels and VAR agreements

- ▶ **Vetted and certified by national security agencies and the defence industry**
 - ▶ Very demanding security clients use Hiddn's products, as they provide the most secure encryption solution on the market
- ▶ **Repeat orders from high-end customers validate the attractiveness of our products**
 - ▶ Recently evidenced by repeat orders in Q1 from the Kingdom of the Netherlands
- ▶ **20 years of product development**
 - ▶ Initial R&D funded by the US Department of Defence
 - ▶ Unique IP includes software algorithms, key handling, mobile authentication and encrypted partitioning

Selected high-end customers



Actively seek OEM agreements for Safedisk products

4

- ▶ **Hiddn is actively seeking agreements with original equipment manufacturers (OEMs)**
 - ▶ Selling products with Hiddn's unique technology through embedded solutions in existing sales channels
 - ▶ Adding value through existing brands and new sales channels



Expand product offering by introduction of new products and services



KryptoDisk 1 launched this week

Increase sales

Expanding to high-volume, high-growth markets

B2B Bespoke Solutions

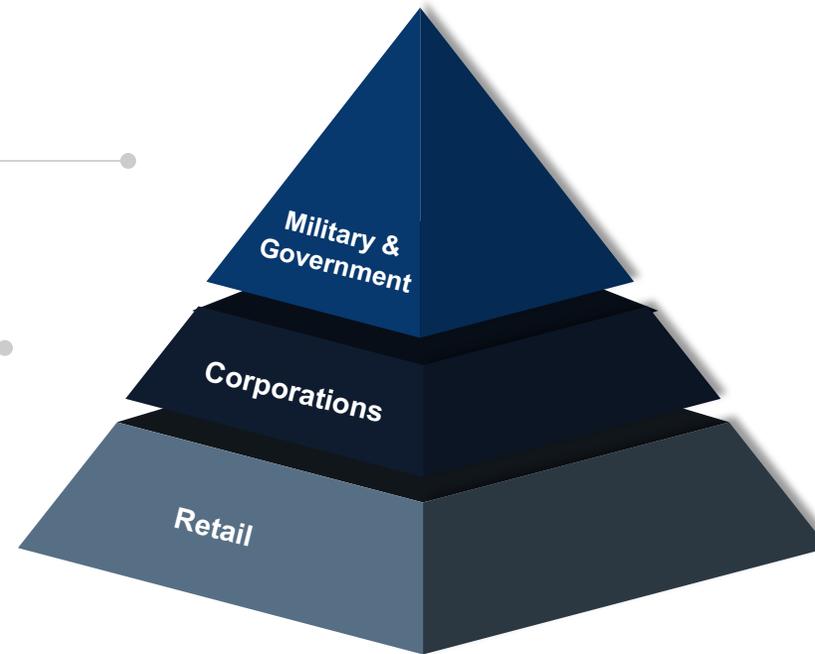
- High-end solutions for high-end customers
- Validation of IP, but low volumes and margins

B2B Made-to-Measure Solutions

- High-end solutions, but not bespoke + OEM products
- Partnerships driving volumes, lower unit costs

B2C Retail Solutions

- New mid-range products and high-end OEM* products
- Global PC/device market and pure sale of core IP



Powered by multiple distribution channels

Go-to-market strategies vary from segment to segment

Project sales

Internally driven, to organisations in need of bespoke high-end security solutions



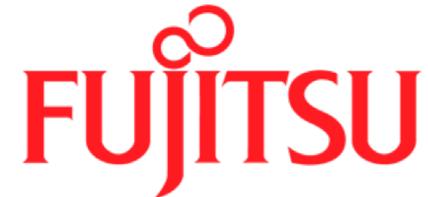
Partner sales

Partnering up with distributors in both the B2B and the B2C market segments



OEM sales

Partnering up with manufacturers of notebooks, PCs, and other devices with integrated storage



Partnering with Power to reach consumers

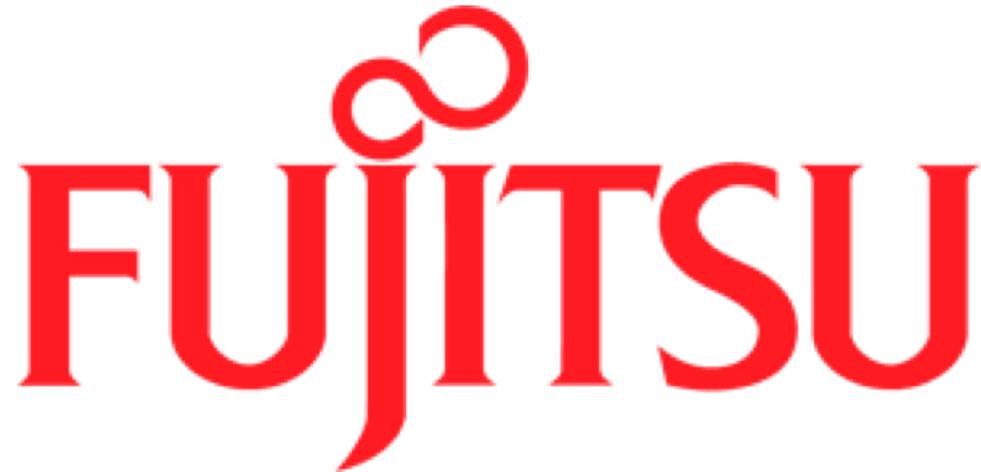
Introducing a new, commercially attractive product

- ▶ **Power will distribute Hiddn's security products across the Nordic region**
 - ▶ Securing broad distribution and accessibility for secure storage solutions to consumer and business markets
- ▶ **Hiddn introduces a new, competitive consumer product to better target Power's key customers**
 - ▶ Agreement with iStorage to deliver a fit-for-purpose product in KryptoDisk 1
- ▶ **Power and Hiddn share great expectations for the partnership**
 - ▶ Initial order anticipated to be in triple digits
 - ▶ Hiddn to educate and train Power employees on IT security and safe data storage

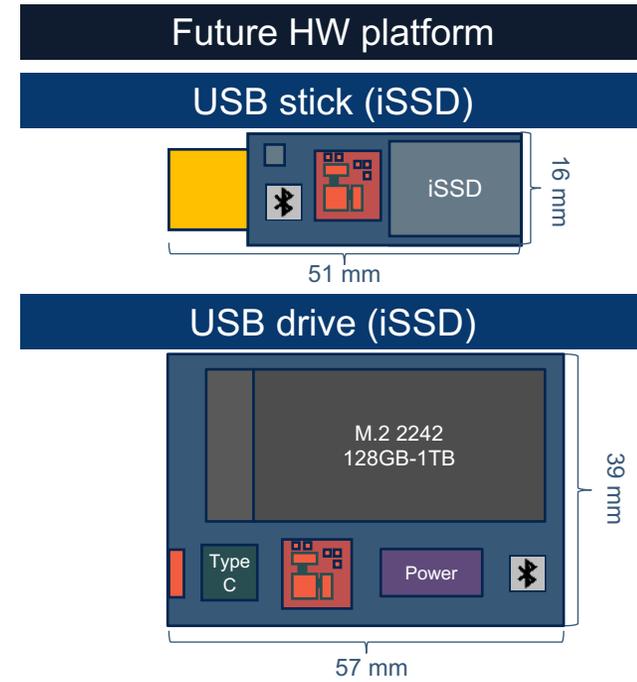
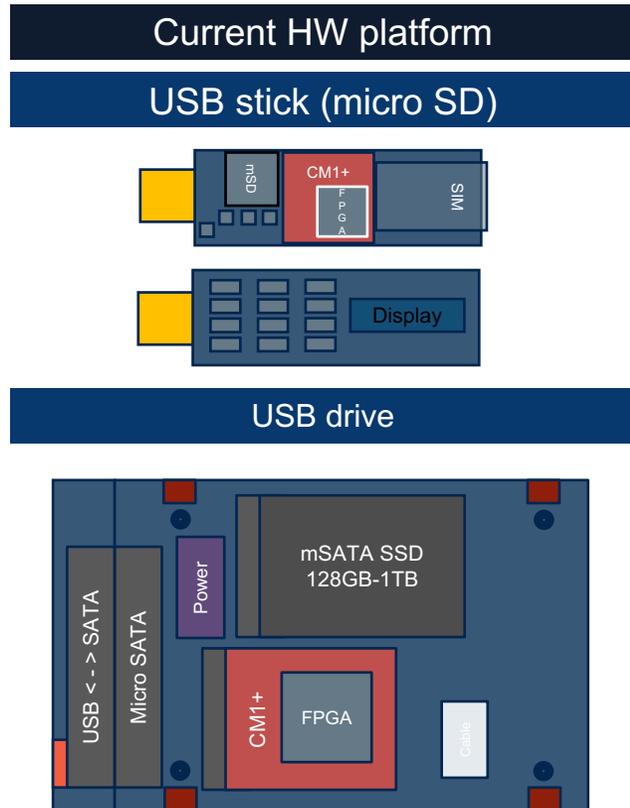


Fujitsu to sell Hiddn solutions

- ▶ **Fujitsu announced a GDPR-compliant security option for notebooks and PCs in a new partnership with Hiddn**
 - ▶ Availability of military-grade security options across Fujitsu's entire range of PCs and notebooks
 - ▶ Hiddn's SafeDisk embedded
- ▶ **Fujitsu's PCs and notebooks with SafeDisk defend data security in case of a lost or stolen hardware device**
- ▶ **New solution addresses the growing enterprise market for two-factor authentication security to protect sensitive data**

The Fujitsu logo is displayed in a large, red, serif font. The word "FUJITSU" is written in all caps. The letter "J" is stylized with a long, curved tail that extends downwards and to the left. Above the "I" and "T" are two interlocking infinity symbols, also in red.

Use sales volume to obtain better sourcing costs



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- ✗ Demonstrate profitability
- ✗ Further growth



Q1 Financials

Q1 2018, Oslo 16 May 2018

Q1 Highlights

An eventful quarter

Events in the quarter

- ▶ Agreement with Fujitsu for the distribution of Hiddn technology in notebooks and PCs in Scandinavia
- ▶ Agreement with Power for the distribution of Hiddn's security products in the Nordic region
- ▶ EUR 375k order from a new customer in the Middle East
- ▶ Repeat order for SafeDisk from the Dutch Government
- ▶ KryptoDisk 2 approved by the Norwegian Armed Forces
- ▶ Svein M. Birkemoe appointed new R&D manager

Events after the quarter

- ▶ NOK 30 million raised in a rights issue
- ▶ Launched GDPR-proof guarantee for 2-factor products in Europe
- ▶ Fujitsu announced its new product range with Hiddn technology
- ▶ Agreement with iStorage to broaden product offering in Scandinavia

Q1 Financials

Income statement

P&L (NOK '000)	1Q18	1Q17	Var
Revenues	5 496	858	4 638
Cost of materials and services	(3 229)	(1 521)	(1 709)
Gross profit	2 267	(663)	2 929
Payroll expenses	(8 083)	(2 658)	(5 425)
Depreciation & amortization	(179)	(17)	(162)
Other operating expenses	(5 120)	(8 956)	3 836
Operating loss	(11 115)	(12 294)	1 179
Net financial items	(426)	(1 766)	1 340
Loss for the period	(11 541)	(14 060)	2 519

- ▶ **Increase in revenues**
 - ▶ Combination of underlying growth and revenues from the acquisition of Finn Clausen Sikkerhetssystemer AS
- ▶ **Gross profit of 41% in quarter**
- ▶ **Strengthened organisation**
 - ▶ 9 new employees in Q1-18 compared to Q1-17, primarily within the R&D department
 - ▶ Use of consultants to a large extent replaced with own personnel

Q1 Financials

Balance sheet

Assets (NOK '000)	31.03.2018	31.12.2017
Total non-current assets	12 197	12 375
Total current assets	25 736	29 049
TOTAL ASSETS	37 933	41 424

Equity and liabilities (NOK '000)	31.03.2018	31.12.2017
Total equity	5 729	16 539
Non-current liabilities		
Long-term debt	930	900
Total non-current liabilities	930	900
Current liabilities		
Current portion of long-term debt	6 809	7 070
Short-term loans	10 000	-
Trade payables	6 700	9 301
Social security payable, etc.	1 231	1 093
Other short-term debt	6 534	6 521
Total current liabilities	31 274	23 985
Total liabilities	32 204	24 885
TOTAL EQUITY AND LIABILITIES	37 933	41 424

Q&A

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