



Q2 2018

Oslo, 16 August 2018

hiddn
Safeguarding your data anywhere

Q2 Highlights

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

- ▶ **Significantly strengthened distribution capabilities through partnerships**
 - ▶ ALSO to distribute Hiddn's products to its network of European resellers (product and OEM sales)
 - ▶ Power to distribute Kryptodisk1 in the Nordics; first products in stores
 - ▶ Fujitsu to embed and sell Hiddn solutions in Laptop and Notebook products in Europe
 - ▶ SecureData to distribute Hiddn's high-end products to the business market in the US and Canada
- ▶ **Optimised set-up for volume production to meet demand for Hiddn's products**
 - ▶ Entered into an LOI with Swissbit, preparing volume production and clear road-map to 1TB capacity for Safedisk solutions
 - ▶ Awarded ISO 9001 certification
- ▶ **Expanded product offering by introducing new products and guarantees**
 - ▶ Launched GDPR-proof guarantee for two-factor security products in Europe, backed by major international insurance companies
 - ▶ Launched new one factor KryptoDisk to be sold through Power
 - ▶ Entered into a partnership with SecureData and Clevx, introducing new products and services to include software and solutions with potential for future recurring revenue business model

Hiddn - focus areas last 12 month

- ✓ Take advantage of expanding markets and increased focus on data protection
- ✓ Bring unique and patented technology from “prototyping level” to “scalable 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

Summary of selected stock exchange notices last year

Chronological order of stock exchange notices from Hiddn Solutions ASA since March 2017¹⁾

IPO and capital funding (March 2017)

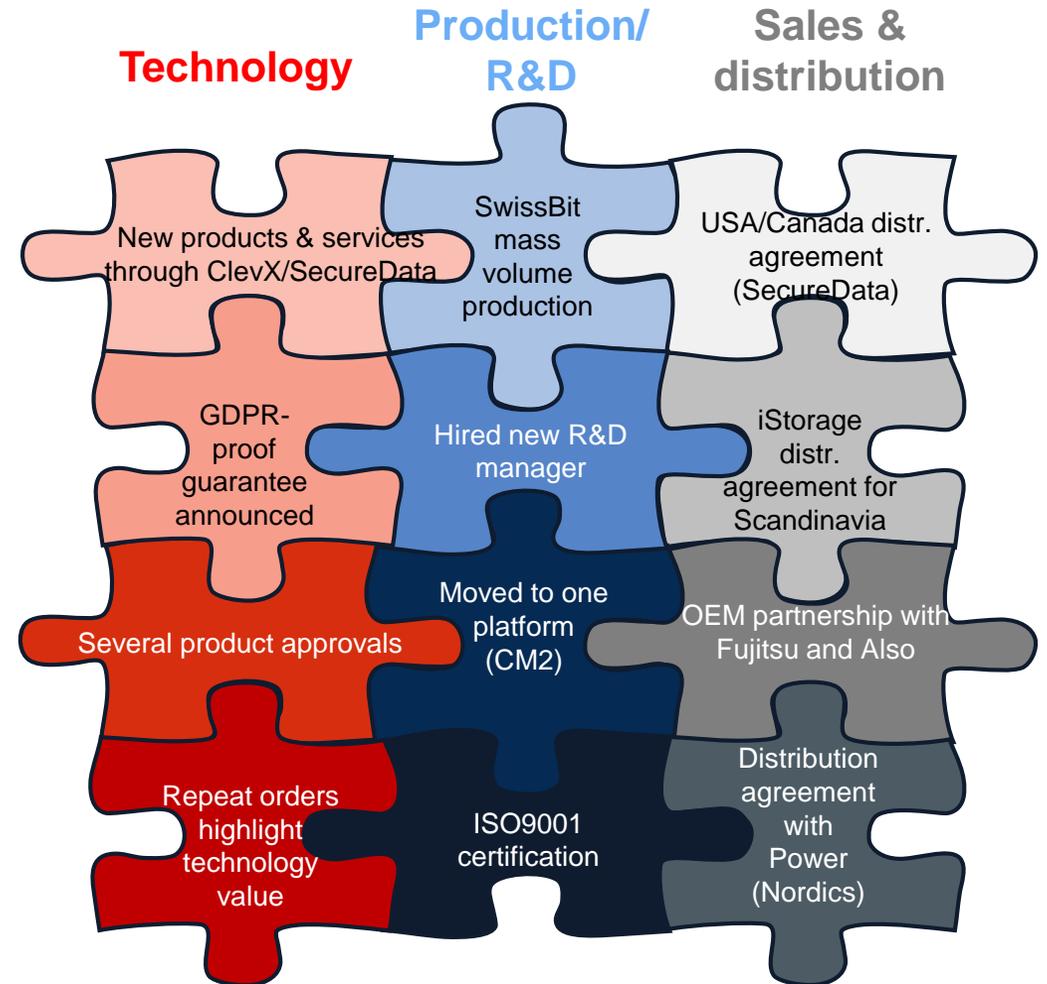
- ▶ Repeat order of Hiddn SafeDisk from the Dutch government (June 2017)
- ▶ Hired Svein Birkemoe as a new R&D manager (January 2018)
- ▶ Repeat order of Hiddn's SafeDisk from the Dutch government (January 2018)
- ▶ Hiddn sign Nordic distribution agreement with Power International (January 2018)
- ▶ Receive a large order for 500 units Laptop 1 and Key management systems for a new client in Middle-East (January 2018)
- ▶ Fujitsu make available Hiddn security option on all its notebooks and PCs (March 2018)
- ▶ KryptoDisk 2 is on the Norwegian Army's approval list (March 2018)
- ▶ Hiddn announce GDPR-proof guarantee for two-factor security products in Europe (April 2018)
- ▶ Agreement to distribute iStorage products in Scandinavia distributed under Hiddn brand (May 2018)
- ▶ Entering into a Lol with Swissbit regarding mass volume manufacturing of high-end products (May 2018)
- ▶ New secure data storage products/services through a partnership with SecureData and ClevX (June 2018)
- ▶ Distribution agreement with SecureData for USA/Canada expansion (June 2018)
- ▶ Awarded ISO9001 certification (June 2018)
- ▶ Agreement with Also of distribution of products and services to major markets in Europe (June 2018)

1) Excluding annual reports, quarterly reports, share option programs, annual general meetings, notification of trade, insider notices and similar

All major pieces in place to increase sales

Focus areas in the first 12 months after the IPO

- ✓ 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
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Increased distribution capacity over last 9 month

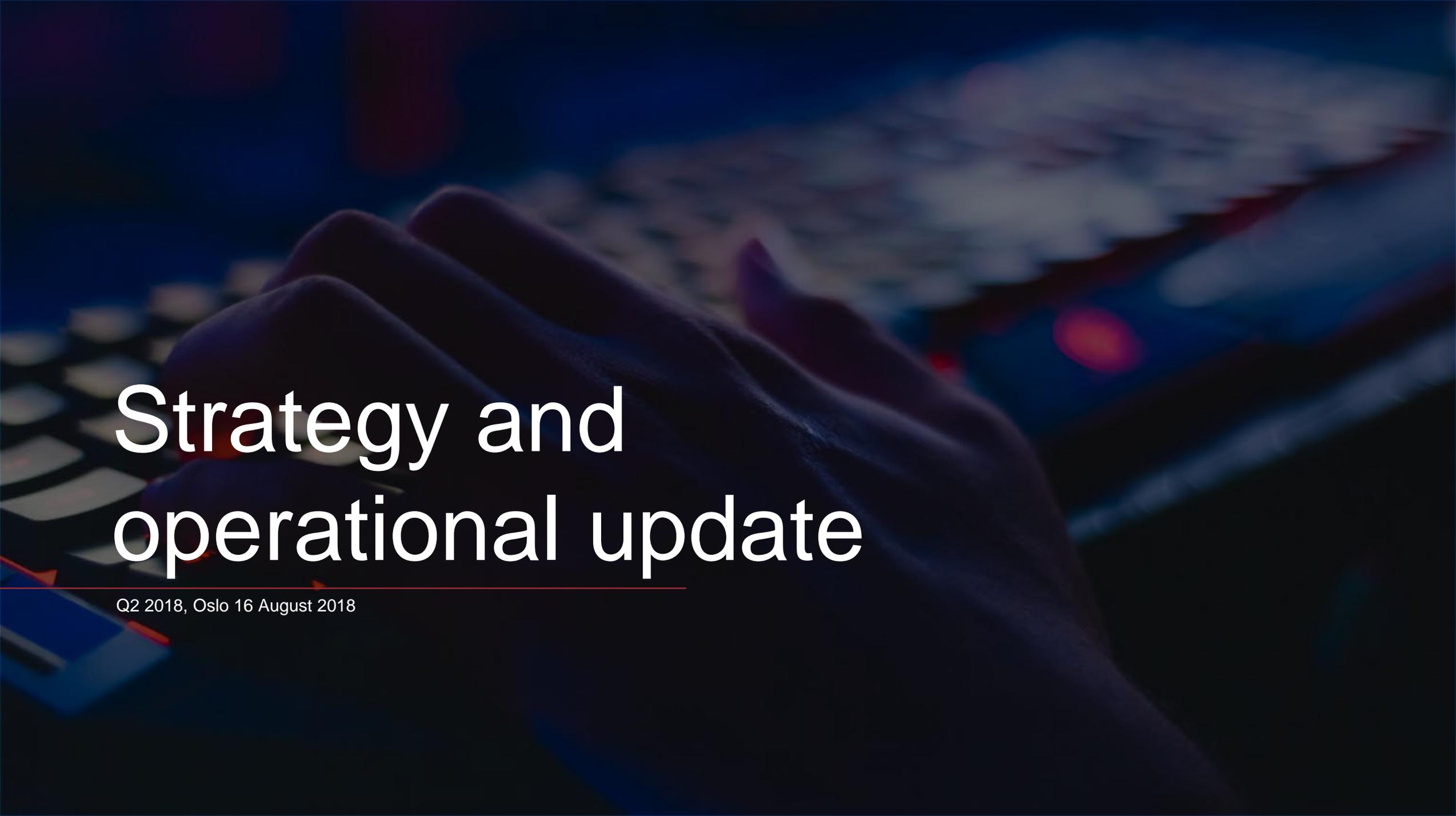
Channel	Capacity	Agreement	Order	Delivery	Available
	14 mill PC's world wide yearly	March 2018	✓ YES	✓ YES	✓ YES
	400 outlets and internet sales in the Nordics	Jan 2018	✓ YES	✓ YES	✓ YES Q3
	15 countries 100.000 resellers and EUR 8 billion revenue	June 2018	✗ No	✗ No	✗ No
	Present in USA and Canada. 50 business locations.	June 2018	✗ No	✗ No	✗ No
	5.000 customers include Fortune 500 companies and leading OEMs	June 2018	✗ No *	✗ No	✗ No

* LOI include both product design, volume production at Swissbit facilities in Berlin and use of Hiddn technology in Swissbit products, for sales to Swissbit customers

Q2 Key figures

	Q2 2018	Q1 2018	Q2 2017	H1 2018	H1 2017
<i>(Amounts in NOK thousands, except EPS)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	5 383	5 496	2 346	10 879	3 204
Gross profit	2 107	2 267	160	4 374	(503)
Gross margin	39 %	41 %	7 %	40 %	-16 %
Loss before income tax	(10 767)	(11 541)	(12 904)	(22 308)	(26 964)
Loss for the period	(10 767)	(11 541)	(11 533)	(22 308)	(25 593)
Basic and diluted earnings per share (EPS)	(0,12)	(0,15)	(0,18)	(0,27)	(0,45)

	30.6. 2018	31.12. 2017
<i>(Amounts in NOK thousands)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Cash balance	13 373	12 005
Total assets	43 041	41 424
Total equity	20 500	16 539

A hand is shown typing on a keyboard, with a blurred document or screen in the background. The overall scene is dimly lit with a blue and purple color palette.

Strategy and operational update

Q2 2018, Oslo 16 August 2018

The market for Hiddn's products is rapidly growing

Several examples shows the data challenges we face

 **New GDPR regulations from 25 May 2018**

- ▶ Regulations stipulates that **data directly and indirectly related to individuals must be encrypted** (article 25 and 32)
- ▶ Non-compliance **finest up to 4%** of a company's turnover

 **Security flaws in Intel processors**

- ▶ In January-2018, **Intel admitted security flaws in their chips** that allows low-privilege processes to access memory in the computer's Kernel. Sensitive data such as passwords could be accessed by unauthorized personnel

 **Facebook data leakage of 87m users**

- ▶ Personal information about **87m users** in USA has been shared with Cambridge Analytica
- ▶ **The information has been used to target users with political ads** during the 2016 presidential campaign in USA

 **Microsoft vs. US Government about access to data**

- ▶ Microsoft and US Government is fighting about the **right to access data** stored overseas
- ▶ The disagreement started when Microsoft did not hand-over e-mails stored in Ireland to the US Government

... with clear implications...


Stricter regulations and bigger fines for companies that does not follow the rules

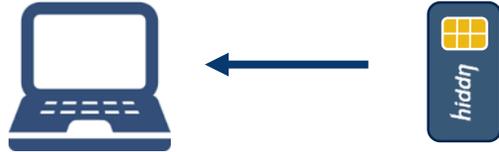

Data leakage scandals, new regulations and conflicts between government and enterprises leads to **increased media coverage**

... driving the market

Increased spending on hardware-based encrypted storage solutions
(consumer, enterprises and government institutions)

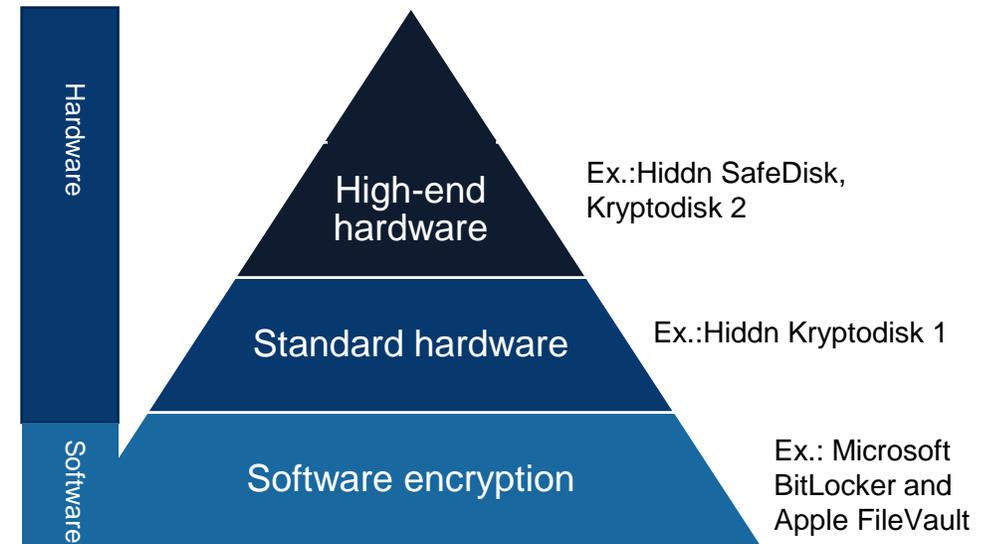
Bringing our unique and patented technology from “prototyping level” and project sales to “volume production”

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
- 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



Expanding market segments to high-volume markets

B2B Bespoke Solutions

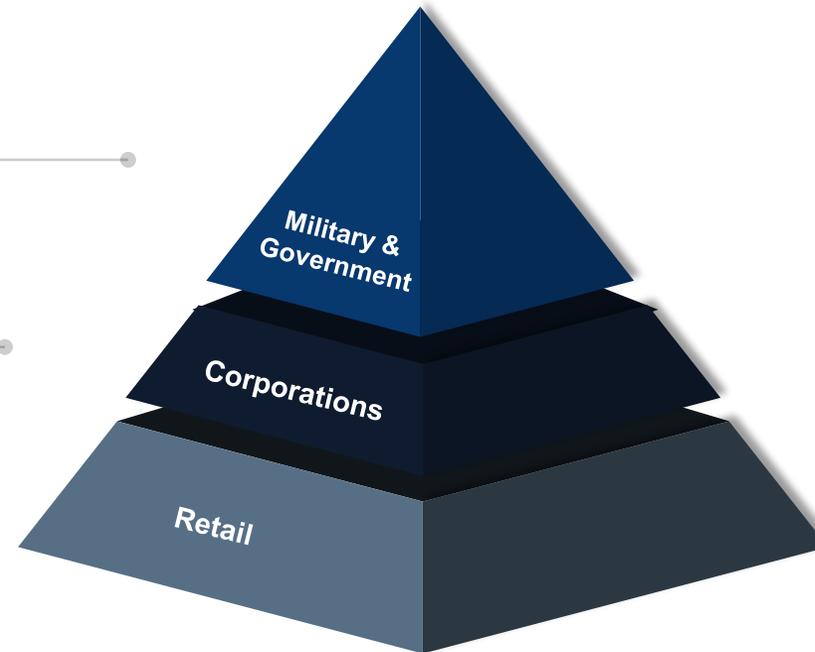
- High-end solutions for high-end customers
- Validation of IP, but low volumes and margins

B2B Made-to-Measure Solutions

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

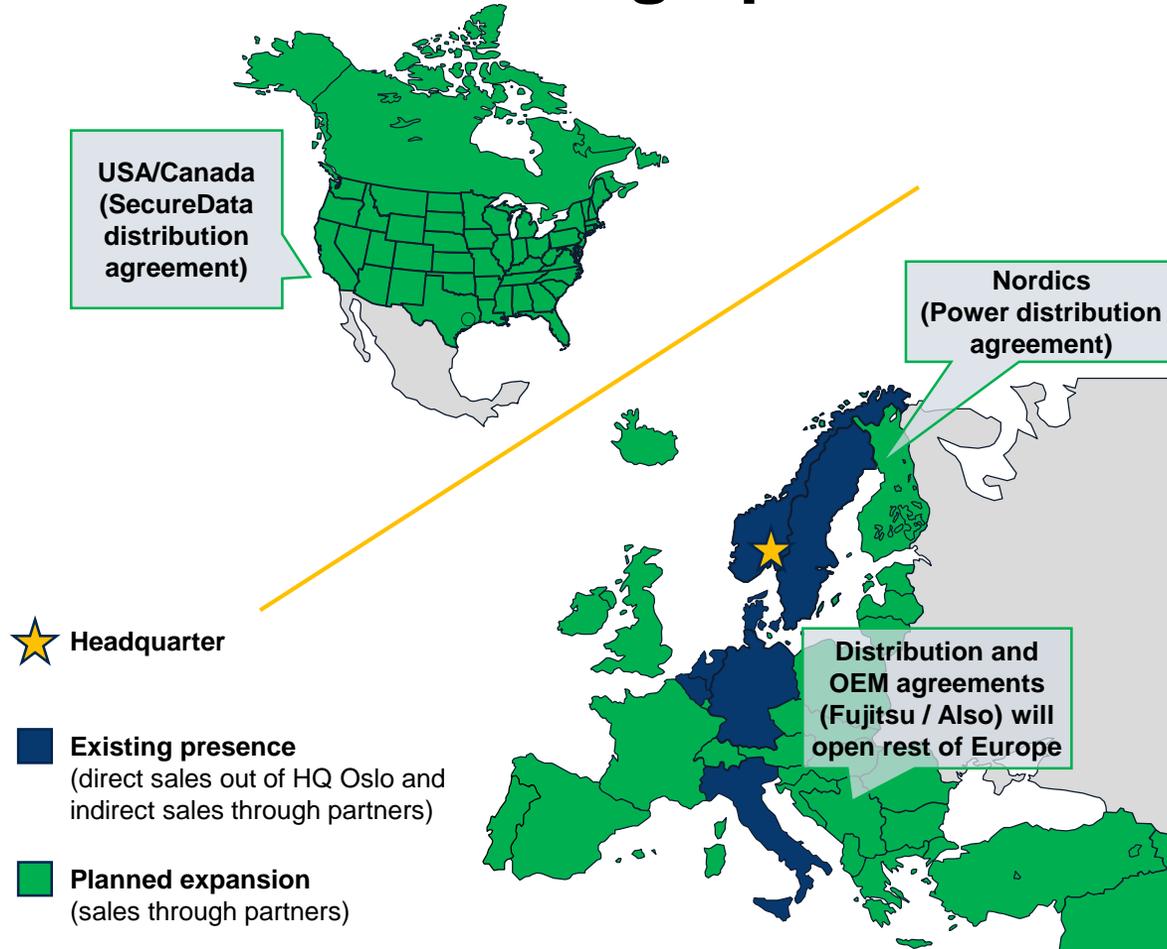
B2C Retail Solutions

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



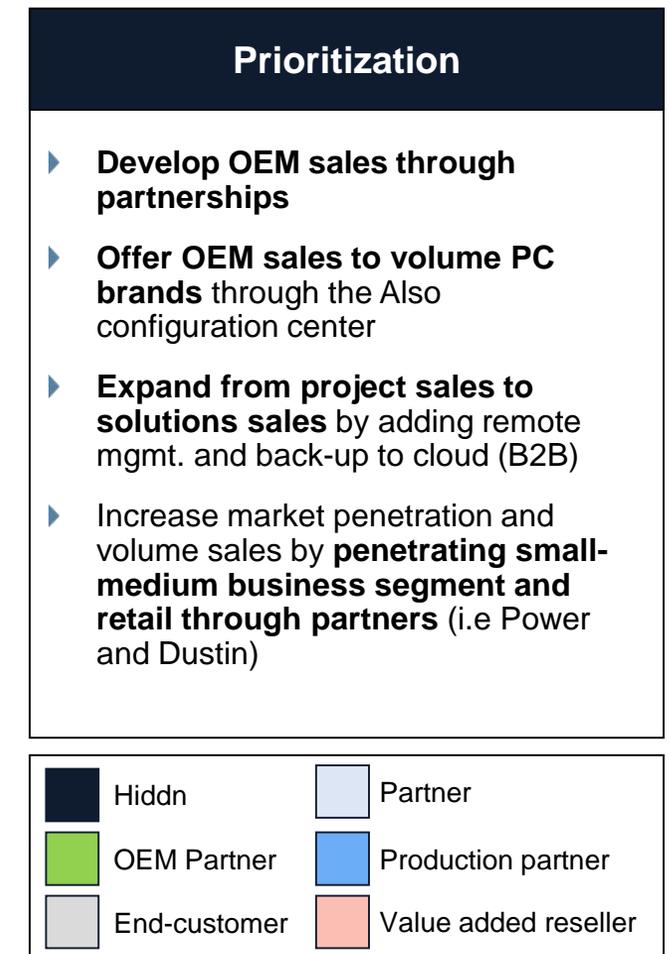
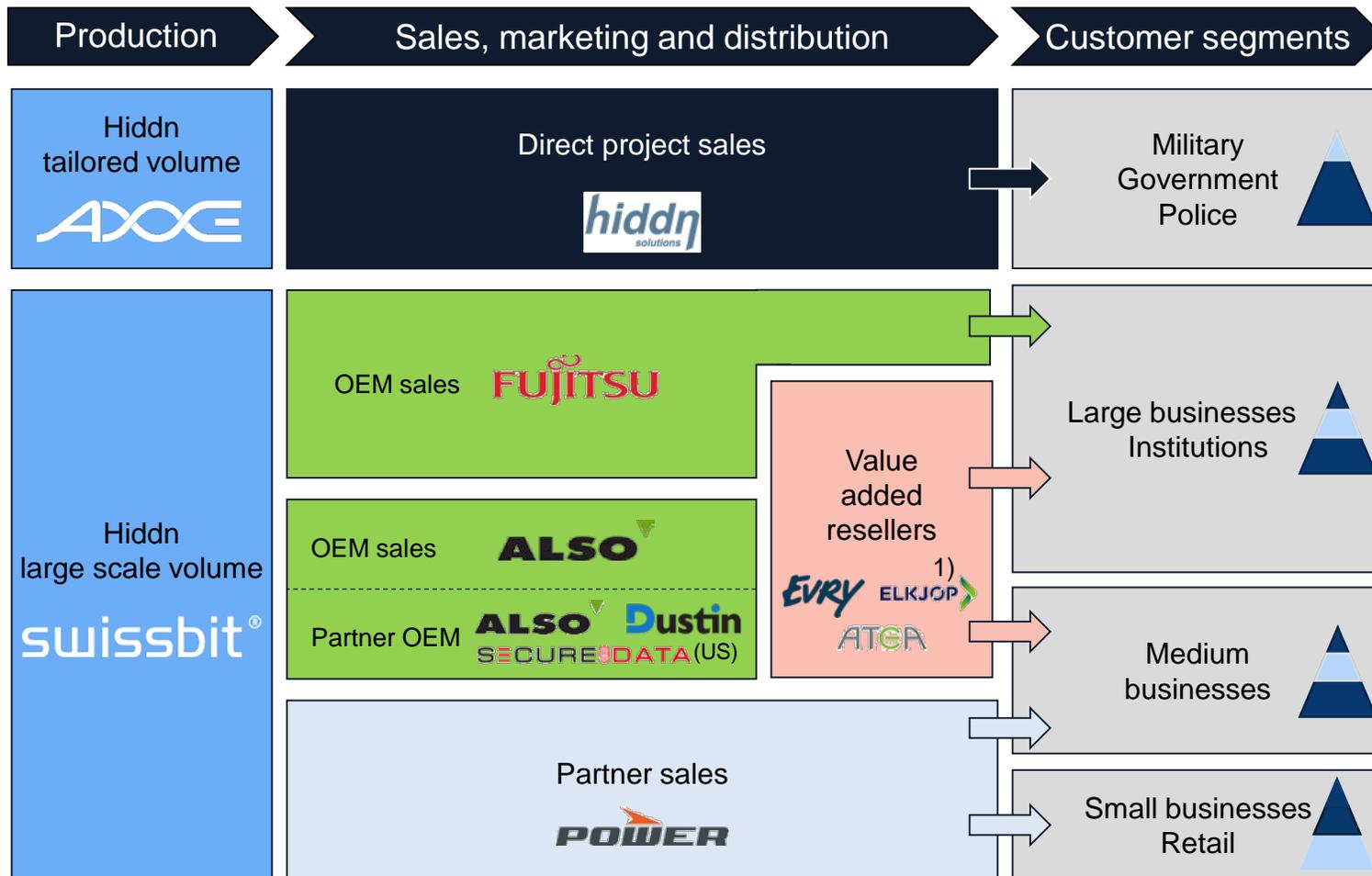
Expanding geographically in Europe and US/Canada through partners and distributors

Hidden expansion plans



- ▶ Hidden 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 Hidden'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

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

Expanding product range through partnerships

- ▶ **Partnership to establish a new product range in collaboration with SecureData and ClevX**
 - ▶ Products to be distributed in Europe and the Middle East, addressing the B2B market
- ▶ **Introducing services and software solutions on top of existing hardware products. Move towards an additional position as service provider**
 - ▶ “Easy-to-use” and “easy-to-manage” secure data storage solution
 - ▶ Potential future recurring revenue from secure storage and data management solutions, installed with Hiddn’s existing and new customer base



About SecureData Inc.

- ▶ Specializes in data recovery and hardware encrypted data storage solutions
- ▶ 50 salespoints in the US. Bluetooth model can be controlled by any operating system



About ClevX, LLC

- ▶ Specialised in hardware-encrypted memory sticks and portable software applications
- ▶ Licenced products and services provider

Enters into strategic cooperation to secure product roadmap and cost efficient volume of Hiddn's products

swissbit®

- ▶ **Work with Swissbit to customise, optimise and test Hiddn's encryption solutions to secure quality volume production and further road-map**

- ▶ Work conducted at Swissbit's state-of-the art manufacturing, testing, and packaging facility in Berlin

- ▶ **Preparing for a first order of 10,000 units**

- ▶ Addressing an anticipated, growing demand from established distribution channels
- ▶ Hiddn expects to place several new orders and step up production already in 2018

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

Expanding sales and distribution capabilities in Europe through partnership with ALSO

- ▶ **Allow 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
- ▶ **Gaining access to ALSO's configuration center in Denmark**
 - ▶ Opening up for integrating Hiddn's SafeDisk in PCs, notebooks and tablets from major volume brands (OEM sales)
- ▶ **Hiddn to present its products and services at ALSO's Hunt-IT (kick-off for its ALSO resellers) on 7 September**

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

Fujitsu to sell Hiddn solutions

- ▶ **Fujitsu announced a GDPR proof security option for notebooks and PCs in a new partnership with Hiddn**
 - ▶ Hiddn's SafeDisk embedded
 - ▶ Fujitsu's PCs and notebooks with SafeDisk protect data in lost or stolen hardware devices
 - ▶ Addresses the growing enterprise market for two-factor authentication security to protect sensitive data
- ▶ **Hiddn to attend Fujitsu's European kick-off event (Fujitsu Forum) in the beginning of November**
 - ▶ Presenting the product that is ready-to-ship to all Fujitsu markets in Europe



About Fujitsu Ltd



**5th largest
IT provider
globally**



**14 million
PC's sold
every year***



**100
countries**

- ▶ Leading Japanese ICT company, offering a full range of technology products, solutions, and services
- ▶ Strong position in all major European markets
- ▶ Bought by Lenovo and now a part of Lenove group.

First Hiddn products now available in Power stores

- ▶ Power distributes Hiddn's security products across the Nordic region
- ▶ Hiddn's new, competitive consumer product **KryptoDisk1** is now available in selected Power stores
 - ▶ First shipment made in June
 - ▶ Next shipment expected in August
- ▶ Hiddn products received overwhelming interest and support at Power's kick-off at Hellerudsletta outside of Oslo in May
 - ▶ Hiddn will continue to educate and train Power employees on IT security and safe data storage

The logo for Power, featuring the word "POWER" in a bold, italicized, sans-serif font. Above the letter "O" is a stylized orange arrow pointing to the right.

About Power

- ▶ Leading electronics retailer in the Nordics, with nation-wide store network and online shops
- ▶ In Norway, Denmark, Sweden and Finland



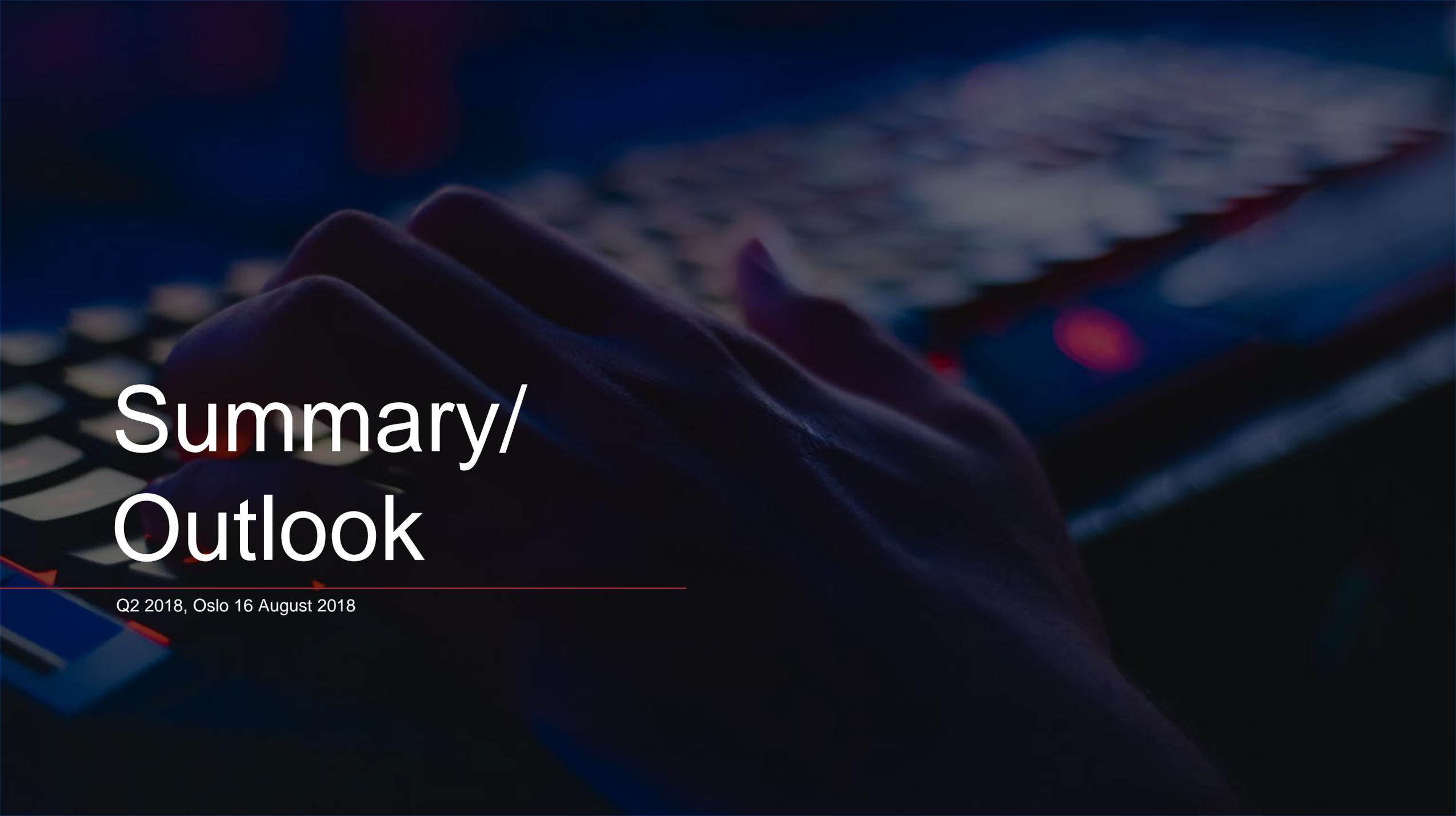
Overwhelming response at Power's kick-off



Entering the growing high-end business market in the US and Canada



- ▶ **SecureData Inc. to distribute Hiddn's high-end products in US and Canada**
 - ▶ Opening the North American market for volume sales of Hiddn's high-end products
 - ▶ Products to be branded and sold as Hiddn products
- ▶ **Building on Hiddn's relationships with the most demanding security customers in North America**
 - ▶ Hiddn has worked closely (directly) with the US defence industry since the early 2000's



Summary/ Outlook

Q2 2018, Oslo 16 August 2018

The structure came in place during Q2; now preparing for sales and production increase

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 to meet demand

swissbit®

Units

10,000 (first order) ~5,000/month (short-term ambition)

SECURE DRIVE cleVX ALSO

- 3,000 units in first order
- Expected to increase through ALSO partnership and own generated leads

POWER

- Initial order distributed to selected Power stores
- Commercial sales commenced
- New KAM for Power hired
- New, bigger orders expected

AXOE

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

Summary and outlook

- ▶ **In the first half of 2018, Hiddn has delivered on its communicated strategy by expanding its product offering, improving production capabilities and opening distribution channels**
 - ▶ Presented Hiddn products to a broad audience at the CEBIT and InfoSecure conferences in June in Hannover and London generating substantial prospect lists
 - ▶ Presented at Power's kick-off, and trained Power staff; products now available in Power outlets
- ▶ **Marketing efforts to continue through Hiddn's distribution partners**
 - ▶ Presenting Hiddn products at ALSO's kick-off on September 7th.
 - ▶ Invited to Fujitsu's Forum in Munich, European kick-off in November for European introduction
- ▶ **Going forward, Hiddn will focus on:**
 - ▶ Finalize setup for volume production and confirm purchase orders for OEM product
 - ▶ Develop OEM sales through partnership and volume PC brands (expand from Fujitsu to include also other leading Laptop and Notebook brands)
 - ▶ Expand from product sales to solution sales through service offering
 - ▶ Increase market penetration by working closely with new distribution channels

Q & A

hiddn
www.hiddnsolutions.com

Appendix

Income Statement

<i>Amounts in NOK thousands</i>	NOTE	1.4-30.6 2018 (unaudited)	1.4-30.6 2017 (unaudited)	1.1-30.6 2018 (unaudited)	1.1-30.6 2017 (unaudited)
Revenues	2	5 383	2 346	10 879	3 204
Other income		-	-	-	-
Total revenue and other income		5 383	2 346	10 879	3 204
Cost of materials and services		(3 276)	(2 186)	(6 505)	(3 707)
Payroll expenses	3,4	(6 352)	(3 314)	(14 435)	(5 972)
Depreciation & amortization		(179)	(95)	(358)	(112)
Other operating expenses	4	(5 804)	(9 448)	(10 924)	(18 404)
Operating loss		(10 228)	(12 697)	(21 343)	(24 991)
Interest income		-	-	1	-
Other financial income		(3)	16	71	11
Interest expense		(441)	(199)	(631)	(978)
Other financial expenses		(95)	(24)	(406)	(1 006)
Net financial items		(539)	(207)	(965)	(1 973)
Loss before income tax		(10 767)	(12 904)	(22 308)	(26 964)
Income tax expense		-	1 371	-	1 371
Loss for the period		(10 767)	(11 533)	(22 308)	(25 593)
Profit/(loss) attributable to:					
Equity holders of parent company		(10 767)	(11 476)	(22 308)	(25 101)
Non-controlling interest		-	(57)	-	(492)
Basic and diluted earnings per share		(0,12)	(0,18)	(0,27)	(0,45)

Balance Sheet

<i>Amounts in NOK thousands</i>	NOTE	Pr. 30.6 2018 (unaudited)	Pr. 31.12 2017 (audited)
ASSETS			
Non-current assets			
Property, plant, and equipment		214	279
Goodwill		7 771	7 771
Other intangible assets		4 032	4 325
Total non-current assets		12 017	12 375
Current assets			
Inventory		7 292	6 851
Accounts receivable		3 973	3 285
Other receivables		6 386	6 908
Cash and short-term deposits		13 373	12 005
Total current assets		31 024	29 049
TOTAL ASSETS		43 041	41 424

<i>Amounts in NOK thousands</i>	NOTE	Pr. 30.6 2018 (unaudited)	Pr. 31.12 2017 (audited)
EQUITY AND LIABILITIES			
Equity			
Share capital	5	31 192	25 364
Additional paid-in capital		197 216	178 245
Other paid-in-capital		14 713	13 243
Accumulated losses		(222 621)	(200 313)
Total equity		20 500	16 539
Non-current liabilities			
Long-term debt	6	-	900
Total non-current liabilities		-	900
Current liabilities			
Current portion of long-term debt	6	7 511	7 070
Trade payables		7 760	9 301
Social security payable, etc.		1 082	1 093
Other short-term debt		6 188	6 521
Total current liabilities		22 541	23 985
Total liabilities		22 541	24 885
TOTAL EQUITY AND LIABILITIES		43 041	41 424