OSE notification

HIDDN: Financial results for the fourth quarter of 2018

Record top line growth, improved EBIT, a significantly reduced negative cash flow and a continued strong cost control, giving improved results and lower operating cost in the fourth quarter of 2018.

(Oslo, 28 February 2019) Hiddn Solutions ASA (Hiddn, OSE: HIDDN) reported revenues of NOK 8.2 million in the fourth quarter of 2018, up from NOK 6.3 million in the corresponding period in 2017, while the negative cash flow from operating activities improved to NOK-3.5 million, down from NOK-11.2 million in the same period in 2017. Hiddn continues to expand the product offering and distribution capabilities as the company is preparing for increased sales and volume production in 2019.

"Hiddn continued to expand the product offering, improved production capabilities and opened new distribution channels during the fourth quarter of 2018. We delivered on our 2018 targets and reported record growth for the encryption products, significantly reduced negative cash flow, continued our strong cost control and maintained gross margins of 40%. In addition, we developed our product roadmap as we are looking towards increased sales and volume production in 2019, " says Carl Espen Wollebekk, CEO of Hiddn.

Hiddn reported revenues of NOK 8.2 million in the fourth quarter of 2018, up from NOK 6.3 million in the corresponding quarter in 2017. The operating revenues for Hiddn's encryption products were NOK 4.3 million in the fourth quarter of 2018 compared to NOK 1.6 million in the corresponding quarter in 2017, representing a growth of 166%. The gross profit increased with NOK 1.4 million to NOK 3.3 million in the fourth quarter of 2018, representing a gross profit of 40% for the period, while the cash burn improved to NOK -3.5 million (Q4 2017: NOK -11.2 million). Hiddn secured commitment from certain existing shareholders and new investors for a private placement of NOK 20 million in December 2018. In addition, the company secured an interim credit facility of NOK 12 million.

During the fourth quarter of 2018, Hiddn received the first order from ALSO Holding AG (ALSO). The initial order from ALSO covers Hiddn's flash and USB products for Scandinavia and Hiddn is finalizing the availability for these products for the rest of Europe. The company has also finalized the design and production readiness process with Swissbit for the M.2 Hiddn Safedisk encryption product. The test production is expected to take place in the second quarter of 2019. The first purchase order for 10.000 units, depending a positive final product test, will be issued shortly.

"All major elements of the Hiddn growth strategy should now be in place. Going forward, Hiddn will focus on sales and marketing efforts as well as optimising set-up for volume production. As volumes increase, the company will work to reduce its sourcing and production cost to create future profitability. We are prepared to respond to an accelerated growth in demand. Our aim is to leverage on our position as a leading technology provider in the global encryption market. We expect Swissbit to start volume shipments late in the second quarter of 2019, giving a positive revenue impact from the third quarter of 2019," Wollebekk says.

Hiddn has recently announced its ambition to join forces with Tactilis to create a fast-growing industry leader within biometric encrypted smartcards. Hiddn has initiated a technical, legal and financial due diligence which is close to completion. The timeline for the transaction has however been revised and final conclusions are not expected before late in the second quarter of 2019, at the earliest.

Following the positive conclusions from the joint technical due diligence, Tactilis and Hiddn have however agreed to enter into a cooperation, where Hiddn will start implementing the Tactilis technology into the Hiddn solutions.

Vice versa, Tactilis can implement Hiddn's technology into their future roadmap. Hiddn targets to introduce new Tactilis functionality and user friendliness to Hiddn products in the second half of 2019.

Please find the full financial report and presentation enclosed.

ENDS

Hiddn will host an open presentation Thursday 28 February 2019 at 08:30 (CET) at Felix Conference Centre. The presentation will be broadcasted live at www.hiddn.no and on

http://webtv.hegnar.no/presentation.php?webcastId=97605598

For further information, please contact:
Carl Espen Wollebekk, CEO, telephone: + 47 930 55 505 /e-mail: cew@hiddn.no

About Hiddn Solutions ASA

Hiddn Solutions ASA is listed on the Oslo Stock Exchange under the ticker HIDDN. The company is offering impenetrable proprietary hardware-based authentication and encryption products with a superior level of security as well as a wider product suite addressing all market segments looking for solutions to ensure that sensitive information stays confidential and unavailable to unauthorised access. Based on Hiddn's unrivalled and proven position in the high-end encryption market, Hiddn is implementing a strategy of adapting the proprietary technology to the high-volume markets to take advantage of the growing global security challenges and the arising regulatory requirements. Hiddn has established a product offering that addresses all market segments from the high-end security clients to the retail market, and established partnerships with some of the most important sales and distribution partners in Europe. Hiddn sees significant growth opportunities and rising demand from customers and is well on its way to solidify its leading position in the growing market for secure data storage.

For more information, please visit: www.hiddn.no