

A blurred background image showing a person's hands typing on a laptop keyboard. To the right of the laptop, a smartphone is lying on the surface. The overall theme is digital communication and data handling.

Safeguarding your
data anywhere

Q3

Quarterly presentation
30 November 2017

hiddn
solutions

Highlights in Q3 & subsequent events

- ▶ Following technical approval, Hiddn started commercial negotiations with a significant global player involving a possible OEM agreement for Hiddn's encrypted disk solutions.
- ▶ Successfully raised NOK 15 million in gross proceeds in a Private Placement in order to position the Company as a credible counterparty, strengthening the balance sheet, finance working capital and for general corporate purposes.
- ▶ Continued to pursue the reinforced strategy targeting the large and growing enterprise and corporate market.
- ▶ Started production of the first series of the KryptoDisk after successful final testing by NEMKO.

Hiddn – leading on technology since 1998

More than NOK 200m invested in R&D since 1998

- Since 1998, more than NOK 200m 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 market with similar products when it comes to safety

Funded by demanding security and defence clients

- A significant part of Hiddn's R&D funding has been provided by institutions with strict safety 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 safety

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



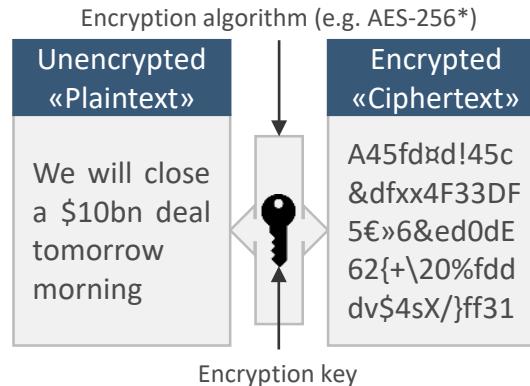
≈5000 units sold



Hiddn - market standard encryption, unique key handling

Most companies utilise encryption for safety

- ▶ Google, Apple, Microsoft etc. use encryption algorithms for safety
- ▶ An encryption algorithm is a set of processes performed on data to hide it from unauthorised readers
- ▶ A unique key is used to "instruct" the encryption algorithm, and this key must be kept secret and safe



Hiddn's technology keeps the encryption key safe

Uses market standard AES-256 encryption

Stores key separately when the device is off

Transfers the key safely to the device upon use

Keeps the key hidden whilst in use

- Hiddn implements AES with strong 256-bit encryption keys
- All products are FIPS-certified for proper implementation
- Hiddn uses tamper-proof smart cards for key storage
- This means the key can't be stolen whilst the device is off
- Hiddn's own IP enables safe key transfer from the smart card
- Two-factor authentication incl. a PIN-code adds extra security
- The key is used by a separate chip and is deleted on power-off
- This means the key can't be stolen whilst the device is in use

Software encryption



- Low safety
- Often embedded in operating system
- Mass-market offering

- The key is stored on the computer, and is exposed whilst the device is in use
- The algorithm runs on the computer's operating system (e.g. Windows or Mac OS), borrowing computing power

Hardware encryption



- Medium safety
- Stand-alone or embedded in device
- Corporate & enterprise markets

- The key is stored on the computer, but is hidden whilst the device is in use
- The algorithm runs on dedicated hardware

Hiddn's technology



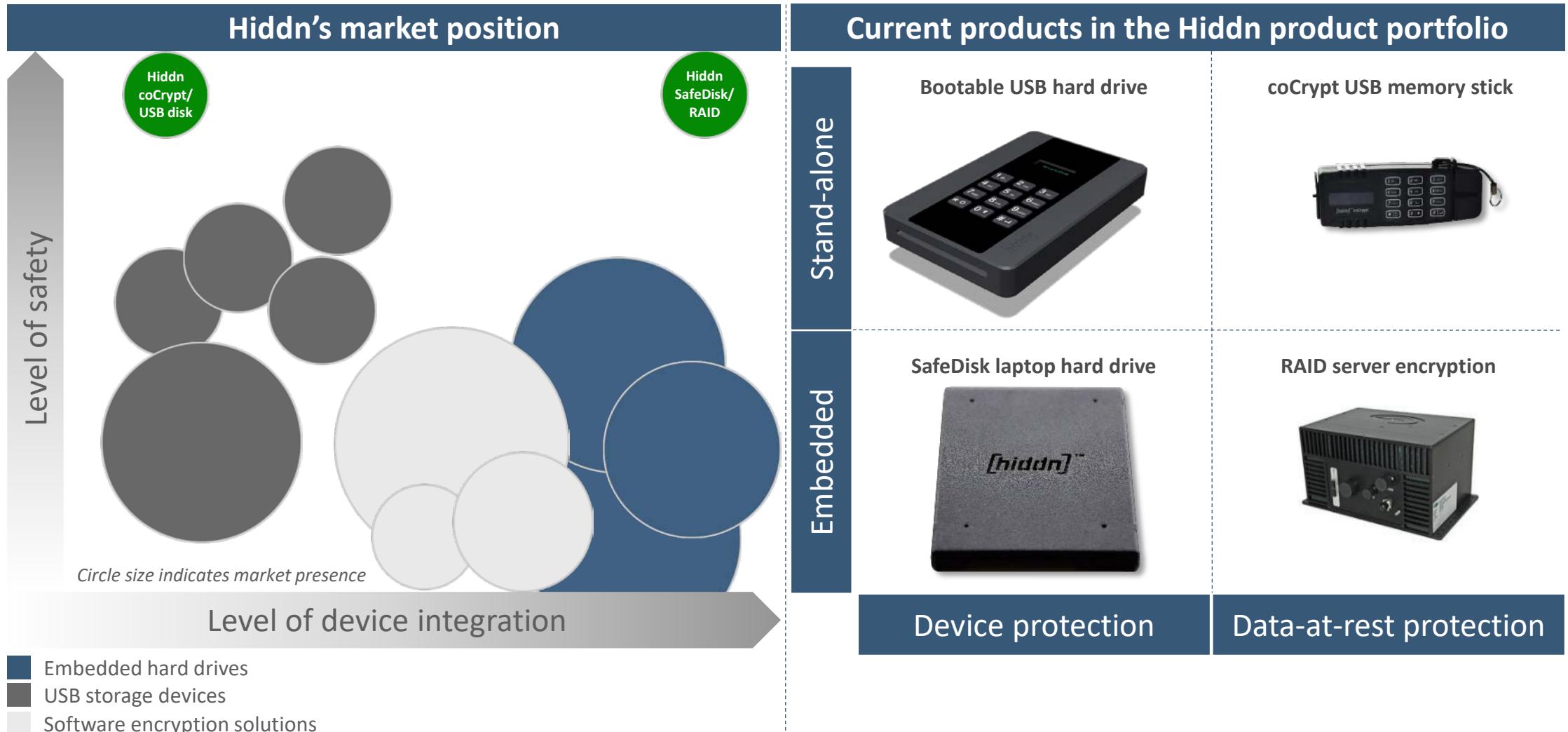
- Top-tier safety
- Stand-alone or embedded in device
- Historically used by government/military

- The key is stored on a separate smart card or other secure external token, and is hidden whilst the device is in use
- The algorithm runs on dedicated hardware

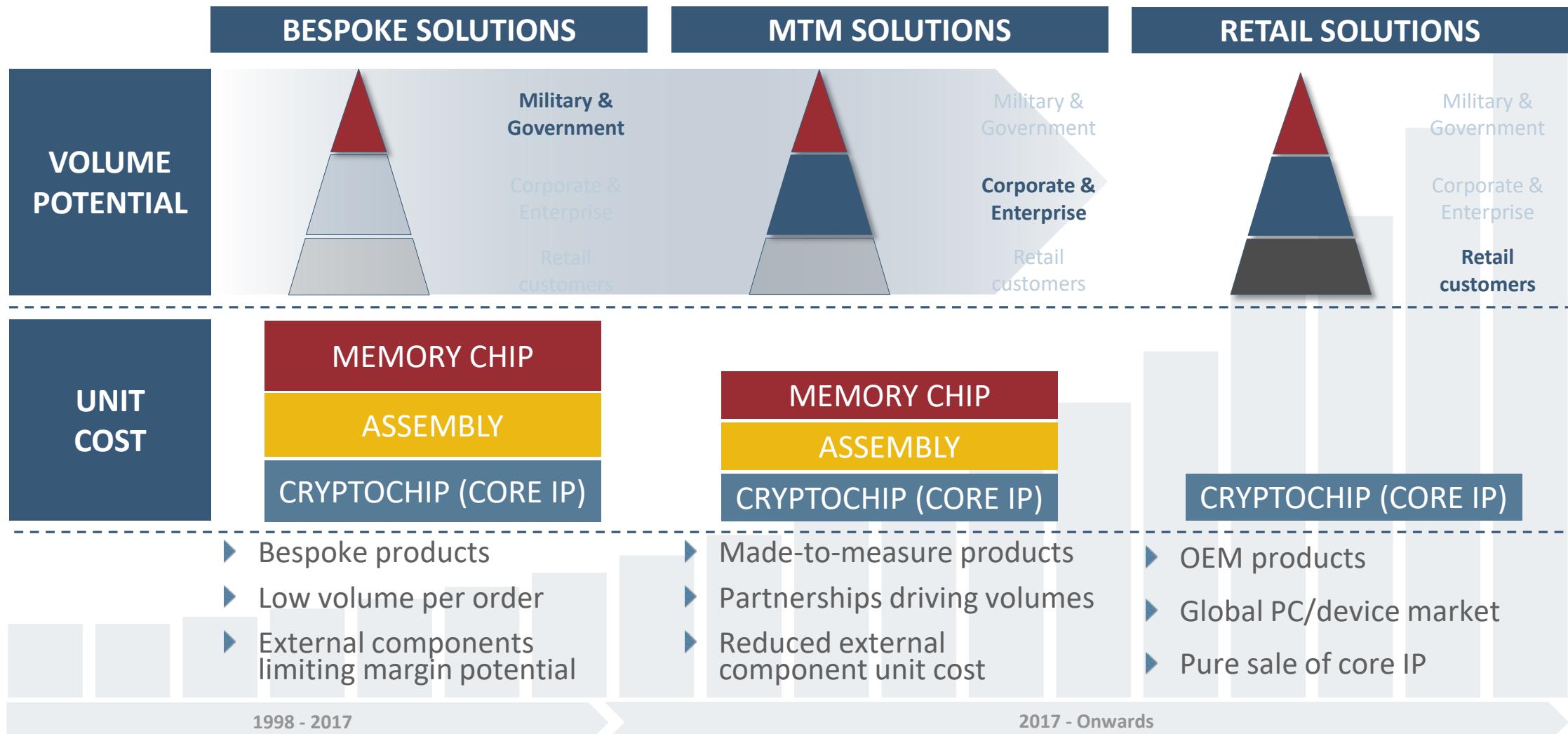
LEVEL OF SAFETY

*Advanced Encryption Standard with 256-bit encryption key length

Hiddn's position in the encryption landscape



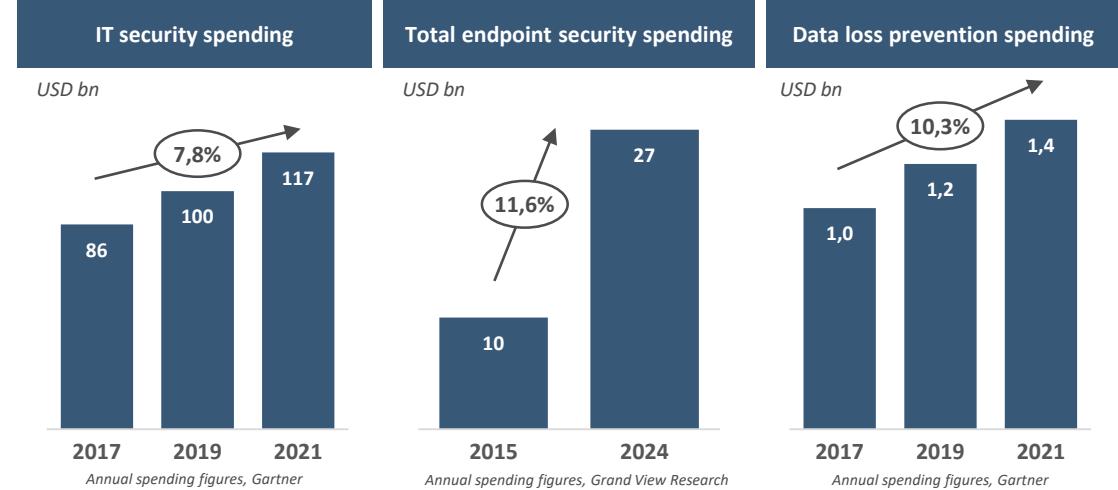
From bespoke products to volume solutions



Target markets are experiencing strong growth

Total annual IT security spending at USD 86 bn in 2017

- ▶ At least USD 4.3 bn directly relevant to Hiddn's current product portfolio
- ▶ With the move to cloud computing, spending on endpoint security and data loss protection is rapidly growing both in enterprise and consumer segments
- ▶ Hiddn's business plan involves expanding Hiddn's offering along new dimensions, granting access to new IT security segments



Three factors driving endpoint security spending

The move to cloud servers drives endpoint security need

- McKinsey estimates 71% of large enterprises will shift to off-premises cloud solutions by 2018, from 24% in 2015*
- Less control over servers and “bring your own device”-policies increases focus on securing endpoint devices

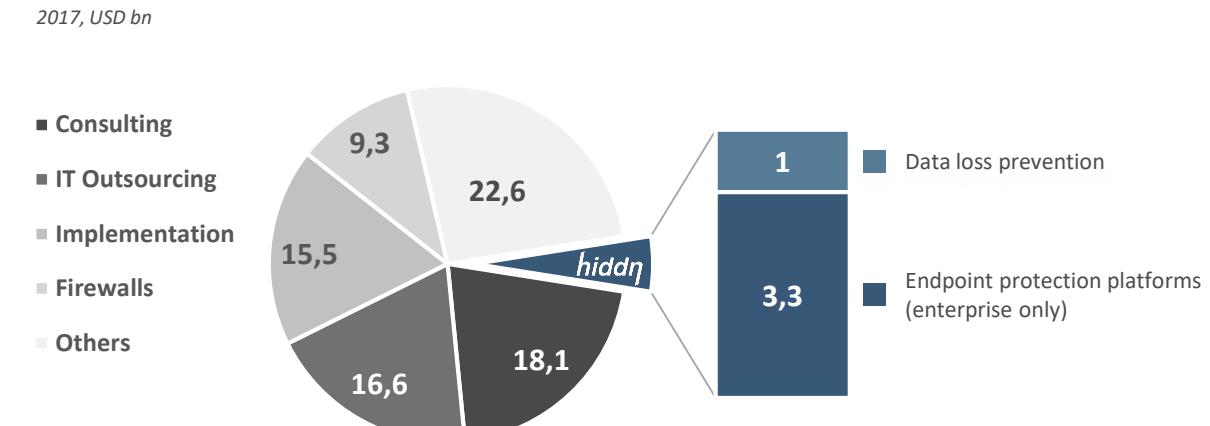
GDPR turns encryption into a must-have for corporates

- EU's GDPR directive, active from May 2018, fines corporates for loss of individual's data with the higher of 4% of annual turnover or €20m
- Loss of just one single laptop may trigger a massive corporate fine
- Encryption specifically named as an eligible preventive measure

Encryption alternatives to major OS providers increasingly HW-based

- Major OS providers (Microsoft, Apple) embed encryption tools in their software, squeezing out smaller software encryption players
- Customers seeking alternatives or supplements to BitLocker and FileVault will increasingly need to find this in hardware encryption

IT security segments by annual spend**



* IT as a service: From build to consume; McKinsey, Sep. 16

** Forecast Analysis: Information Security, Worldwide; Gartner, Jun. 17

Financials – first nine months of 2017

