



Quarterly Results - Q4 2016

28 February 2017

Agenda

- ▶ Highlights of the quarter and subsequent events
- ▶ Consolidated figures for the fourth quarter and full year of 2016
- ▶ Business outlook
- ▶ Q&A

Highlights of the quarter and subsequent events

- ▶ Reversed de-listing and subsequent expansion into the hardware encryption market
- ▶ New Board of Directors, corporate management and group structure
- ▶ Established advisory board with unique competency
- ▶ Certifications of existing products by the National Security Authorities of the Netherlands and Norway
 - ▶ Approval of SafeDisk for use at level Confidential by the Dutch National Security Authority (NBV)
 - ▶ Renewed approval of coCrypt for use at level Restricted (and above*) from the Norwegian National Security Authority (NSM)
- ▶ Launch of new product line – an encrypted USB drive
- ▶ Successfully completed rights issue (50% oversubscribed)

With proof of concept for current products; new products in the pipeline and a successfully completed rights issue; Hiddn is now well positioned for growth

**Subject to the user following certain handling procedures*

Consolidated Profit & loss and Balance sheet

Profit & loss statement				
(Amounts in NOK thousands)	Q4		YTD	
	2016 Unaudited	2015 Unaudited	2016 Unaudited	2015 Audited
Revenues	1 513	994	3 801	3 244
Other income	1 899	1 682	2 679	1 682
Total revenue and other income	3 412	2 676	6 480	4 926
Cost of materials and services	(314)	(635)	(3 572)	(2 217)
Payroll expenses	(2 660)	(1 637)	(9 231)	(5 178)
Depreciation & amortization	(114)	(37)	(144)	(145)
Other operating expenses	(25 995)	(3 800)	(33 481)	(15 581)
Operating loss	(25 671)	(3 433)	(39 948)	(18 195)
Interest income	2	15	9	15
Other financial income	45	32	65	37
Interest expense	(409)	(112)	(1 195)	(209)
Other financial expenses	(887)	(46)	(912)	(125)
Net financial items	(1 249)	(111)	(2 033)	(282)
Net profit/(loss) for the period	(26 920)	(3 544)	(41 981)	(18 477)

Balance sheet		
(Amounts in NOK thousands)	December 2016	December 2015
	Unaudited	Audited
ASSET		
Total non-current assets	141	53
Inventory	1 465	1 234
Trade and other receivables	5 110	2 517
Cash and short term deposits	3 211	1 885
Total current assets	9 786	5 636
Total assets	9 927	5 689
SHAREHOLDERS' EQUITY AND LIABILITIES		
Total equity	(25 325)	(86)
Non current liabilities	1 286	-
Current liabilities	33 966	5 775
Total liabilities	35 252	5 775
Total equity and liabilities	9 927	5 689

- ▶ Focus on R&D prior to receiving certifications for products, limited sales revenue historically
- ▶ Weak financial position repaired through recent rights issue, however, not yet reflected in balance sheet above

Alternative Performance Measure (APM)

Adjusted reporting figures reflecting the performance of the ongoing business (i.e., adjusted for “one-off” items)

The following items are considered as unusual items and have been adjusted in the operating loss as shown in the table to the right:

1. The reversed take-over in which Hiddn Security was the acquirer for accounting purposes (IFRS 2) whereby the difference between the fair value of the shares considered “issued” by Hiddn Security AS and the net liabilities in Hiddn Solutions ASA was recognised as a listing expense.
2. When the original planned share issue in Hiddn Security AS was cancelled, and replaced by a rights issue in Hiddn Solutions ASA, the shareholders that had guaranteed the original share issue was compensated for warrants that they would have received if the original share issue would have been completed. The shareholders received Hiddn Security AS’ shares in December 2016 with a fair value of NOK 6.4 million. The amount was recognised in the statement of profit and loss and classified as other operating expenses.

(Amounts in NOK thousands)	Note	Q4		YTD	
		2016	2015	2016	2015
Operating loss (IFRS)		(25 671)	(3 433)	(39 948)	(18 195)
Adjustments:					
<i>Merger & acquisition related costs:</i>					
IFRS 2 cost - reverse acquisition	1	12 440	-	12 440	-
Issue of warrants on guarantee of cancelled share issuance in Hiddn Security	2	6 425	-	6 425	-
Adjusted operating loss (Non-IFRS)		(6 806)	(3 433)	(21 083)	(18 195)

Business Outlook

- ▶ Current focus on commercial scaling
 - ▶ Further penetration of core segments of military and governmental clients
 - ▶ Expansion into large corporate and institutions through distributors and with a tailored sales / service offering (e.g., hardware as a service, solution sales, etc.)
- ▶ Organic growth to be complemented with strategic
 - ▶ Strategic expansion of sales & distribution platform
 - ▶ Profitable consultancies focused on cybersecurity
 - ▶ Opportunistic complementation of product offering given right fit of technology and core customer segments
- ▶ Key focus on growing the business rapidly

Hiddn is attractively positioned to take advantage of the ongoing evolution in the cybersecurity market

Q&A