



Q4 2018

Oslo, 28 February 2019

hiddn
Safeguarding your data anywhere

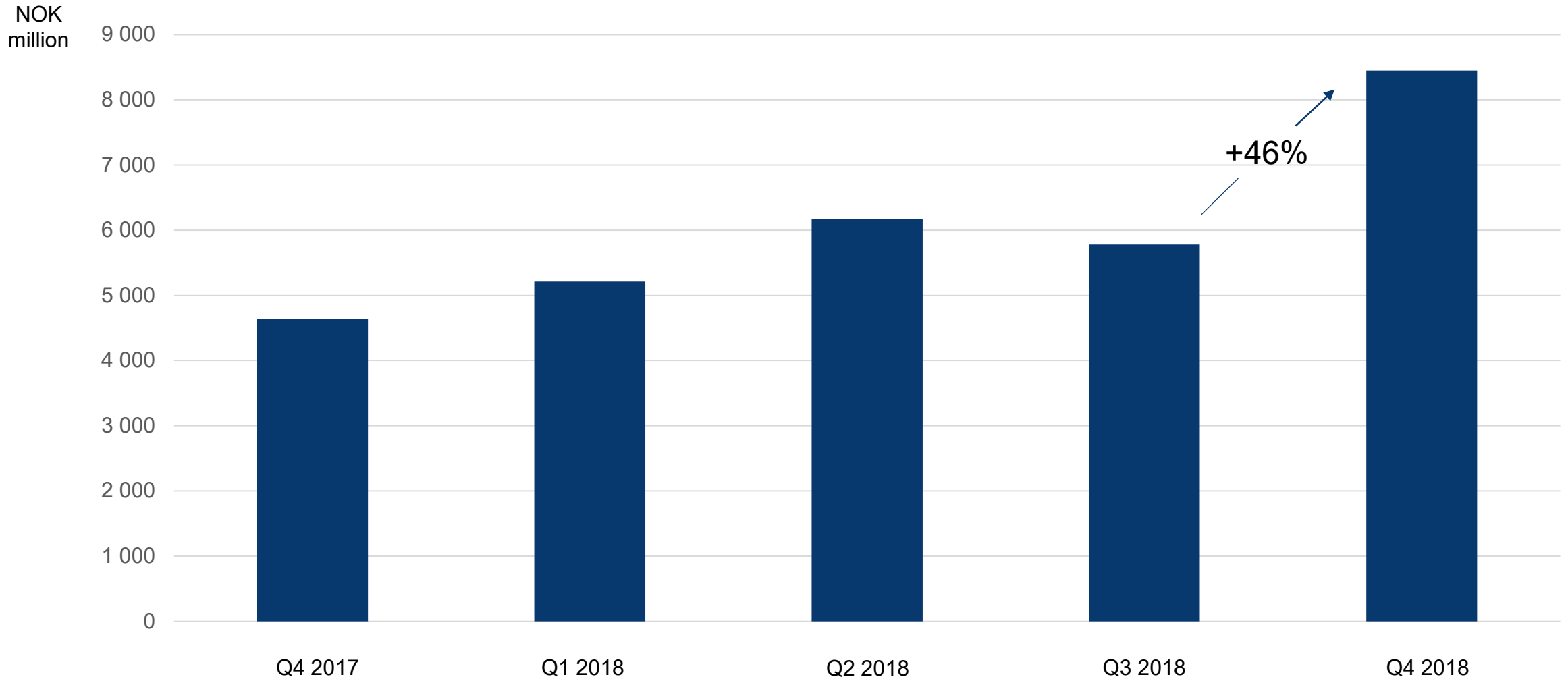
Key figures for Q4 2018 – record top line growth, improved EBIT and substantially reduced cash flow

(NOK million)	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2018	2017
Operating revenues	8.2	3.4	5.4	5.5	6.3	22.5	13.9
- of which encryption products	4.3	0.6	2.1	1.4	1.6	8.4	4.6
COGS	(4.9)	(2.2)	(3.3)	(3.2)	(4.4)	(13.6)	(11.7)
Gross profit	3.3	1.3	2.1	2.3	1.9	8.9	2.2
Gross margin	40%	37%	39%	41%	30%	40%	16%
Other income (skattefunn)	3.1	-	-	-	3.8	3.1	3.8
Payroll expenses	(6.7)	(6.7)	(6.4)	(8.1)	(7.1)	(27.8)	(19.3)
Other operating expenses	(5.7)	(5.0)	(6.0)	(5.3)	(7.3)	(22.0)	(33.7)
Total operating expenses (excl COGS)	(12.4)	(11.6)	(12.3)	(13.4)	(14.4)	(49.8)	(53.0)
EBIT	(6.1)	(10.4)	(10.2)	(11.1)	(8.7)	(37.8)	(47.0)
Cash flow	(3.5)	(12.5)	(9.9)	(12.9)	(11.2)	(38.8)	(54.5)

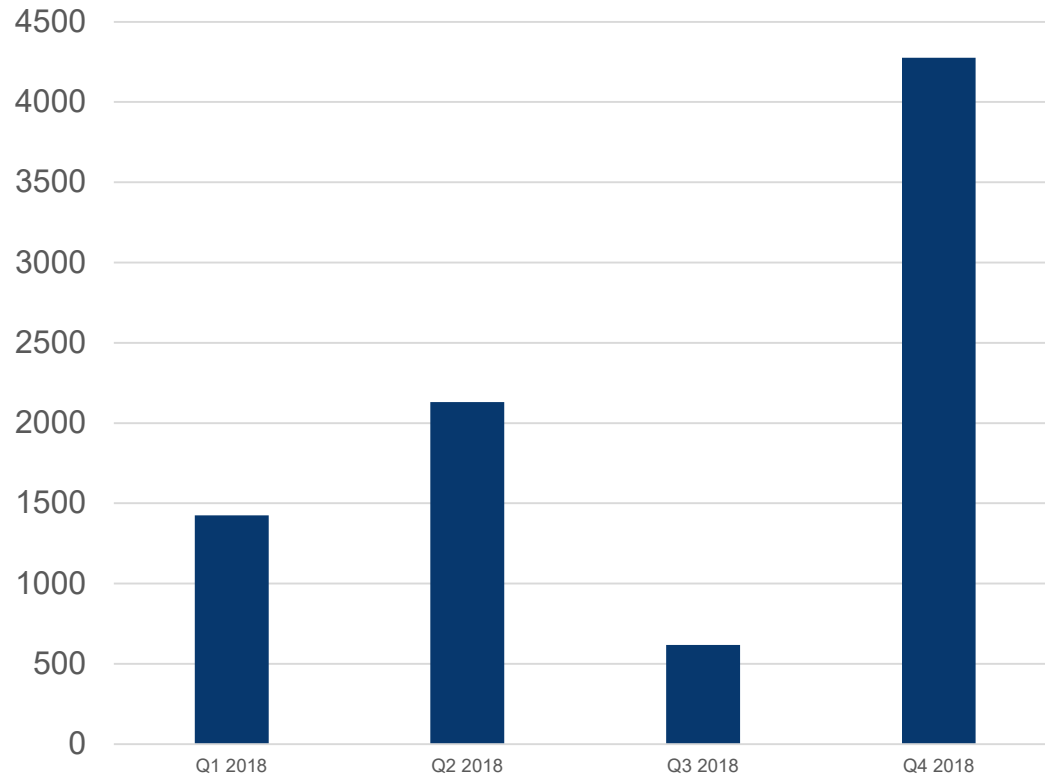
Specifications and remarks

- ▶ Growth, improved EBIT and reduced negative cash-flow
- ▶ 166% growth for encryption products in Q4 2018 compared to Q4 2017 and a growth of 82% in 2018 compared to 2017
- ▶ Operating expenses (excl COGS) reduced with NOK 1.9 million in Q4 2018 compared to Q4 2017
- ▶ Operating expenses (excl COGS) reduced with NOK 3.2 million in 2018 compared to 2017
- ▶ Included in the operating expenses in 2018 is a share based expense (no cash effect) of NOK 2.0 million compared to NOK 0.3 million in 2017; i.e. total expenses excl COGS and share based expenses reduced with NOK 4.9 million in 2018 compared to 2017
- ▶ Cash flow from operations of NOK -3.5 million compared to NOK -11.2 million in Q4 2017

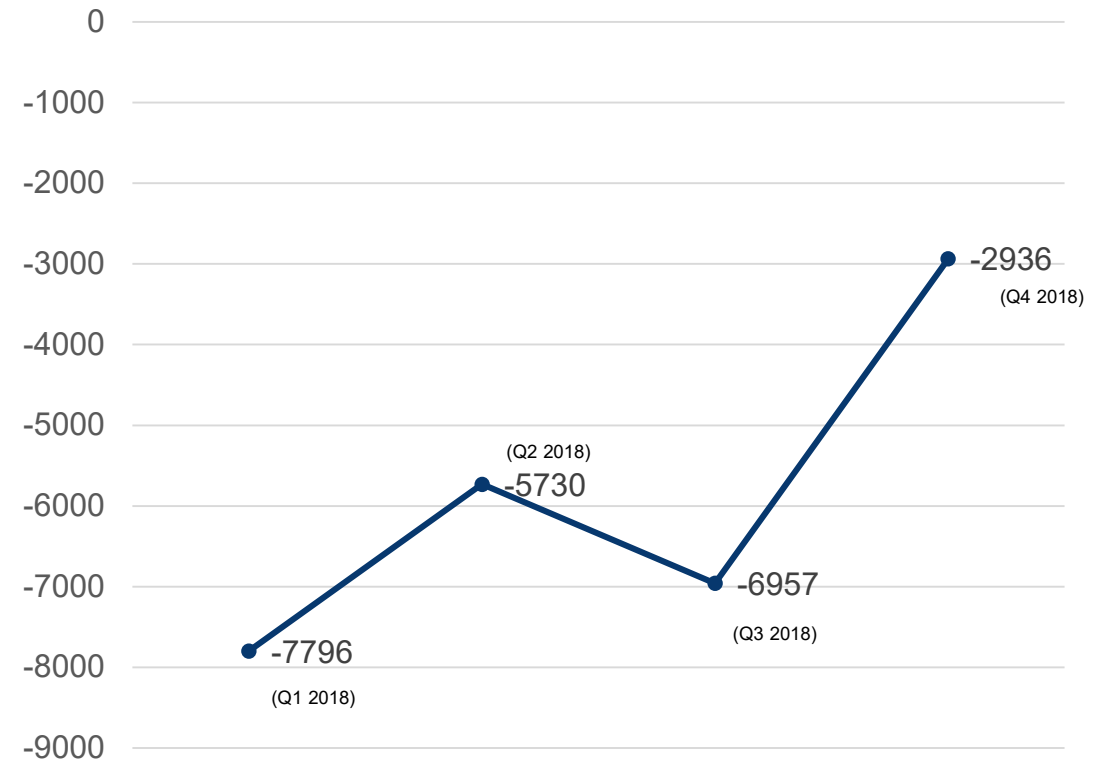
12 months rolling revenues for encryption products (segment)



Best ever quarterly revenue and reduced operating loss



Revenue encryption products (NOK thousand)



Segment result encryption products (NOK thousand)

Q4 highlights – Delivering on 2018 targets

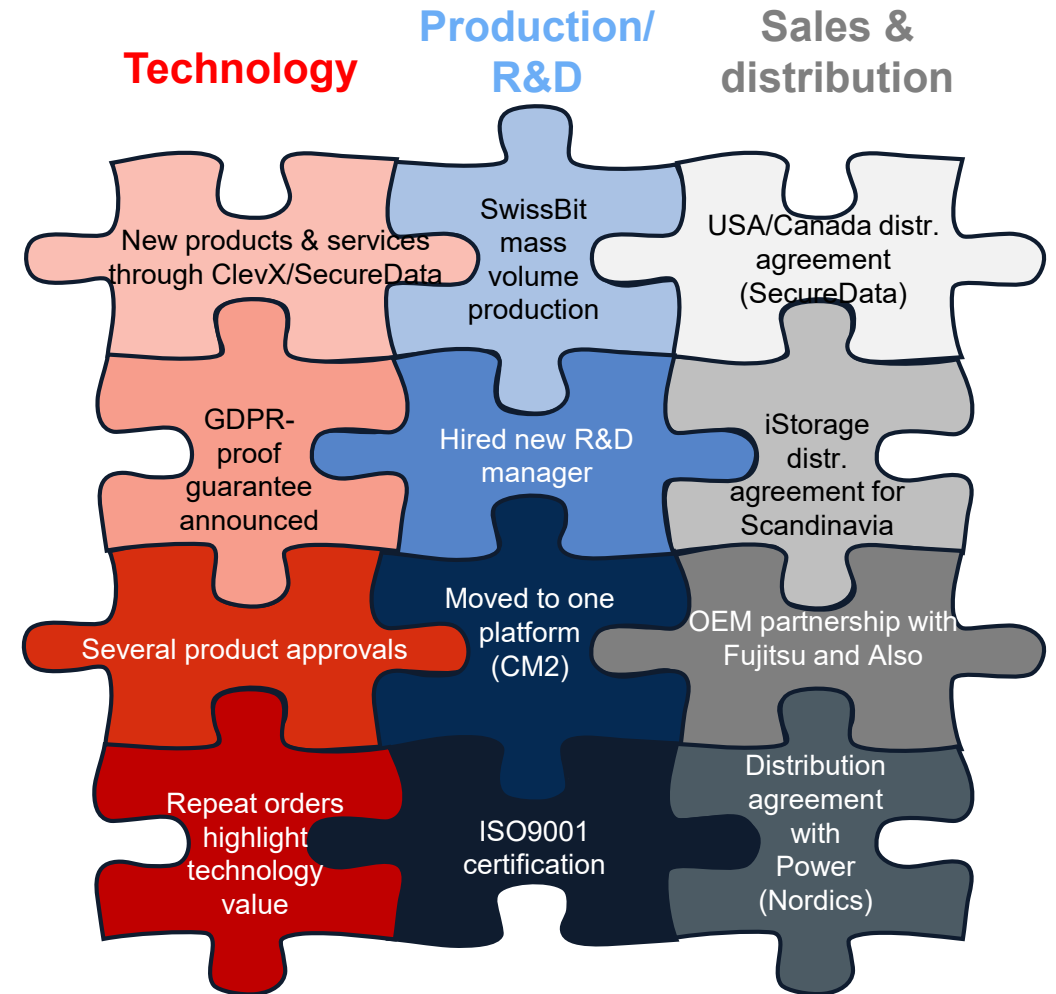
Expanding product offering and distribution capabilities in Europe and US/Canada
Preparing for increased sales and volume production

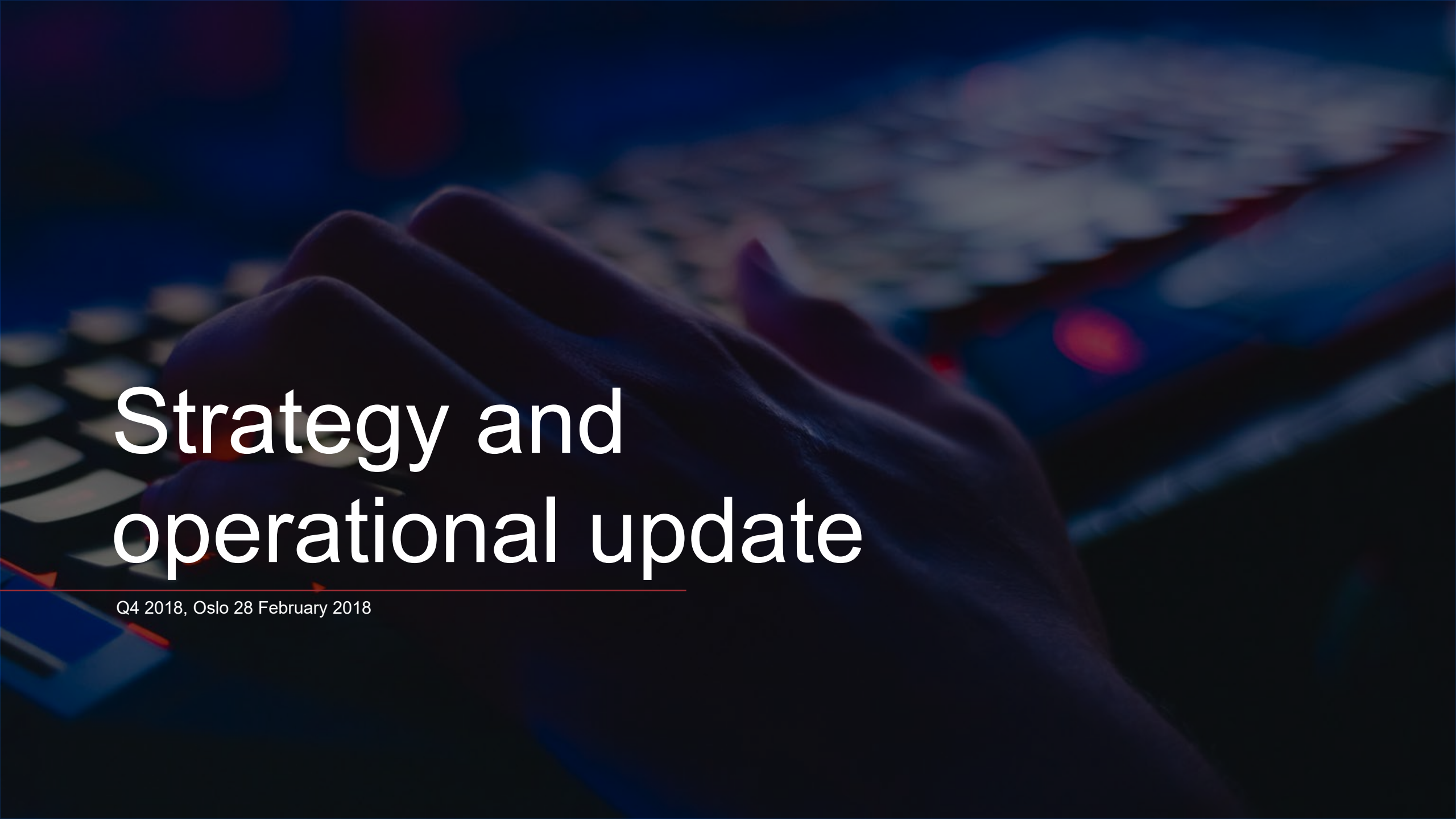
- ▶ **Products available in 80% of Power stores in Norway, Denmark and Finland**
 - ▶ Initiation of joint marketing efforts with dedicated personnel
- ▶ **Received first order from ALSO Holding AG (ALSO)**
- ▶ **Finalized the design and pre-production process with Swissbit for the M.2 Hiddn Safedisk encryption product**
- ▶ **J. Waaler, hired as SVP for partner sales as Hiddn is strengthening sales efforts entering the commercialisation phase**
- ▶ **Launching first GDPR secure solution for multifunction printers**

All pieces in place to further increase sales in 2019

2018 and 2019 focus areas

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



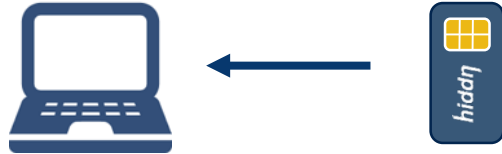


Strategy and operational update

Q4 2018, Oslo 28 February 2018

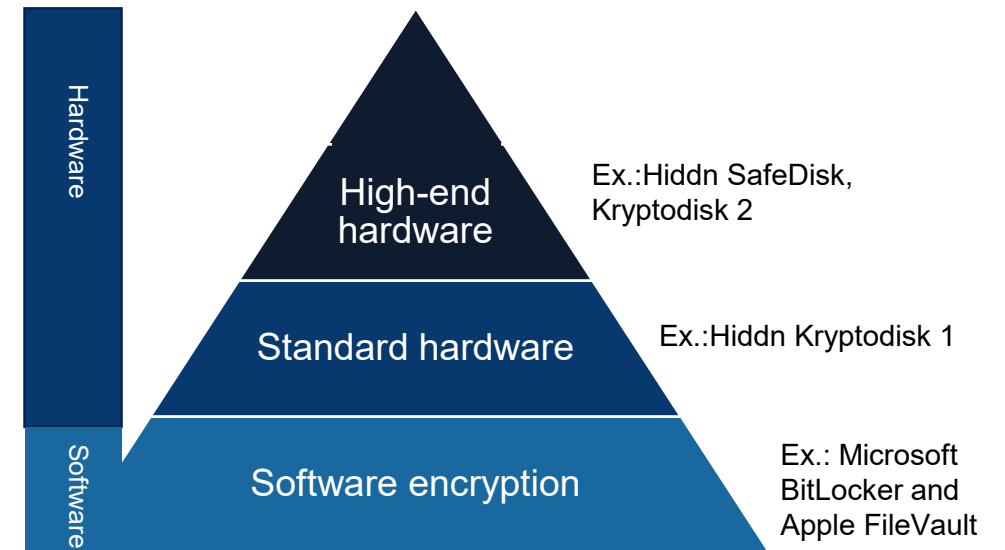
2018 target: Bringing technology from high-end project sales to volume production

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
- All customers using Hiddn's two-factor authentication solutions are protected against GDPR breaches, reporting requirements for compromised data and potential future fines, following loss of storage devices and the potential compromise of sensitive data from hard disks, laptops and PCs

Encryption solutions



2018 target: Continued development of product roadmap and cost efficient volume of Hiddn's products

swissbit®

- ▶ **Finalized the design and pre-production process with Swissbit for the M.2 Hiddn Safedisk encryption product**
 - ▶ Test production is expected to take place in 2. quarter 2019.
 - ▶ The new design is planned to be launched to Hiddn customers together with the Hiddn upgraded firmware, to support a new secure chip with Common Criteria EAL5+ and FIPS 140-2 certificates.
- ▶ **First order of 10,000 units**
 - ▶ PO will be issued shortly
 - ▶ Hiddn is expecting production release in Q2 2019
 - ▶ Shipment is expected to start and pick up from Q3 2019

About Swissbit AG

- ▶ Leading manufacturer and supplier of industrial flash memory and security solutions. MBO from Siemens AG.
- ▶ Customers include Fortune 500 companies and the world's leading OEMs
- ▶ Cost-efficient, volume-oriented production partner with a state-of-the-art production and testing facility in Berlin



25

years of
experience



5000

customers
served

2018 target: Expand sales and distribution capabilities – Products now available

- ▶ **Agreement for distribution of Hiddn's products and services to major, growing business and service markets in Europe**

- ▶ Gaining access to ALSO's distribution channels, and value added resellers

- ▶ **Received first order in Q4**

- ▶ The initial order has a value of NOK 1.7 million
- ▶ Covers KryptoDisk and other encryption products for the Scandinavian market. Europe next in line
- ▶ The products is available for purchase from ALSO
- ▶ SafeDisk now available for laptops and tablets as part of ALSO product offering

ALSO

About ALSO Holding AG



15
countries



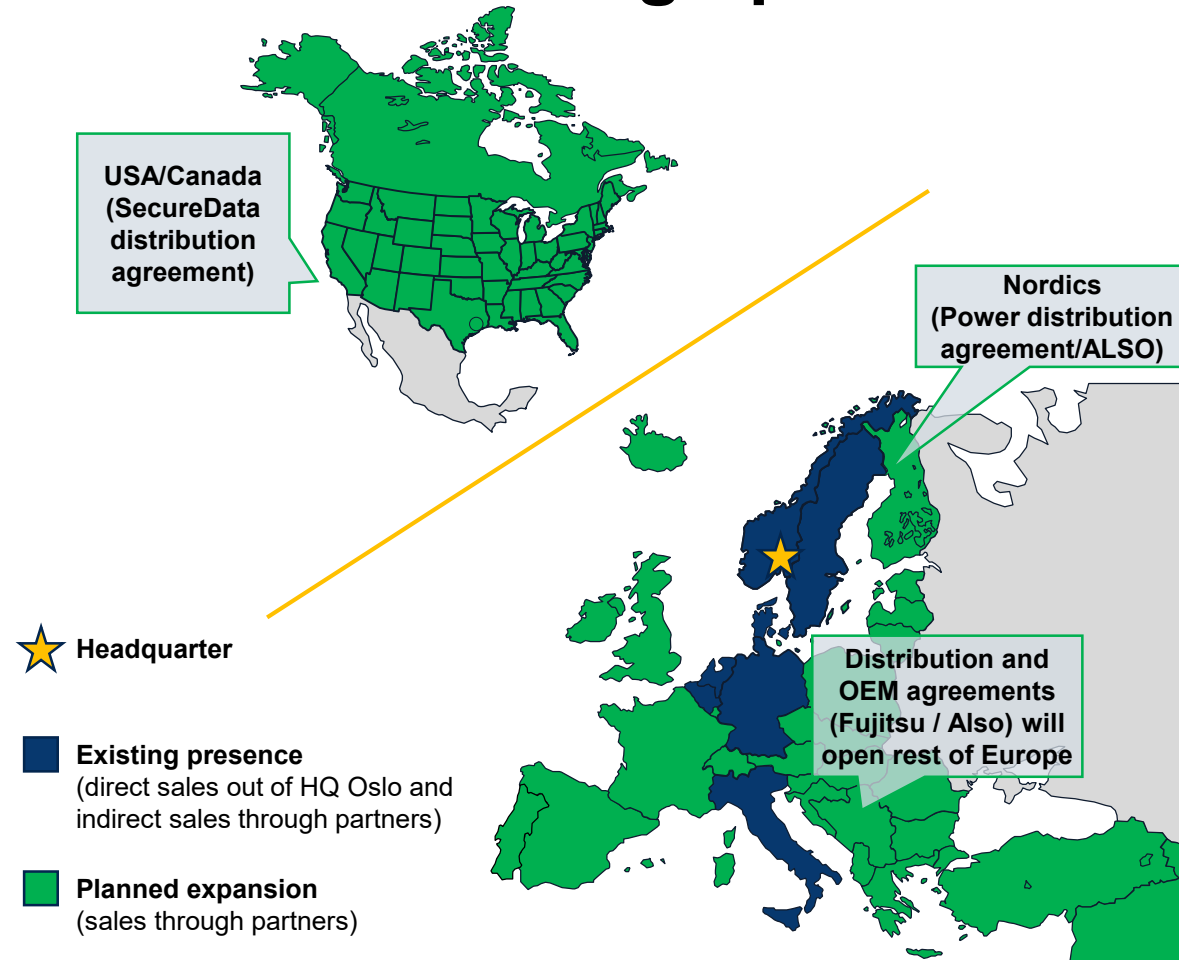
525
vendors



100,000
resellers

- ▶ One of Europe's largest distributors of ICT products with total 2017 of EUR 8 billion and 4.000 employees
- ▶ World-class configuration centre where products are embedded (i.e. OEM sales)
- ▶ Distributor of all major brands within ICT
- ▶ Increasing focus on data security, also proven by recent M&A activity

2018 target: Expanding geographically in Europe and US/Canada through partners and distributors

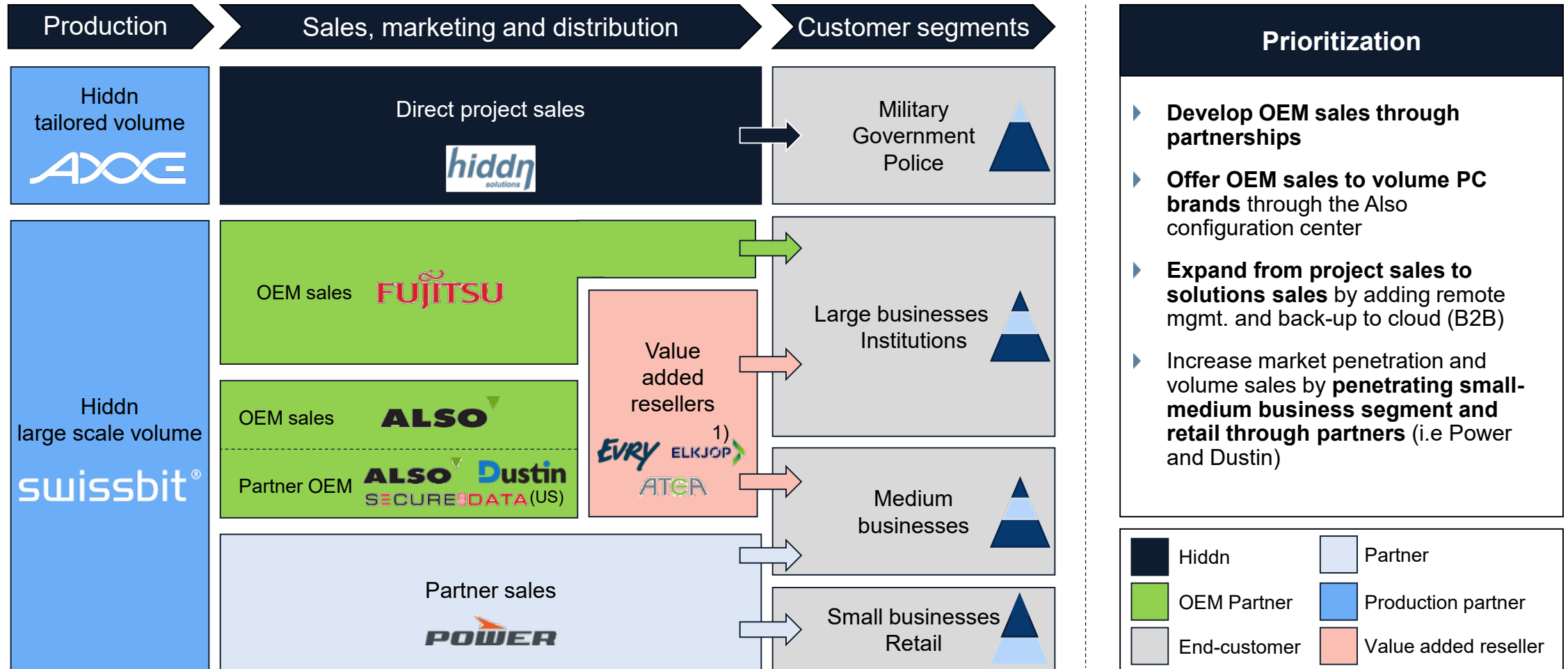


Hiddn expansion plans

- ▶ Hiddn to enter USA/Canada as a provider of secure data storage solutions to high-end business- and government markets
- ▶ Distribution agreement with Power across Nordic countries to address the retail market
- ▶ Distribution agreement with Also for Hiddn's products/services and disks
- ▶ Distribution agreement with Also opening up for "OEM" (on their configuration center) with major PC brands in Europe, in addition to agreement with Fujitsu

RSA Conference 2019
Moscone Center | San Francisco
March 4 - 8, 2019

Utilizing several channels and partners to penetrate all relevant customer segments



1) Company logos illustrate some partners in the value chain, and list is not exhaustive

Launching first GDPR secure solution for multifunction printers

OFFICE
MANAGEMENT

- ▶ **Cooperation with Office Management to offer secure and GDPR compliant encryption solutions for multifunction printers**

- ▶ Multifunction printers today are recognised as one of the weakest links in securing sensitive data from being compromised and stolen
- ▶ All documents and files being handled by a multifunctional printer are stored and saved in the internal disc drive of the multifunctional printer, typically on a 2.5inch HDD. These discs are often being replaced and can be stolen
- ▶ Estimated to be 80 000 - 100 000 machines in field, in Norway alone
- ▶ Several ongoing tender process'

- ▶ Office Management is a leading provider of office services in the Nordics
- ▶ By implementing Hiddn's technology for safe management and authentication, Office Management will be able to offer a fully GDPR compliant multifunction printer product to their customers to protect the disc when leaving the network of the customer



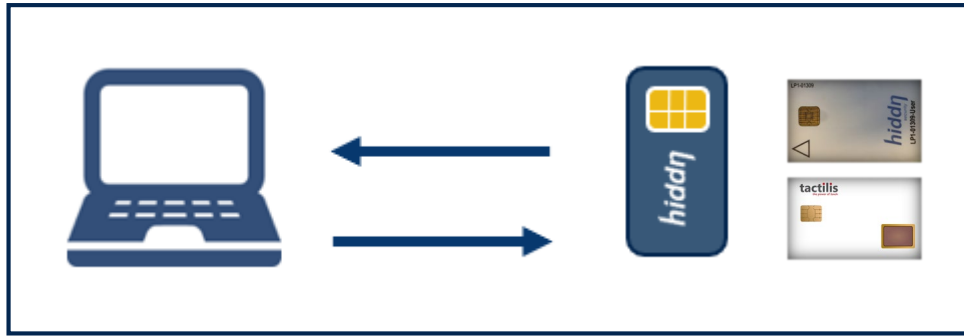
Corporate update

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LOI with Tactilis to create a leading global biometric smartcard company

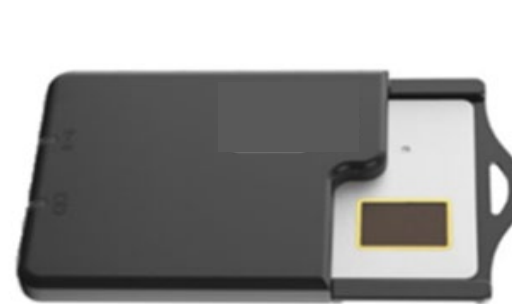
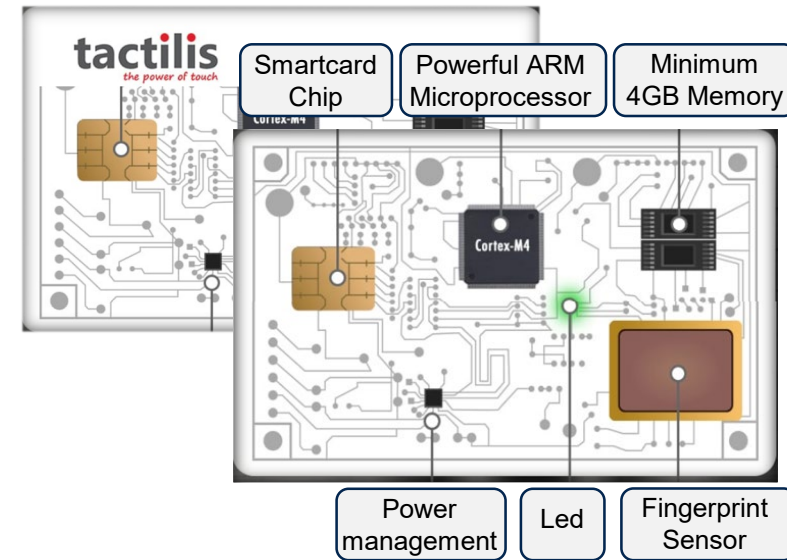
- ▶ **Hiddn is leveraging on its unique IP within secure storage and authentication**
 - ▶ The Tactilis biometric multifunction card business is a perfect platform for scaling the joint operations across the globe
- ▶ **Potential business combination will take place as an acquisition of all shares of Tactilis**
- ▶ **Transaction process continues**
 - ▶ Technical, legal and financial due diligence almost completed
 - ▶ Tactilis also had entered into a process to merge their Malaysian daughter company with Global Invacom Group Limited and through the merger obtain listing for their daughter company on the Singapore Stock Exchange.
 - ▶ The structure is considered to be attractive, but adds complexity to the Hiddn LOI. The timeline has subsequently been revised and final conclusions are not expected before earliest, late in the second quarter of 2019.
- ▶ **Initiation of technology partnership**
 - ▶ Hiddn targets to introduce new Tactilis functionality and user friendliness to Hiddn products in 2H 2019

Creating a leading global biometric smartcard company



Where Hiddn try to bring security to computers, using smart cards, Tactilis are bringing computers to smart cards, and adding security.

- Government fully flexible fingerprint sensor
- First computer bard with large memory
- Multiple applications
- Universal smart card chip
- Unique moulding process
- All features in size of a credit card



A hand is shown typing on a keyboard, with the background being a blurred cityscape at night. The text 'Summary/ Outlook' is overlaid on the image in a large, white, sans-serif font.

Summary/ Outlook

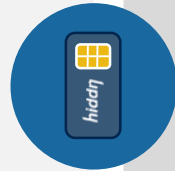
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All major pieces in place to drive sales and production increase in 2019

The overall market trend supports an increased spending on hardware-based encryption storage solutions



Hiddn is uniquely positioned with its unique and patented technology



Upgraded product line, and production and distribution lines have been established as planned



Stepping up production

swissbit®

Units

10,000
(first order commitment)

~5,000/month
(medium-term ambition)



SECURE DRIVE

clevX

ALSO

- Growth through distributors as ALSO, partnerships and own generated leads in High end market

POWER

- Products available in 80% of Power stores in Norway and Finland
- New orders expected

AXOE

- Optimising production of proprietary Hiddn products
- Assembles and distributes third-party products

Technology roadmap to support growth and profitability

▶ SafeDisk M.2

- ▶ Under approval by Dutch government
- ▶ New M.2 design to be launched to Hiddn customers together with upgraded firmware
- ▶ Supporting a new secure chip with Common Criteria EAL5+ and FIPS 140-2 certificates

▶ coCrypt 3

- ▶ Launch by end of Q3 2019

▶ KryptoDisk 3

- ▶ Launch by end of Q3 2019

▶ Tactilis technology partnership

- ▶ Wireless communication to lap-top
- ▶ Biometric verification

▶ Multifunction printers

- ▶ Launch of MFP capabilities



Summary and outlook

- ▶ **Hiddn delivered on its communicated 2018 strategy by expanding its product offering, improving production capabilities and opening distribution channels**
 - ▶ Hiddn to be represented on RSA Conference in March 2019 in San Francisco
 - ▶ Most Hiddn products available for purchase from ALSO
- ▶ **Sales and commercialisation readiness**
 - ▶ Received first order from ALSO and available in 80% of Power stores in Norway, Denmark and Finland
 - ▶ PO for first order of 10,000 units with Swissbit in Q2. Volume shipments from Q3
- ▶ **Going forward, Hiddn will focus on:**
 - ▶ Initiate volume production
 - ▶ Developing OEM sales through partnership and volume PC brands (diversify from Fujitsu only to include additional Laptop and Notebook brands)
 - ▶ Expanding from product sales to solution sales through service offering
 - ▶ Increasing market penetration by working closely with new distribution channels
- ▶ **Conclude on Tactilis transaction**
 - ▶ Process to continue into Q2 2019

Q&A

hiddn

www.hiddnsolutions.com